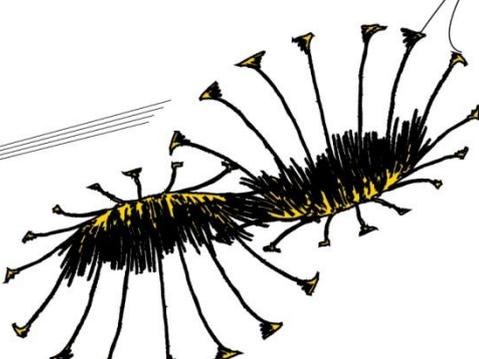


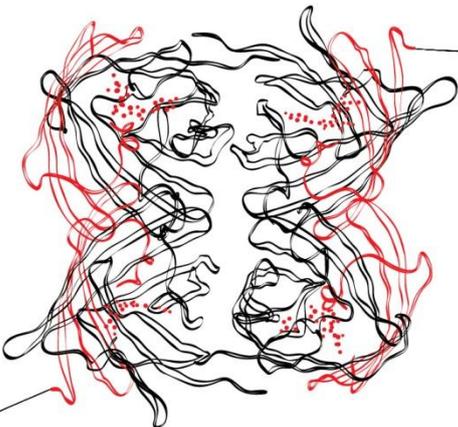
Global talent management in Israel and the Netherlands

Case study at IBM



M. S. van Amstel
S1023861
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February abroad
Van lochemstraat 9-4
7511 EG Enschede

First supervisor: Huub Ruël
Second supervisor: Tanya Bondarouk



Management summary

Introduction

According to relevant literature, human resources, the personnel within the organization, are becoming more and more important to organizations. Therefore, multinational corporations are investing in global talent management systems. These systems are influenced by many national cultural differences. In this study these differences in and similarities of the global talent management systems of multinational corporations will be investigated by means of a comparison between Israel and the Netherlands. The Netherlands is one of the most postmodern countries of the world, whereas Israel is a more traditional yet western country. They have one important similarity: the small amount of natural resources. To overcome this, both countries invest in their human capital.

Design methodology

This research is a cross national comparison between Israel and the Netherlands on the topic of global talent management of MNCs. A quantitative research method is used to gain an in-depth understanding of the topic. This research is a case study at IBM, selected because it is a leading company with regard to global talent management. To obtain the data a triangulation method is used which includes semi-structured interviews, documentary analysis and a study of relevant literature. This data is analyzed and compared in a systematical way, using the best practices of Stahl et al. (2007).

Findings

The talent management system of IBM Israel is based on the global talent management system of IBM and is called the business technical leadership system. In the BTL system of IBM Israel talents have an individual responsibility to take part in the development programs. IBM Israel did not implement their own unique system like IBM Netherlands did. The system of IBM Netherlands is designed in cooperation with Belgium and Luxembourg (Benelux) and it is funded by IBM Benelux. In this system all talents are developed to reach their full potential. The talents are actively sought out to join the system and to participate in the courses. Both countries use a talent pool strategy but in the Netherlands this is also used for succession purposes (replacements for senior positions).

Conclusion

This study uses institutional theory and resource based view to explain the differences in the global talent management systems of IBM Israel and IBM Netherlands. The most important difference between the systems is the individualistic approach by IBM Israel. This cannot be explained just by the institutional aspects of Israel. Given that the talent management system of IBM Israel was designed by IBM headquarters, one explanation could be that the Israeli system may be based on institutional aspects in the USA. Another difference according to the resource based view is how the physical resources are used in the Netherlands, specifically the money to fund the system. The processes chosen by IBM Netherlands allow the system to function and to lead to good results. The IBM Netherlands' system even yielded a surplus of talents for some positions. The talent management system of the Netherlands includes a talent management team that coordinates/arranges all aspects of the talent management system. They assign and reassign talents in the talent pool and in important positions in the organization. This creates a competitive advantage as IBM Netherlands ensures to have their talents at the most important positions in the company.

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Table 1 List of Abbreviations

Abbreviation	Meaning
BTL	Business technical leadership
EDP	Executive development program
GOM	Global opportunity marketplace
GTM	Global talent management
HR	Human resource
HRM	Human resource management
IHRM	International human resource management
LDP	Leadership development program
MNC	Multinational corporation
PBC	Personal business commitment
RBV	Resource based view
TDP	Talent development program
TMS	Talent management system
TMT	Talent management team
WMI	Workforce management initiative

Statement of original authorship

I Marieke van Amstel state that everything used in this thesis does not contain any data previously published or written by someone else than me as far as I know. Except materials that are used with a reference in the report. Help I did receive for this research and preparation for this research has been acknowledged.

Date: _____

Signature: _____

Marieke van Amstel

Foreword

In front of you is my master thesis about global talent management in Israel and the Netherlands. This subject interested me because it is HR related, because it deals with international differences and especially because it is a relatively new topic in the literature and of great importance to organizations.

I started with a literature review about global talent management and Israel and the Netherlands. To narrow my scope I chose to do a case study at IBM. In this case study I wanted to make a comparison between the talent management practices in Israel and the Netherlands. Therefore Huub Ruel, my supervisor for this thesis, and I contacted the subsidiaries of IBM in those countries and tried to arrange personal interviews. I am grateful to Ido Shikma, HR Manager of IBM Netherland, for giving me the opportunity to conduct interviews at IBM Netherlands. I thank Dienie Vosman for planning these interviews and IBM employees David Kahan, Aulia van Goens, Myriam Nijhout van Gemert, Danielle Smit and Koen Wolters for their open and professional responses during the interviews. Thanks to you I obtained much of the data that I needed to complete this research.

Unfortunately, one week before my journey to Israel I was informed that my interviews there could not take place after all. I went anyway, to satisfy my curiousness about country and culture and to experience it myself, thereby perhaps better understand the literature. While being in Israel I hoped to get the interviews as yet. With help from Huub Ruel and from Ido Shikma I was able to interview Iris Ron two days before my departure back to the Netherlands. Therefore many thanks to Ido Shikma, Huub Ruel and of course Iris Ron for the interview.

In these interviews I gained a lot of knowledge about how global talent management works in practice. This encouraged me to examine my literature review and to identify the gaps between literature and real world. During this phase there were some difficult moments but by discussing my thoughts with Huub Ruel progress was steady.

By finishing this thesis my simple student life will be over. After eight years of studying this will be a great step in my life. Therefore I want to thank all the people who helped me finishing this thesis. Of course I want to thank Huub Ruel and Tanya Bondarouk for providing comments on my thesis and for trying to get the best out of me. I want to thank Wouter van den Bosch for checking my interim report on grammar, which always has been an issue for me. Finally, a special thanks to Mark Kruidenier for reading my thesis, for checking it on grammar and for spending so much time on my report.

Marieke van Amstel

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1. Introduction

Research has indicated that the most important corporate resource over the next twenty years will be sharp, worldly business people who are technologically sensitive, and operationally agile (Beechler & Woodward, 2009). Therefore, organizations have to invest to employ, select, train and hold talented key employees (Beechler & Woodward, 2009). For multinational corporations (MNCs) this means they have to manage widely different employee populations, markets, cultures and modes of work (Beechler & Woodward, 2009). Therefore global talent management (GTM) is an accepted and widespread field in the literature in the last couple of years. So people, not machines or technology, are becoming the new competitive advantage for firms (Beechler & Woodward, 2009).

1.1 Background

Even after the latest difficult economic years international competition keeps growing. Therefore, MNCs need to ensure that they employ and hold the best talented employees to stay competitive. The difficulty is to recognize the talents while they are located in different parts of their global operation (Ready & Conger, 2007). MNCs need to pay attention to all talented employees all over the world. Global talent management (GTM) is the way to attract, select, develop and retain key talented employees on a global scale (Stahl et al., 2007). **How** a MNC has to implement such a system has not been investigated in the literature in a thorough way yet. This study/research into the GTM systems of MNCs aims to provide a contribution to this investigation.

Many forces are influencing the GTM system of MNCs. One of the important forces is the difference in geographical locations of the MNC. To investigate which influence these national forces have on the GTM system of MNCs, different locations will be taken into consideration. The choice was therefore made to investigate the GTM system in one of the most postmodern countries of the world: the Netherlands (Inglehart, 1997) and in comparison a more traditional, but western economic country: Israel. These countries have one important similarity: they both have poor natural resources. To overcome this, both countries are investing in the human capital. Therefore many MNCs have established themselves in these countries. Both countries differ in all other perspectives, like culture, rules and routines. Israel is more traditional with respect to the religion and therefore cultural norms of the country. The whole political system is Jewish, whereas in the Netherlands church and state are separated. So, the GTM system in MNCs will face different forces; how and if the MNC reacts to this will be the central point of this study.

1.2 Research question and objectives

The above mentioned results in the following research question:

'What are the differences and similarities between the global talent management systems of the Netherlands and Israel and how can these differences and similarities be explained'

This research will provide a contribution to GTM and in particular to the Israeli and Dutch context. It will result in findings that help to explain the main factors of GTM. The study will show if MNCs are

adjusting the GTM systems on national forces and how MNCs are responding on that. At last it will give a contribution to the best way approach of implementing a GTM system.

1.3 Research strategy

A qualitative research design will be used for this study. This will give a deeper understanding of GTM. The aim of a qualitative research method is to gather an in-depth understanding of business methods and reasons that drive these methods.

The focus populations of this study are MNCs in the Netherlands and in Israel. To acquire key information, interviews will be held, documents of the GTM system will be analyzed and the literature will be examined. The research method that will be used is a semi structured interview. In this way the framework of the interviews will be the same for all the interviewees. This method provides the possibility to ask additional questions during the interview and interviewees can respond in the way they prefer.

The following structure will be used in this research. Firstly, a comprehensive literature study based on current theories and findings will be conducted. In this review the leading current theories will be discussed. With these findings a semi structured interview will be developed and conducted by the MNCs. With the data of those interviews, the literature and the documents about the GTM systems a data analysis will be made and this will result in an answer to the research question. The last stage of research will be a discussion on the topic.

2. Literature review

The articles used for this literature study are papers published in major academic journals from 2005 to 2010. The selected journals are specialized in human resource management or international management and are selected from the list of Caligiuri (1999) who ranked the journals by means of international human resource management. The selected papers are: Journal of International Business Studies, International Journal of Human Resource Management, Academy of Management Journal, Management International Review, Human Resource Management, Management International Review, Journal of World Business, Journal of International Management, International Journal of Intercultural Relations and Human Resource Management Journal.

These journals, however, do not provide enough material to conduct a comprehensive literature study. Therefore the scope is enlarged by the use of various search engines: scholar.google.nl, Scopus, Science Direct and University Twente Database Search. All literature that is used is scientific literature. Search terms used are: "talent management", "global talent management", "Human resource management", "International human resource management", "talent management Israel", "HRM Israel", "talent management Netherlands", "HRM Netherlands", "HRM Nederland", Dutch HR, Dutch HRM, Hofstede Netherlands, Hofstede Dutch, Hofstede Israel. To get a full overview of the topics through the years back referencing is used to cover all the important subjects. Therefore, not all publication dates are between 2005 and 2010.

2.1 Talent management

First, a short introduction into the development of the field of talent management. At first, talent management was an initiative by the company itself. This occurred in the late 1990s, with the motto "the war for talent" by a group of McKinsey consultants who wanted to point out the importance of employees as a competitive advantage of the organization (Caligiuri, Collings, & Scullion, 2010). Although the current economic climate is not at the same level as several years ago, it has not become easier to get competent people. As Farndale, Scullion and Sparrow (2010) stated it: "more people available on the labor market does not necessarily mean that employers are able to find the level of skilled managers and professionals they are seeking" (p. 162). So, although the 'war for talent' has changed, the supply and demand for talent is still imbalanced and the demand for talent remains (Lane & Pollner, 2008; Collings & Mellahi, 2009).

There are several discussions about the definition, scope and aim of talent management (Lewis & Heckman, 2006; Farndale et al., 2010), but the importance of the issue to companies is almost always recognized. A report in 2006 indicated that seven out of ten top managers spend more than 20% of their time on actions related to talent management (Economist Intelligence Unit, 2006). They think that it is of real importance for the company, so important even that they do not want to leave it to the HR manager alone (Economist Intelligence Unit, 2006).

According to Lewis and Heckman (2006) there are three trains of thought within talent management. The first is to see it as the collective components of the human resource management department such as recruiting, selecting, development, and career and succession management. The second train of thought has a focus on talent pools: "We utilize the term talent pool to refer to the pool of high potential and high performing incumbents that the organization can draw upon to fill pivotal talent positions" (Collings & Mellahi, 2009). So, for this train of thought, talent management is a way to provide the whole organization with talented employees were needed. The third train of thought

sees talent management as a universal component without considering the limits of companies or other boundaries. Collings and Mellahi (2009) recognize another fourth train of thought which concentrates on identifying important positions that are able to decisively influence the competitive advantage of the organization. In this research the talent pool perspective from Collings and Mellahi (2009) will be taken as a definition of talent management. This way of thinking focuses on getting the best talents for a whole organization, looking where these talents are needed and only use them if necessary for that position. Rather than just focusing on recruiting one person for a specific position without having a preconceived plan for employee planning. Because this research is focused on MNCs it is important to focus the talent management discussion to the global context. It is a new challenge to find and place talents globally. Therefore the scope of the next paragraph will be global talent management.

2.2 Definition of global talent management

The management of talent is a concept from the 90s, but with the increasing globalization, companies have a new challenge: “they are increasingly coordinating their talent pipelines on a global basis, leading to this notion of global talent management” (Farndale et al., 2010, p. 162). Therefore companies are seeking for that competitive advantage which is found in the most important corporate resource: talented employees. Although GTM is important to organizations, scholars have been investigating it for only the last couple of years. Therefore the definition of GTM is still widely differentiated and the definition differs on the context it appears in (Farndale et al., 2010).

As mentioned above, there are different trains of thought regarding talent management and the same goes for GTM. It has a definition towards HRM of Tarique and Schuler (2010):

Global talent management is about systematically utilizing IHRM activities (complementary HRM policies and politics) to attract, develop, and retain individuals with high levels of human capital (e.g. competency, personality, motivation) consistent with the strategic directions of the multinational enterprise in a dynamic, highly competitive, and global environment. (p. 124)

Towards talent pools of Collings and Mellahi (2010,):

“Broadly defined, GTM involves the systematic identification of key positions which differentially contribute to the organization's sustainable competitive advantage on a global scale, the development of a talent pool of high potential and high performing incumbents to fill these roles which reflects the global scope of the MNC, and the development of a differentiated human resource architecture to facilitate filling these positions with the best available incumbent and to ensure their continued commitment to the organization”. (p. 143)

And towards a more general definition of talent management of Caligiuri et al., (2010):

“Global talent management includes all organizational activities for the purpose of attracting, selecting, developing, and retaining the best employees in the most strategic roles (those roles necessary to achieve organizational strategic priorities) on a global scale. GTM takes into account the differences in both organizations' global strategic priorities as well as the differences across national contexts on how talent should be managed in the countries where they operate”. (p. 106)

So, in essence, GTM is needed to provide a MNC with the right number of competent employees at the right place and at the right time all over the world (Schuler, Jackson & Tarique, 2010).

The definition of Tarique and Schuler (2010), as mentioned above, takes IHRM as a base, with GTM being a more limited component of all IHRM activities within a MNC. Therefore their definition is not specific enough for this research. The last definition of Caligiuri et al. (2010) is a more general definition about GTM but forgets about how to move talents within the organization when needed. It is only about how to manage talents within the country they operate. For a MNC it is important to know what the important positions are in the company all over the world and to place the talents where they are needed the most. Therefore the definition of Collings and Mellahi (2009) as mentioned above will be the starting point towards the definition of GTM for the purposes of this research. However, this definition is only from an structural perspective. Therefore the most important activities and practices will be added to the definition to get a full view of GTM. The practices used to complete the stage of Collings and Mellahi are from Stahl et al. (2007). Stahl et al., (2007) did an investigation into the best practices within the GTM system, which will be discussed later in this research, and they identified the following three important practises:

1. *Recruitment, staffing and succession planning*
2. *Training and development*
3. *Retention management*

These practices are in line with the stages of Collings and Mellahi (2009) but also have an addition to them. The first stage of Collings and Mellahi (2009) is: *identify in an organized way the important jobs within the organization which add value and result in a sustainable competitive advantage*. This is in line with the succession planning of Stahl et al. (2007). Recruitment and staffing will be added because it is important to get highly-qualified employees into the organization. The second stage of Collings and Mellahi (2009), *make a talent pool of high-potential and high executing people to apply to these jobs*, gets the addition to train and develop the talents while it is important to get the highest potential out of the employees. The last stage, *create a specialized architecture for the human resource to fill these jobs with adequate people and assure their continued commitment to the organization*, is already in line with the retention management of Stahl et al. (2007) so that stays the same. Therefore the following critical points regarding the GTM system will be the definition of this research:

1. *Identify in an organized way the important jobs within the organization which add value and result in a sustainable competitive advantage. **Recruit and select talents for the organization.***
2. *Make a talent pool of high-potential and high executing people to apply to these jobs and **train and develop them.***
3. *Create a specialized architecture for the human resource to fill these jobs with adequate people and assure their continued commitment to the organization.*

These stages are used as basis in this research because it gives a clear view how a MNC can best implement a talent management system (TMS). It will provide the company with the right people in the right place at the right time because the MNC knows what the important positions are in the company. The MNC has a talent pool in which the high potentials of the firm are identified. These

employees get the opportunity to develop themselves to the best of their capabilities. This will have a positive influence for the high-potentials who get the change to get higher positions as for the company who has motivated employees. At last the MNC will have a human resource architecture which can respond fast on new developments. To have a full view of the concept GTM it is important to define what a talent is. Therefore this will be discussed in the next part.

2.2.1 What is a talent

The definition of a talent is widely differentiated. McKinsey says that a talent is the total package of a person's competences, while the Economist stated that nowadays the whole workforce of the company is seen as talent (Beechler & Woodward, 2009). According to Stahl et al. (2007) talent refers to "those that rank in the top in terms of capability and performance". Therefore, they say, you have to focus on the high potentials who are delivering a top performance for the organization, the people who contribute the most to the competitive advantage of the firm. Because this study focuses on the individuals in the talent pool, which includes the high performers, the following definition - based on Stahl et al. (2007) will be used.

'A talent is a high potential which has a top rank in terms of competencies and achievements and contributes the most to the competitive advantage of the firm'.

Talents within a MNC are managed globally. Which means a talent can be placed all over the world. In the literature much has been written about this under the header of IHRM. Although it looks quite similar to GTM it also has many differences. To get a complete view of the context of both subjects it is important to know how IHRM and GTM are related.

2.2.2 IHRM and Global talent management

Because of the globalization and the growing internationalization of companies IHRM focuses on the challenges of managing a global workforce, which management would have the option to be implemented locally (Meyskens, Von Glinow, Werther & Clarke, 2009). According to Tarique and Schuler (2010) GTM contains three important IHRM activities that are implemented by MNCs in order to serve the talent management issues:

- **attracting**, which includes reputation management, recruitment and selection. "Research in this category has examined how organizations use a talent pool strategy: the company recruits the best people and then selects them for positions rather than trying to select specific people for specific positions" (Tarique & Schuler, 2010).
- **retaining**, which includes performance management and reward activities.
- **developing**, which includes training and career development activities.

All of these IHRM actions together are the foundation of a GTM system (Tarique & Schuler, 2010). "The management of IHRM confronts a paradox: experienced talent will grow in value as globalization accelerates, and, at the same time, internationally mobile talent is more difficult to attract, motivate, and retain" (Meyskens et al., 2009, p. 1439).

According to Collings and Mellahi (2009) it is hard to differentiate talent management from usual human resource management but according to Tarique and Schuler (2010) there are three main

differences between IHRM and GTM. IHRM covers more stakeholders because it is a broad field whereas GTM focuses more on the employees and the organization itself. According to Tarique and Schuler (2010) stakeholders can include more subjects.

The stakeholders can include customers, investors, suppliers, employees, society and the organization itself. While it might be argued that in so far as effective GTM can improve the effectiveness of the MNE, it can also impact the same variety of stakeholders, the most immediate and significant impact of GTM is on the employees and the organization itself. (p.124)

Second, because of its wider scope IHRM has wider concerns and criteria. IHRM goes beyond attracting, developing, and retaining employees from the organization. Although these concerns and criteria of IHRM are real important GTM is more focusing on the concerns and criteria of the employees and organization instead of the other stakeholders. Third, IHRM includes more human resource policies and practices, while GTM has a more narrow view on every human resource activity. Summarizing, GTM is a more limited/focused field than IHRM. Therefore it is important for MNCs to concentrate the efforts of their HR departments on GTM rather than on IHRM if they want to create a competitive advantage over their competitors. What the biggest concerns are for MNCs regarding GTM is discussed next.

2.2.3 GTM in MNCs

In the last couple of years HRM literature seems to perceive maximizing the talent of an employee as a competitive advantage for companies. However, MNCs are not always doing that (Caligiuri et al., 2008). Organizations do recognize that if they want to stay competitive they have to manage their workforce effectively (Tarique & Schuler, 2010). Yet somehow, through a convergence in practices regarding talent management, global organizations face more and more of the same challenges and demands (Stahl et al., 2007). On the other hand "current international human resource management literature focusing on multinational corporations presents evidence of both similarities and differences in the HR practices adopted in different global locations" (Farndale & Paauwe, 2007, p. 355). So, although the challenges and demands are converging, the reactions of the MNCs are different. Caligiuri and Scullion (2010) have found five key concepts for MNCs with regard to GTM. First, MNCs are more and more aware of the fact that global managerial talent plays an important role for the success of the company in the increasingly global competition. Second, employers are no longer searching talent only in the home country but also in the region or even globally. Third, there are not enough talented employees. A study among 40 MNCs revealed that almost all questioned organizations had a lack of talented management employees to fill the higher ranks (Ready & Conger, 2007). Fourth, through this shortage hampers a successful implementation of their global strategies. Fifth, the growing number of emerging markets needs talented people who can survive in these culturally tangled and geographically remote markets. According to Kamoche "Developing a multicultural, international workforce is considered to be one of the primary requisites of competing in the global marketplace effectively, particularly in emerging markets" (as cited in Harvey, Speier & Novicevic, 1999, p. 160). Therefore MNCs are searching for global managers, proficient in several 'capitals' (Farndale et al., 2010):

- Cognitive capital: the ability to share the required knowledge across a global company;
- Social capital: enough ties to execute cross boundary activities;
- Political capital: the legitimacy to be accepted as a talent;
- Human capital: the ability to work in a cross-cultural environment.

These capitals can be seen as important competencies for a global manager. Although MNCs know that it is important to employ talented people in order to get a competitive advantage, they have difficulties to find the right people for the positions within their companies (Bryan, Joyce & Weiss, 2006). This is partly because it is hard for MNCs to oversee the whole of the organization. They have to be aware of (where) the important positions (are) and of where the talents are located within the organization. Sometimes it may be better to move a talent from one subsidiary to another because the talent is more needed there (Mellahi & Collings, 2010). For subsidiaries it is not always logical to transfer their talents elsewhere. This is due to the fact that transferring their best people does not benefit their own functioning, although it might be better for the overall performance of the MNC. Therefore some subsidiaries will not contribute to talent management and will only participate in self-serving activities (Mellahi & Collings, 2010). Subsidiaries rather make use of the talents themselves (Mellahi & Collings, 2010). They also may not always provide accurate information regarding talents, causing TMSS to likely fail, as managers will then no longer be able to make well informed, good decisions about these talents (Mellahi & Collings, 2010). There are three reasons why GTM is more important for MNCs than for other corporations (McDonnell, Lamare, Gunnigle & Lavelle, 2010). First is “the acknowledgement that internationally competent managers represent a key component of global business success” (McDonnell et al., 2010, p. 151). Second, managerial talent is hard to find and to retain. Third, MNCs have more complex systems than domestic firms and therefore MNCs need talents with a wider skill-set. To get these people, MNCs have a complicated TMS, which will be discussed next.

2.3 Talent management system

After a thorough research of Stahl et al. (2007) among 37 MNCs in North America, Europe and Asia they came with a table of best practices (table 2, on the next page). This table can help managers to effectively attract, select, train and retain talent. When establishing a talent pool the company has to first identify the talent. To do this thoroughly the organization needs a clear method. Therefore Makela, Bjorkman & Ehrnhooth (2010) stated that when a MNC has to make internal decisions about whom to label as a talent, they should do this in a two-stage process. In the first stage the MNC has to make an experience-based evaluation/assessment of their potential talent. In the second stage a mostly cognition-based managerial decision is made on whether or not the person in question has the potential to develop himself as a talent. If these two stages are positive, a person can be marked as a talent for the talent pool of the organization. According to Stahl et al. (2007) it is not enough to simply implement these best practices. The practices described in the table only give an organization a sustainable competitive advantage when the company aligns all the elements of the TMS and inserts them into their values system, their business strategy, and their global coordination. So when a MNC decides to implement a GTM system, it needs to implement it into the whole existing architecture of the company.

Table 2 Talent management best practices (Stahl et al. 2007)

Recruitment and staffing
Talent pool strategy rather than hiring for specific positions
Close relationships with leading schools and universities
Highly selective hiring
Compelling "employee value position" and strong emphasis on global branding
Focus on values and cultural fit, not just job-related skills and experience
Continued assessment of both performance and potential, using multiple inputs
Grading against competency profile of successful leaders
Use of talent inventories for selection and succession purposes
Different talent pools (executive, specialist etc.) with different career paths

Training and development
Leadership development is top priority and deeply ingrained in culture
Promotion-from-within policy
Continuous assessment of training needs and feedback (360-degree reviews)
Individual development plans linked to succession planning process
Job rotation and international transfers as career development tools
Line manager involvement (coaching, mentoring, job shadowing, etc)
Use of open job positioning system and internal talent marketplaces

Retention management
Continuous monitoring of attrition rates by performance level
Highly competitive compensation, particularly long-term wealth accumulation
Personalized career plans and broadening assignments
Senior management attention
Flexible working arrangements and other work-life balance practices
Diversity programs designed to develop, retain, and promote diverse talent

2.4 Explaining differences and similarities of GTM in MNCs

To explain the differences and similarities of talent management, as stated in the research question, two different theories are used: institutional theory and resource based view. These two theories are also used to clarify the external and internal forces on a MNC. The institutional theory will be used to clarify the external influences on a company. The resource based view will be used to describe how a firm can create a competitive advantage with its resources over its competitors. It can be expected that through different institutions and resources the kind of TMS used by a MNC differs from one subsidiary to another.

2.4.1 Institutional theory

Institutional theory is based on the background of the social structure. The theory looks to the important customs, practices, relationships or behavioral patterns in life of a community or society. The theory gives a contribution to the establishment of governmental guidelines for social behavior which includes the laws, rules, norms, ethics, and routines. The theory gives an overall and concrete

view of an organization which can be influenced through outside and inside sources (Zucker, 1987). Institutional theory can also be described by isomorphism, which best represents the process of homogenization within a certain institutional area (DiMaggio & Powell, 1983). It is a limiting process that creates that one unit has to resemble all other units in a population that have the same set of environmental conditions. Meyer and Rowan (1977) explain why organizations are isomorphic:

Organizations are driven to incorporate the practices and procedures defined by prevailing rationalized concepts of organizational work and institutionalized society. Organizations that do so increase their legitimacy and their survival prospects, independent of the immediate efficacy of the acquired practices and procedures. (p. 340)

DiMaggio and Powell (1983) describe two types of isomorphism: competitive and institutional. Competitive isomorphism seeks to certify the homogeneity within a certain organizational area; it tries to explain how the exposure to same local market conditions can lead to increasing equality of HR practices and systems (Farndale & Paauwe, 2007). Institutional isomorphism comes from the best-fit approach. Organizations try to adjust their HR practices to the conditions in a specific organizational field, and are refusing the one best way approach by doing things the same all over the world (Farndale & Paauwe, 2007). DiMaggio and Powell (1983) say that institutional isomorphism can be identified in three ways which influence the decision making in firms: Coercive mechanisms which stem from power sources stronger than the organization; mimetic mechanisms which result from patterns of responses to uncertainty; and normative mechanisms which are associated with the adoption of standards and routines considered appropriate in a specific environment (Farndale & Paauwe, 2007). According to Farndale and Paauwe (2007) "all three mechanisms have the ultimate goal of achieving legitimacy within the organisation field to ensure access to necessary resources from potential exchange partners". Therefore institutional factors are of major influence on MNCs. As Meyer and Rowan (1977) stated: "Many formal organizational structures arise as reflections of rationalized institutional rules". For example in the USA, HRM is influenced by organizational independence and autonomy while in Europe HRM autonomy is forced by union involvement and advisory groups such as work councils (Paauwe, 2004). Therefore it is important to understand how institutional factors influence organizations and their TMS, especially for organizations that are established in different parts of the world with different institutions. There are different institutional dimensions that influence the HRM of a firm. According to Farndale and Paauwe (2007) "the social/cultural/legal institutional dimension of an organisation's environment dominate the crafting of HRM" (p. 361). The three different mechanisms as described by DiMaggio and Powell (1983) can be translated in the dimensions of Paauwe (1994). Coercive mechanisms relate to the legal dimension, mimetic mechanisms relate to the social dimension and the normative mechanisms to the cultural dimension. Therefore the social/cultural/legal dimensions in our research framework will be used to explore how and where institutions create differences and similarities in GTM between subsidiaries. To explain the institutional aspects of the countries the dimensions of Hofstede (1983) will be used. According to Hofstede (1983) there are four dimensions which can explain the fundamental problems which face any human society, and on which societies have different solutions. These four dimensions are labeled power distance, uncertainty avoidance, individualism versus collectivism, and masculinity versus femininity. These dimensions are used to explain (1) the difference in organization structures, (2) the difference on motivation of people in firms, and (3) the difference in issues which people and firms have within the society (Hofstede, 1983). So with these dimensions the basic differences between Israel and the Netherlands can be described.

2.4.2 Resource based view

In the resource based view (RVB) firms are analyzed through their resources instead of their products to create a competitive advantage (Wernerfelt, 1984) which gives a different view on their strategic options. In this view a resource is seen as anything that gives a firm a strength or a weakness (Wernerfelt, 1984) or as Barney (1991) quoted from Daft (1983): “firm resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness”. According to Barney (1991) there are three kinds of resources: physical capital resources, human capital resources and organizational capital resources. Physical capital resources are for example the physical technology used in a firm, the plant and the raw material etc. The human capital resources include the training, experience, judgment, intelligence, relationships, and the insight of employees and managers in an organization. The organizational capital is for example its formal reporting structure, its informal and formal planning and controlling etc. The resource based view is not about how a company reacts on its environment but about how a company itself can create a competitive advantage (Farndale & Paauwe, 2001). Barney (1991) stated that it is easy to notice that valuable and rare organizational resources create a competitive advantage for an organization. A firm has a competitive advantage when it has implemented a value creating strategy which cannot be implemented at the same moment by current or potential competitors. In order to have a sustained competitive advantage, other firms should not be able to duplicate the competitive advantage (Barney 1991). So according to Rumelt:

In essence, the concept is that a firm’s competitive position is defined by a bundle of unique resources and relationships and that the task of general management is to adjust and renew these resources and relationships as time, competition and change erode their value”.(p. 132)

RBV is based on the internal sources to create a competitive advantage, it is the connection among the internal resources of the organization, the strategy and the performance (Wright, Dunford & Snell 1994). To make a sustained competitive advantage of the human resources they need to be valuable, rare, inimitable and non-substitutable (Wright et al., 1994), otherwise they are easy to imitate. For organizations it is best to employ intangible resources, like human capital, because those are more likely to create a competitive advantage and they are mostly rare and socially complex. This makes the intangible resources harder to imitate (Barney, 1991; Hit, Bierman, Shimizu & Kochhar, 2001). Spender (1996) argued that a firm's knowledge and its ability to generate specific knowledge are at the core of the theory of the firm. The one that holds the knowledge of the firm is mostly its human capital; therefore it is important to assure the quality of them and create a sustained competitive advantage with them. But a company cannot only be based on human resources therefore it is important to investigate how all resources, the physical, the human and the organizational capital resources are affecting the organization and therewith the TMS.

2.5 Conceptual framework

Because a MNC is influenced by so many different factors throughout the world the GTM system will be influenced too. Basically the system is implemented to have the right number of people at the right place at the right time, if a different approach in different countries helps to get those people it can be better to apply to the local institutions than to force a one best way approach. Therefore it is possible that the same GTM system can be interpreted differently in different countries. These differences are of interest for this study. To explore the differences and similarities of GTM between

the locations of the Netherlands and Israel the institutional theory and resource based view will be used. The institutional theory gives three different dimensions, the cultural, legal and social. All of them can have influence on how the GTM is arranged. The resource based view gives an understanding about the components which are important to get a 'sustained' competitive advantage. For the GTM the following components are important: physical capital resources, human capital resources and organizational capital resource. When all of these have a high level, a sustained competitive advantage can be achieved. To identify the GTM system for IBM the stages of Collings and Mellahi (2009) and best practices of Stahl et al. (2007) will be used which are the following: Identify in an organized way the important jobs within the organization which add value and result in a sustainable competitive advantage, recruit and select promising employees for the organization. Make a talent pool of high-potential and high executing people to apply to these jobs, train and develop those talents. Create a specialized architecture for the human resource to fill these jobs with adequate people. Therefore the following framework can be made:

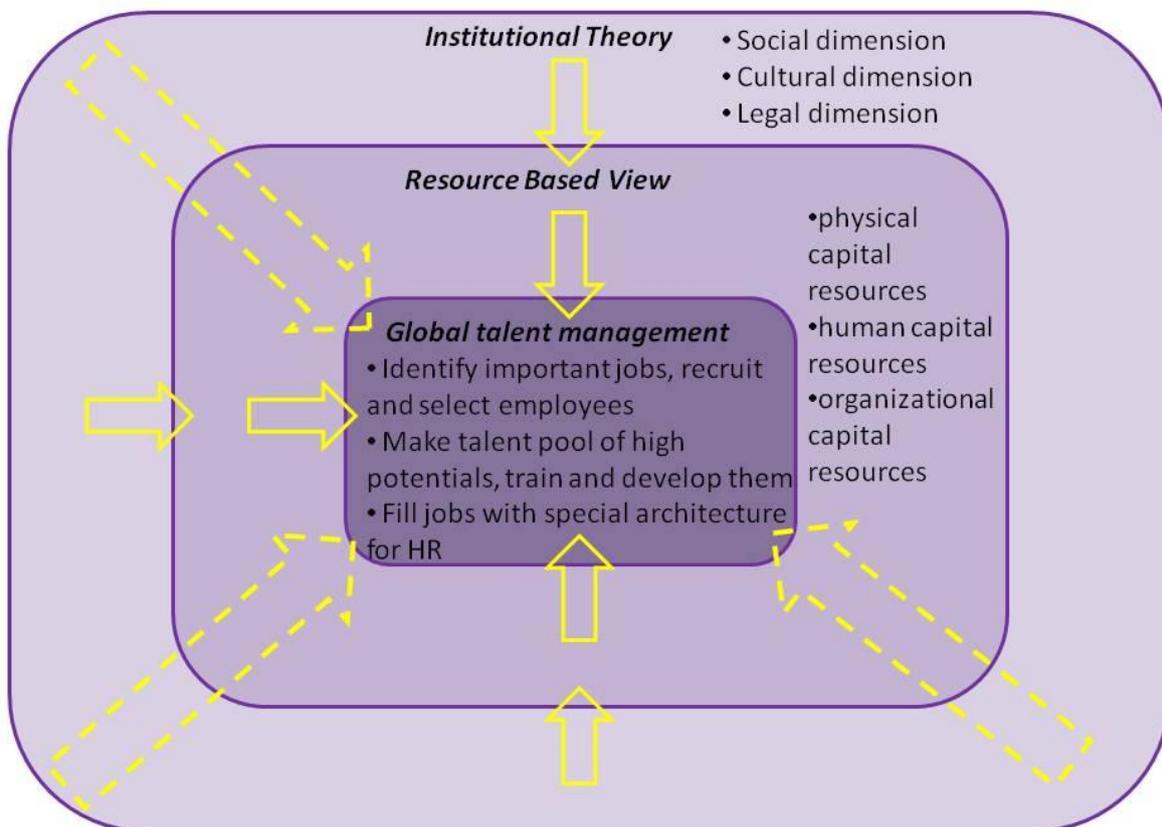


Figure 1 research framework

This model is made as a layered model because of all the influences institutions have on the resources and the resources on the organization. The institutions also have a direct influence on the firm. Therefore the institution is in the ground layer, the resources in the middle and the firm is the focus of the study.

3. Methodology

This investigation will be a comparative research. It will be a cross national comparison between Israel and the Netherlands. This kind of research is mostly used to make comparisons between countries or cultures. In this research both will be done.

3.1 Introduction

A qualitative approach will be taken to give a thorough answer to the research question. This approach will give in-depth information by focusing on the underlying motivations, beliefs, desires and needs of the targeted population. It is important to get this underlying information to answer the second half of the question: how can these differences and similarities be explained.

3.1.1 Research tactics

The aim of this research is to make a comparison of GTM in Israel and in the Netherlands. Therefore all the MNCs of Israel and the Netherlands are in the research pool. To get a full view of the GTM system of the MNCs and the processes being enacted a case study will be used. This will give particularly the opportunity to answer the why, how and what questions with regard to the GTM systems (Saunders, Lewis & Thornhill 2009). The case chosen out of the pool is IBM. IBM is the biggest IT company in the world and located in 70 countries (IBM, 2011). IBM has 350.000 employees and is a leading company with regard to the global talent management. IBM has developed many different systems to recruit, select and develop talented employees in a global context. IBM Israel and IBM Netherlands will be likened in this study. Therefore the research question will be:

'What are the differences and similarities between the global talent management systems of IBM Netherlands and IBM Israel and how can these differences and similarities be explained'

Furthermore the case study approach is chosen to have a standardized background for the comparison. This will have a positive influence on the validity (Saunders et al., 2009).

3.1.2 Data collection protocol

When using a case study method triangulation can best be used. This is a way of using different data collection techniques to check that the data corresponds to the interpreted (Saunders et al., 2009). Therefore, in this research, semi-structured interviews, documentary analysis and literature are used. So, there is a usage of both primary and secondary data collection methods.

The semi-structured interviews will be done by the HR department within IBM in both countries. The interview consists of two parts. The first part is a small questionnaire which is based on the best practices of Stahl et al. (2007), which can be found in chapter four: Talent management system. The questions are based on the three main themes of the system: recruitment and staffing, training and development and retention management. Within these themes all best practices are made to a yes or no question to see if those practices are part of the GTM of IBM. The whole questionnaire can be found in appendix 1. The questionnaire was chosen because there was too little time during the interviews to get a full view of the whole GTM system of IBM. In this way more time could be spend on the questions relating to the theories. It is an interviewer-administered questionnaire, because

the questions were asked face to face and were part of the semi-structured interview (Saunders et al., 2009). This choice is made to ensure that the questions were understood right and have the ability to get some additional information when needed.

The second part of the interview is a semi-structured interview in which some basic questions and themes are covered. With this kind of interview technique a normal conversation is held with the possibility to ask additional questions when needed for the research question and objective (Saunders et al., 2009). The main subjects of the semi structured interview are: talent management system, resource based view, physical capital resources, human capital resources, organizational capital resources and institutional theory. Before the interviews, the respondents will be asked if they agree that the conversation is recorded. Within IBM Netherlands the HR manager was contacted to ask permission for the interviews. This permission was given after a short period of time and the interviews were arranged. It was more complicated to get the interviews in Israel. Therefore the HR manager of IBM Netherlands was asked to contact the HR manager of Israel to ask permission. This way of arranging the interviews can provide a self-selection bias but it was the only possible way of getting the interviews. When the permission was given an appointment was made to have some interviews with the HRM team in Tel Aviv. The headquarter of IBM Israel is established there. Because some questions, as can be seen in appendix 2, are based on cultural differences the interviews were held in person. In that way a better view and feeling of the culture can be visualized. Unfortunately only one interview could be conducted. The interview was with Iris Ron, the HR manager of IBM Israel. This interview did not have enough information to make a thorough analysis on the TMS of IBM Israel. The HR manager said that it was not possible to give all the information needed and revealed that an interview with IBM Israel was not possible at all while IBM headquarters would not give permission to use the data. Fortunately, the permission was given a month after arriving back to Holland, so the small amount data can be used.

The interviews were done with two talent managers of the Benelux (David Kahan and Aulia van Goens), one of the founders of the TMS of the Benelux (Myriam Nijhout van Gemert), two talents of the Benelux (Danielle Smit and Koen Wolters) and the HR manager of IBM Israel (Iris Ron). This last interview in Israel is not recorded because Iris Ron did not give permission to record it. During the interviews some additional data was collected. From the talent managers of the Benelux, documentary about the GTM system of IBM was obtained. Some additional information was obtained via the website of IBM and in the interviews some examples are gives of the GTM system on the computers.

Furthermore, the literature is used. This use of secondary analysis is relatively widespread in comparative research. It is especially popular because of the savings in time and therefore money (Saunders et al., 2009). For this research the literature is particularly used for the institutional perspective of both countries. But it is also used to get a better base for the findings in this research. Because the outcomes of the interview in Israel are not comprehensive a further literature review about the TMS of Israel will be done. Unfortunately not enough articles about talent management in Israel can be found therefore a bigger scope will be used and the HRM system of Israel will be investigated in the literature. In this way a better understanding about the TMS of Israel can be made.

3.1.3 Data processing and analyzing

To sort the data collected in the triangulation, as mentioned above, it will be separated in Israelis and Dutch data. This will be declared as I (which stand for Israel) with a number for Israelis data and N

(which stand for the Netherlands) with a number for the data obtained for the Netherlands. This will be shown in a table to have a good overview.

The data processing will be done manually by a transcription of all the interviews because there is only a small amount of data collected, 5 semi-structured interviews will be used. These transcriptions will be categorized in the different stages of GTM as mentioned above and in combination with the best practices of Stahl et al. (2007). So the different stages are:

- Stage 1: *Identify in an organized way the important jobs within the organization which add value in a sustainable competitive advantage: recruitment and staffing*
- Stage 2: *Make a talent pool of high-potential and high executing people to apply to these jobs and train and develop them: training and development*
- Stage 3: *Create a specialized architecture for the human resource department to fill these jobs with adequate people and assure their continued commitment to the organization: retention management*

Table 3 Coding of Interviewees

Code	Interviewee	Occasion for interview
IR	Iris Ron	HR manager Israel
DK	David Kahan	Talent management team
AG	Aulia van Goens	Talent management team
MG	Myriam Nijhout van Gemert	Founder of TMS Benelux
DS	Danielle Smit	Talent in LDP
KW	Koen wolters	Talent in TDP

During the process all the quotes which are used for the data analysis will be coded and put in table 3. The quotes from the interviews of the Netherlands are translated directly from Dutch in English. The obtained documents which are used are coded in table 4. In this way the reader can quickly see where the data came from.

Table 4 Coding of obtained data

Code	Kind of data	Received from
WSI	Website IBM	Internet
PPI	Power point	Myriam Nijhout van Gemert
FTI	Folder TMS IBM Benelux	David Kahan

The data analysis will be done through the comparison between the categorized data. So the findings of Israel in stage 1 will be compared to the findings of the Netherlands in stage 1. All differences and similarities will be described and reasons for these distinctions will be substantiated by the theories.

4. Findings: talent management system IBM

In this chapter the findings of this research will be discussed. First, an introduction of the development of the TMS of IBM headquarters will be described. This is the basis for the TMSS of both IBM Israel as for IBM Netherlands. After this, the institutional perspectives and TMSS of both countries will be described, starting with Israel. At the end of this chapter a comparison of the talent TMSS of Israel and the Netherlands will be made on base of the stages of Stahl et al. (2007).

IBM is a MNC which was originally based on the production and sales of hardware and software. Nowadays IBM tries to differentiate itself from competitors by providing practical know-how and delivering services quickly, effectively and efficiently (**WSI**). A couple of years ago IBM made a change in the business structure. To have a competitive advantage IBM had to optimize global service delivery over coordinating multiple operations across different countries (Boudreau, 2010). To do this IBM needed to create a superb workforce. Therefore IBM changed the way they measured, tracked, deployed and developed the workforce. The employees were highly qualified and motivated but they could not provide the global flexibility that IBM needed to serve its clients. IBM had difficulties “to get the right person, with the right skills, at the right time, place and cost” (Boudreau, 2010). To make a quicker and better match between its talents and its needs IBM introduced the workforce management initiative (WMI). This helped the managers of IBM match the supply and demand of all employees globally. “WMI addresses the labor-based business issue of managing resources effectively and seamlessly across business units and geographic borders” (Boudreau, 2010). In this system a manager can identify personnel all over the world and the employees can see the vacant positions within IBM globally. This was necessary to avoid the hiring of new employees while in other parts of the organization employees are sitting on the bench.

IBM has a scale system to indicate which band an employee has which can be seen in table 5. It starts with band 6 till 10. After band 10 the employee is an executive. Those bands are indicated by letters, from D till the highest band A.

Table 5 Overview band system IBM corporation

Bands	Position	Experience
6	Software engineer	Fresh master degree
7	Staff engineer	2-5 years, or new MBA graduate
8	Advisory engineer	Fresh PhD or bachelor/ Master with 10/7 years experience
9	Senior engineer	
10	Senior technical staff member	
D till A	Executive	

4.1 Institutions of Israel

Israel is a democratic country situated in the Middle East and surrounded by mostly non-democratic Arab countries (Weisberg, 2010). When Israel got its independence in May 1948, 600.000 people were living in Israel. Currently it has more than 7.3 million inhabitants, mostly because of a high immigration rate. Over the last five years the annual population growth rate has been 1.8%, of which

8% was from immigration (Weisberg, 2010). Most of the immigrants were “Zionists”, which is an ideology of Jews who want to return to their ancient home land (Weisberg, 2010). These Jews have different nationalities. As a result, many different cultures are living in a small country. Because of the relative heterogeneity of the Israeli society there is a big income gap between poor and rich (Harpaz & Meshoulam, 2010). During the last years, this high inequality is still increasing. The Gini coefficient is “a measure of statistical dispersion of inequality of income and wealth distribution” (Weisberg, 2010). The increase goes from 0.33 in 1997 to 0.39 in 2006, which corresponds to 33% and 39% respectively. In comparison with the Western countries this is high, therefore indicating a high inequality (Weisberg, 2010).

Israel is the only Jewish state in the world, 75% of the inhabitants are Jewish. Most non-Jewish inhabitants are Muslims, about 16% (CIA world fact book, 2011a). Because Israel is the only Jewish state in the world and Jews often lived as persecuted minority group among other nations, collectivism grew among them in the early days of Israel. “The existential risk posed by this situation has created a strong sense of shared identity and mutual responsibility among Jews” (Drory & Vigoda-Gadot, 2010). The Kibbutz movement is an example of that (Drory & Vigoda-Gadot, 2010). “Kibbutz is a small community which rejected the notion of private property and shared resources among its members” (Weisberg, 2010). Another factor that influenced the collectivism is the constant conflict in the Middle East (Drory & Vigoda-Gadot, 2010). The collectivistic approach had a major influence on the lifestyle, educational system, economy and work values in Israel (Harpaz & Meshoulam, 2010). In these early years of Israel the economy was relatively isolated. Its geopolitical situation made it that it had closed and small local market, with minor export opportunities and the threat of Arab nations boycotting Israel’s business (Harpaz & Meshoulam, 2010). Therefore many MNCs avoided the market.

Since the “six-day” war Israel has gone through a rapid change and many high-tech firms established themselves in Israel. “As a result of global and political changes (the loss of the hegemony of the ruling Labour Party in 1977), the ruling ideology had changed and today tends to follow the American capitalist model” (as cited in Tzafrir, Meshoulam & Baruch 2007, p. 115, from Sagie and Weisberg, 2001). Sagie and Weisberg (2001) mentioned that Israel has moved from an ascetic, collectivistic, closed, and relatively homogenous, to a more materialistic, individualistic, open and pluralistic country but the collective values can still be found (Pindek, Weisberg & Koslowsky 2010). Because of this Israel is now similar to western economies as to political, economical and social regards (Tzafrir et al., 2007) but differs dramatically from its neighboring countries especially on the cultural dimension. Israel, unlike its neighbors, is a fast developing country. “Israel’s relative advantage resides in its high human capital, high investments in R&D and high quality of management systems, including HR management” (Weisberg, 2010 p. 180). Because of these high investments by the government, a good entrepreneurship and the ability to attract investors, Israel has one of the highest startup rates of companies in the world (Weisberg, 2010). In 2006 a new arrangement was signed which stated that “industrial relations in Israel are to be arranged by means of deliberations, negotiations, and the signing of collective agreements, and not by legislation” (Harpaz & Meshoulam, 2010 p. 217).

On Sabbath, in Israel, all Jews are officially free by Jewish law. Therefore most people do not work on Friday evening and Saturday. Arabs can work on these days but the rest of the people are free therefore it makes not much sense. This is officially in Israeli law: “Non-Jewish workers are entitled to days off on their specific holidays despite potential disruption in the firm’s activities” (Weisberg, 2010 p. 182). One of the other challenges organizations have is the military duty. For man this is

mandatory to serve for three years from an age of 18 (Tzabbar, Vardi & Baruch, 2003). For women it is two years. This is only mandatory for Jews or Druses. It is voluntary for the Christians, Muslims, and Circassia's (CIA world fact book, 2011a). A positive effect of this is that Israelis learn to work in a hierarchical environment and try to belong to the elite, so anything less than a promotion is seen as a career failure or penalty (Tzabbar et al., 2003). But a big problem is that the HRM system has to cope with the reserve system of the army. Most males have to serve 30 days a year for the military, which means that the system needs to be flexible and can improvise in the daily management (Tzafrir et al., 2007). "Moreover, a number of people with strong leadership qualities volunteer for further service, or opt to become officers, which requires them to sign on for extended periods of service"(Tzafrir et al., 2007 p. 118). Some of these military people became, after their duty, managers in civilian companies which influenced the people management policy and practice (Tzafrir et al., 2007). They paid little attention to important HR subjects, such as development, utilization, and education of the personnel (Harpaz & Meshoulam, 2010).

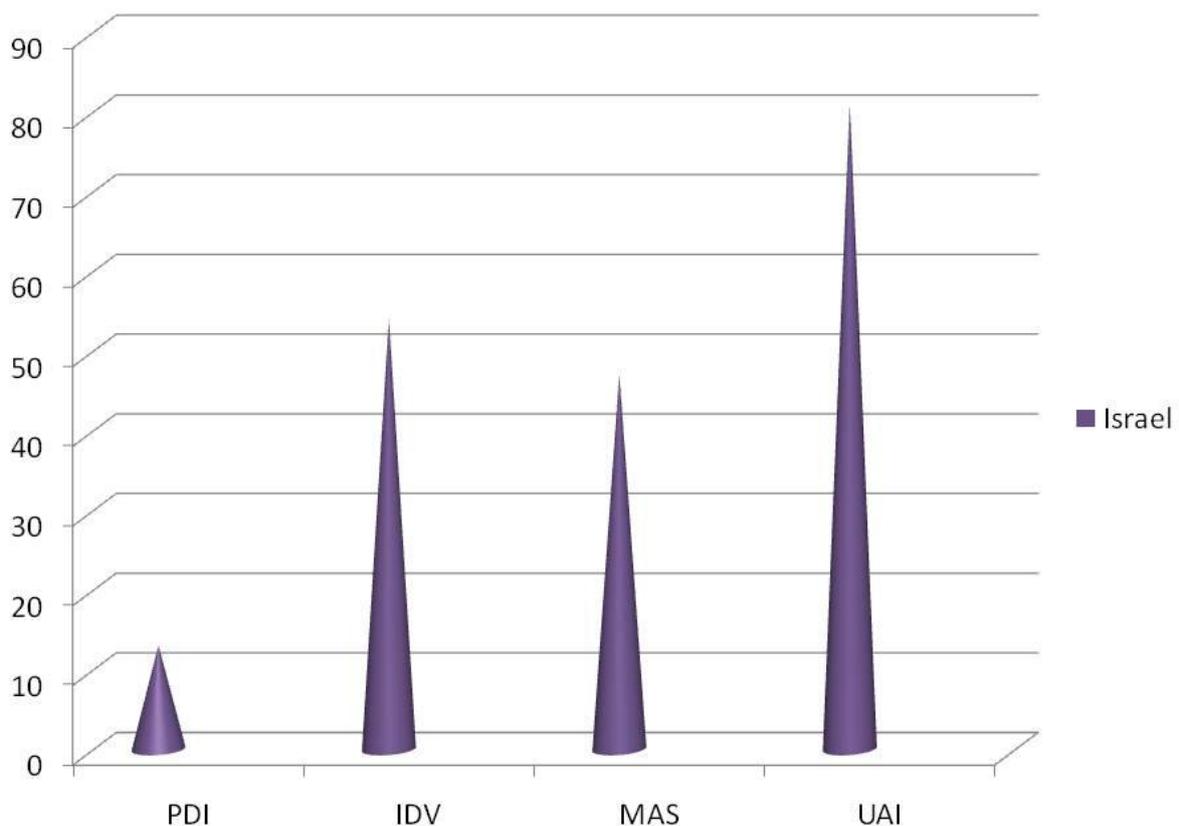


Figure 2 Hofstedes cultural dimensions from Israel

When looking at the dimensions of Hofstede (1980) it can be concluded that Israel has a very low power distance, 13, in comparison with a world average of 55. This indicates a large equality between the formal and social levels of the society, which give a more stable cultural environment because of the higher interactions between different power levels (Hofstede, 2009). As mentioned before Israel is changing from a very collectivistic culture to a more individualistic one. This can also be seen in the dimension 'individuality' of Hofstede (1980) which is slightly more to the individualistic than to the collectivistic side, the index is 54. But the collectivistic score is still on the higher side compared

to other countries (19th out of 49 countries) (Drory & Vigoda-Gadot 2010). Because of the growing individualism in Israel it has to deal with a work culture shift: Israelis are favoring immediate gratification over long-term benefits, which is bad for the organizational commitment (Drory & Vigoda-Gadot, 2010; Harpaz & Meshoulam, 2010). Employees are more and more favoring money above all other work goals (Harpaz & Meshoulam, 2010). Israel has an average score on the dimension masculinity. The uncertainty avoidance is relatively high: it is 81 on the scale of Hofstede, with a world average of 64. This indicates that people have a preference for regulations and set activities rather than loose and flexible guidelines.

Although there was a dramatic shift in HRM over the last couple of years, HR still has to expend an excessive amount of time and energy to convince top management of their contribution to the organization (Pindek et al, 2010; Tzavrir et al., 2007). However the HRM orientations vary per sector. "In the high-tech and financial sectors for instance, more advanced and performance-related practices are applied such as wage systems, bonuses and employee stock options, as compared to more "collective" agreements with trade union involvement in the public sector" (Weisberg, 2010, p. 180). This is because many Israelis get their advanced education in Western countries in a variety of managerial areas. Another reason is that many Western MNC have branches in Israel and implement with them their own brand of management in HR departments (Weisberg, 2010).

4.2 Talent management system IBM Israel

IBM Israel uses two different systems, one for the top talented employees, and one for all the employees. This last one is the Global Opportunity Marketplace (GOM) which allows employees to see job opportunities. The system is coupled to the Workforce Management Initiative (WMI). In the WMI employees have the opportunity to expose their abilities, manage career related tasks and find new positions, projects or it mentors them with a personalized intranet tool. That is called "your career", which is integrated with the global employee directory (**WSI**). In this system managers and leaders can see the expertise of all employees all over the world and therefore help to match the people with projects, engagements and job opportunities. The GOM allows to send interview invitations to unique qualified candidates all over the world (**WSI**).

"The talent management system is for all employees within IBM Israel; however the high-potentials are offered some extra opportunities". IR

The most important system for this research is the corporate system for high potentials, which is the Business and Technical Leadership (BTL) system. All the talents in the BTL system are in the global talent pool of IBM. This will be discussed in the next three stages.

4.2.1 Stage 1: succession planning, recruitment and staffing

In the BTL system talents are identified by their manager and they get the opportunity to have additional training (**PPI**). In this identification the manager looks who has the highest potential compared to leadership competencies, which are based on IBM's business strategy and the highest performance. High-potentials of band 8 or 9 (see table 6) who have the possibility to reach band 10 can be tagged in the BTL system. When employees with band 10 have the potential to reach an executive position they can also be tagged (**PPI**). If an employee meets all the criteria and has the aspirations, they will be marked as a talent. In table 6 the characteristics of employees who are tagged in the BTL system are described.

Table 6 Characteristics BTL resources, (PPI)

The following characteristics describe IBM's BTL Resources worldwide:
Future ability and aspiration to perform at a Band 10 role or Executive Role
Sustains high performance
Demonstrates self-awareness
Exhibits strength in interpersonal skills and technical, functional, and/or business skills
Role models
Willingness to accept challenging developmental opportunities for career growth
Culturally adaptable and global perspective

To get more female students interested in the technical disciplines of IBM Israel a camp is organized annually for females only. This camp is for all different religions in Israel, which includes Jews, Druses and Arabs. The camp is set up to have as much diversity in the company as possible.

4.2.2 Stage 2: talent pool, training and development

When a talent is tagged it can join the e-learning program or classroom courses which are given by IBM. At the moment the active part of the BTL system is only concentrating on the highest positions within IBM, so only on the executive band. All other bands are not yet part of the corporate system and can only be tagged. Those bands do not yet have the opportunity to have additional courses.

"The talent pool is not used in the way of placing talents on important positions in the organization. The talent needs to take the initiative". IR

Within IBM Israel the talent has to take the initiative. When a talent has the ambition to get a higher position they need to look in the WMI system to know which competencies they require to reach that position. Within IBM Israel there is a dual career path that consists of a management and a technical path. In both disciplines employees get specialized courses. When an employee has the ambition to grow in their career, they have to make a plan. Their goals and aspirations are compared with the needs of IBM. When this matches, the employee gets the ability to invest in their career by choosing a track.

"Employees self-assess leadership competencies and identify pipelines of interest/next roles and development needs/actions in order to improve skills and leadership competencies and capabilities". (PPI)

When the track is completed the employee has the ability to make a new plan and follow the same route again. This is all included in the career plan which every employee of IBM has to make annually.

4.2.3 Stage 3: retention management

Through the years, the economic conditions in Israel underwent a big change. This encouraged organizations to alter the hierarchical system which led to a flatter structure. This structure means less managerial positions so less need for talents. Therefore Israeli organizations are looking for ways to manage their talent in different ways, similar to Western countries (Tzabbar et al., 2003). The

development in organizations is not only promotions anymore but can also be sideways, downwards, in-place, and outside the organization.

*“BTL Resources not only achieve exceptional results for IBM, but also demonstrate and have the ability to acquire leadership behaviors for long-term growth. Managers are asked to focus not only on **WHAT** individuals do but also **HOW** they do it”. (PPI)*

In the BTL system, talents are assessed by their manager. The manager not only looks on what the performance of the talent is but also how they reached that performance. Together, this ensures good results for IBM but also for the development of the talent.

4.3 Institutions of the Netherlands

The Dutch United provinces are independent of Spain since 1579. In the 17th century the Dutch colonized all over the world and were a leading seafaring and commercial country (CIA world fact book, 2011b). After being occupied for 20 years by the French, the Netherlands got its independency in 1815. Belgium became autonomous and formed a kingdom in 1830 (CIA world fact book, 2011b). The Netherlands is a small country with nowadays many inhabitants, more than 16.5 million people according to the Centraal Bureau voor de Statistiek (CBS, 2010). Currently, the Netherlands have many religions (Arends-Toth and Vijfer, 2009) but there is no majority of religion. The most Dutch people call themselves Atheist, 42% (CIA world fact book, 2011b). The Netherlands is as most Western economies an individualistic country. On the dimension ‘individuality’ of Hofstede (1980) the Netherlands scores an 80, as can be seen in figure 3, which makes the Dutch the fourth country in the world on this aspect (Hofstede, 2009). This score indicates that the Dutch have individualistic behavior and have fairly loose bonds. The second score for the Netherlands is the uncertainty avoidance which is 53, where the average is 64. This indicates a tendency to avoid the amount of uncertainty within the country by making regulations to minimize the risk of unpleasant situations (Hofstede, 2009). The lowest dimension for the Netherlands, according to Hofstede, is ‘Masculinity’, which is only 14. This indicates little discrimination between genders and therefore females are treated the same way as man in this society.

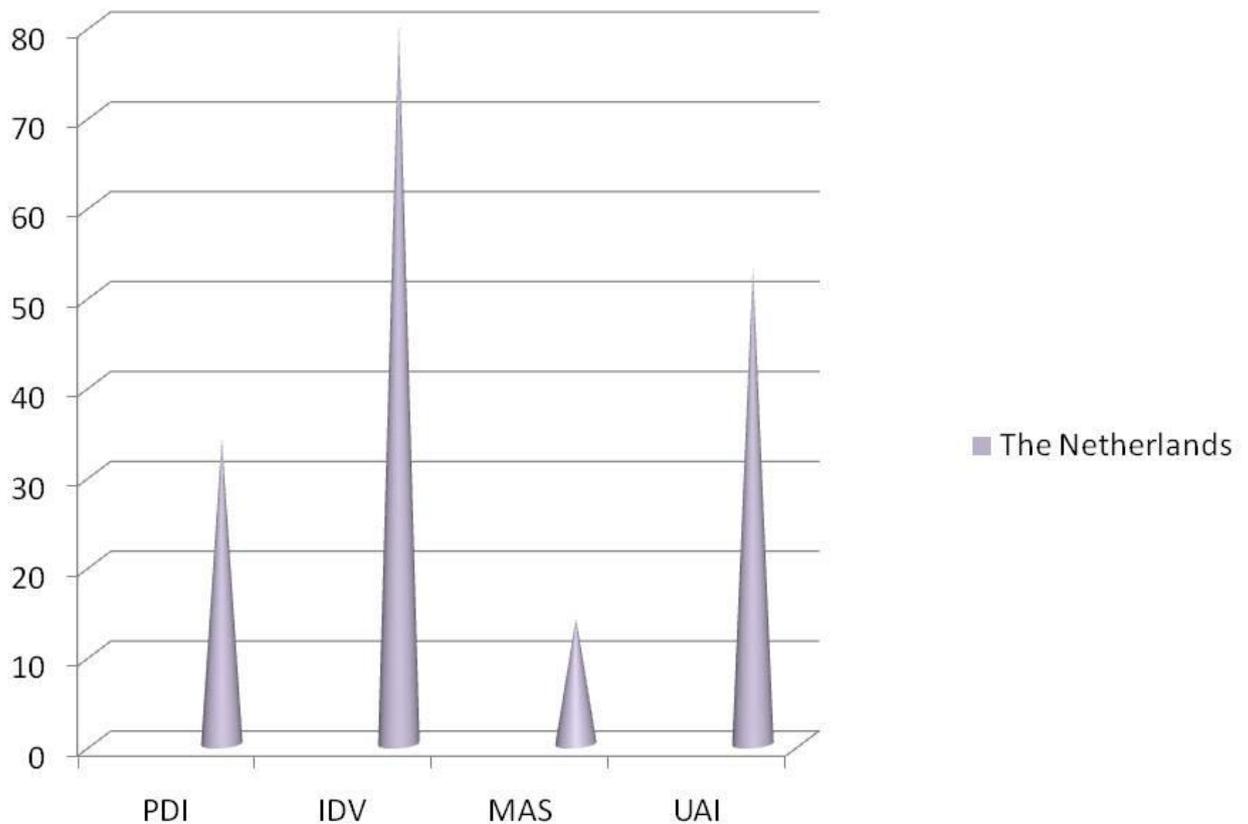


Figure 3 Hofstede's cultural dimensions from the Netherlands

The Dutch economy is based on a so called Rhineland model or 'Poldermodel'. In this model an important part is played by legislation, institutions and stakeholders to design the HRM policies and practices (Boselie, Paauwe & Jansen 2001). One of these legislations is the legally obligation to install work councils for companies with more than fifty employees (Boselie et al., 2001).

The Dutch trade unions (FNV,CNV) are influential in shaping HRM arrangements at the national level (SER, Stichting van de Arbeid, media etc), at the industry/sector level (via the collective bargaining agreement) at the company level and at the business unit level (for example in the case of reorganization)". (p. 1116)

As a result, the trade unions work closely with the work councils. The amount of union member in 2010 was 1,87 million (CBS, 2011), which was 17 thousand less than a year before. The amount of union members is stable over the last 15 years, however the labor force increased and the percentage of union members decreased, see figure 4 (CBS, 2011). Although the participation of the employees to the unions is declining, it still influences the HRM of the Netherlands. "If we compare the Dutch economy with the European average then the Dutch positively outperform their EC partners on a number of economic indicators (like employment, job creation, economic growth)" Boselie et al. (2001).

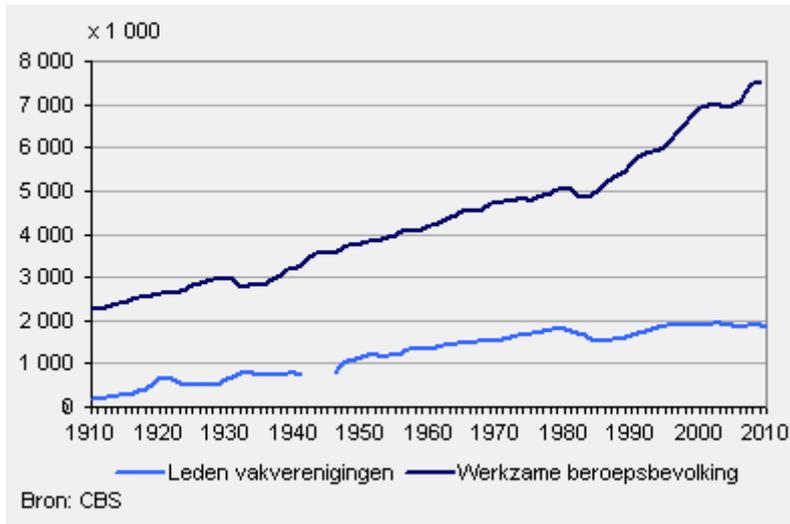


Figure 4 comparison union members and work force of the Netherlands

Although the economic crisis of 2008/2009 hit the Netherlands, which triggered a decline in jobs, there is still a shortage of good qualified people (Emans, 2009). Modern companies set high standards for their employees but it is also the other way around, talented people have high standards for companies. So, in order to get the right people, for HRM it is not enough to simply provide education and training, people expect a total career guidance in the Netherlands (Emans, 2009). HRM is not only about managing people anymore, organizations are more and more expecting that the divisions think for themselves, so a connection is desired between the HR-function and the primary process (Biemans, 2008). "There is tension between, on the one hand, the demand to cope with increasing complexity by way of increasing autonomy at every level in the organization and, on the other hand, the need to retain overall control" (Looise & Paauwe, 2001, pp. 1205-1206).

Another reason for the shortage of employees in the Netherlands is the aging problem. From 2010 until 2040 there will be a decline in labor force of around 1 million (Ester, 2008). Employees have to work longer to keep the current social services, which are quite high in the Netherlands and therefore HRM faces new challenges with older employees and a shortage of employees (Emans, 2009). A lot of Dutch employees are working part-time rather than fulltime. The Netherlands have one of the highest percentages of part-time workers in Europe (Looise & Paauwe, 2001).

4.4 Talent management system IBM Benelux

"It is very simple: IBM has what we call BTL, that is business and technical leadership. BTL is the corporate model for talent management. But if you ask me, it is an empty box. The only thing the BTL does is tagging a number of people as talents. But beyond that it does very little, almost nothing. So, no activities, no development, nothing". DK

Although IBM has a GTM system for all its locations, IBM Netherlands has a talent management system of its own. This system is made in cooperation with the Benelux branches, so it is deployed in Belgium, Luxembourg and the Netherlands. They work with this system since 2005/2006 while the corporate TMS, the BTL system exists since two years. Most other IBM organizations just adopted the corporate system but IBM Netherlands believes that the system is not extensive enough.

“We didn’t have the idea that there was a pipeline. When someone would resign we did not know how to fill the spot. So we have made a Tour the France model. You need some people who can win the Tour the France and some supporters and carriers, so than you know how many people you need in the pipeline to fill the winning position”.

MG

Originally the system is set up as a comprehensive program to the BTL system. This ensured the Benelux to develop the talents in the system and not just tag them which gives IBM Benelux a better view on how to fill the vacant top positions. Because the system is not supported by headquarters there is some tension within the organization.

“The programs identify, develop and retain high-potential, high performing employees up and until the executive level to ensure IBM Benelux has the right leadership now and in the future”. **FTI**

Because this system is deployed in the Benelux it is therefore funded by IBM Benelux. Headquarters reserved no money for this system. It costs around 700.000 Euros including labor, annually. This system only focuses on the flow of high-potentials within IBM Benelux; not on recruitment or on staffing from outside.

“I compare the Netherlands often with the village of Asterix, although we are not invincible we are also not connected with the rest of Europe”. **AG**

Within IBM Netherlands the employees need to play with the processes to get what they want. It is possible to change the processes to get a better flow. In that view the TMS is started.

“You can change the processes, like talent management. Everyone said I was crazy and I would not succeed. It was already tried ten times but they never succeeded. Now we are 5 years later and the system is still solid”. **MG**

Within IBM Netherlands it is possible to change the processes when you have a good story. Therefore it was possible to start the TMS although it was not in the corporate blueprint. Because this system originated in the Netherlands it has some specific Dutch properties. Although the system exists for five years it still has few processes.

“This is because we have developed it here and I was making policy on the spot in the board room. I have never been a person fond of books with 60.000 pages. I am literally and figuratively. My presentation, with the proposal of the talent management system for the management, was one with three smileys”. **MG**

The start of the TMS in the Benelux was one with trial and error. When the system was not functioning the way it should it was changed. Because of this there were some major mistakes but most of the time it worked brilliantly.

“The reason that it started in the Netherlands is not for nothing. Did it start in France or Germany it would have been much more structured from the start. But that would never happen here. ‘.....’ and as long as I am in the talent management team it will not become a bureaucratic system with all its side effects”. DK

The TMS has three different stages. The first one is talent identification, the second one is talent development and the third one is talent career growth. These three stages will also be the structure for the next part of the research.

4.4.1 Stage 1: Succession planning, recruitment and staffing

In the first stage, talents will be identified by means of early identification, which is done by the manager of the employees. In theory, early identification is a process in which the talent is recognized in an early stage, about three until five years prior to the nomination. After this identification, the talents will be trained to prepare them for a management position. In reality this does not work, for example when IBM Netherlands needs a manager directly, they assess an employee and from that day on they become a manager.

“The most extreme situation is when someone has never had management development training and IBM needs a manager directly. IBM only checks if the employee can spell the word ‘management’ and then sends them to an assessment to become a manager”. MG

Every three months there is a ‘people day’, all new talents will be presented by their manager to the HR partner. It is also possible that another manager recognizes a talent, who also passes it to the HR partner. The HR partner is the central person in the process.

“When no one knows you, it will probably mean that you perform good in your work but not exceptional. So that is for us an important indication, the familiarity”. DK

There are objective and subjective criteria an employee should meet to get into the talent program. An important indication to know the quality of the employee, is his or her network. When an employee has a small network, it might mean that the employee did his work well but not exceptional. Therefore an important indication for IBM Netherlands is the employee's social network. The talent must meet a few other major criteria to get into the TMS. The most important benchmark a talent must have is the ability to do it, the desire to do it and to have the drive to do it, see figure 5. When one of these terms is not met by the talent they will not get into the program.

“We say you need to have the ability, the drive and the desire. When you take these three you really need to be in the middle. Some cannot do it, or do not want to because IBM is a 9 to 5 job for them and they have other activities outside IBM. We understand that. ‘...’ It remains a voluntary choice whether to do it or not”. DK

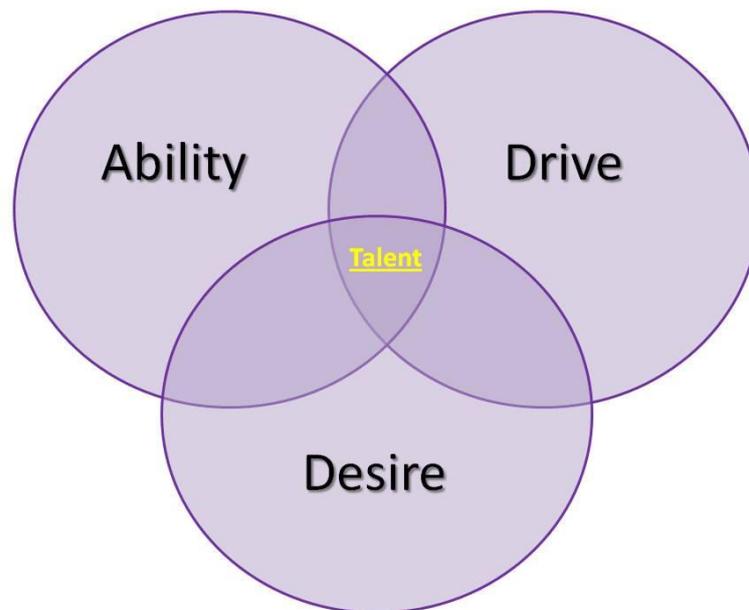


Figure 5 What makes a talent, made by David Kahan

Another important criterion is personal business commitment (PBC). The employees of IBM Netherlands get an evaluation of their performance from their manager annually. In this evaluation the employee gets a grade. 1: You're doing great. 2+: You are above average 3: You are average 4: You are not doing well. When a talent wants to get into the program they need a score at least 2+ for the last two years. The last important criterion is that the talent needs to have the potential to grow at least two bands. Within the identification phase no personality tests are used. It is important that an employee has the potential to be a leader. However, the most important criterion is that the talent has the ambition to do it.

“At a certain moment I heard that such a system existed and I know that such things are important within IBM. You need to be on those lists when a new position comes available. So I said to my manager that I wanted to join the system and asked him what I needed to do to become part of it. After a few weeks my manager called me and said that I was on the list”.

KW

For the talents themselves it is not always clear why they are tagged as a talent. Some talents know that it is important to be on the list in IBM Netherlands and will ask to be tagged. Normally talents are asked to join the program via their manager.

“I think I stand out in the way I work. I never thought that I had to do something special to be noticed. I just did my work the way I thought was best. Seemingly, it was appreciated. They saw something that they did not see with other people”. **DS**

When an employee is tagged as a talent, it does not mean they stay it. Being a talent is not a status but it is an ongoing situation where the talent needs to prove themselves constantly. A talent is only a high-potential when it is constantly performing better than the other employees doing the same kind of work. Everybody of IBM Netherlands needs to be impressed with the work a talent does, otherwise IBM Netherlands thinks the talent does not deserve to be called a talent.

“We believe it is important when you are in a development program, you are actually developed. It is not a status but an ongoing situation without knowing beforehand if it leads to a higher scale”. AG

High-potentials also get the opportunity to do some extra special projects next to their normal work. This is important when a talent is evaluated. So the overall performance needs to be on a higher level in comparison to the other workers.

“I work at IBM for 10 years now and I think that I am tagged for five to six years as a talent. Off course this means that you get more possibilities for education or roundtables with the management to make yourself more visible and get to know the possibilities”. DS

IBM Netherlands wants to see results, a top performance. When a talent cannot reach that performance they will be untagged as a talent. There are several ways to lose the talent status: a talent does not show up for the programs, a talent does not meet the asked criteria anymore or the manager of that talent can decide it.

Succession planning

“When you only have general managers in your organization, and no one who can really go in depth in their business unit with specific knowledge, you have a problem as an organization”. MG

A talent, who is placed in the program by their business unit, is tagged for a certain position in the succession planning process. A succession plan of the organization is made to see if there are enough talents for all the different positions. It is not enough to only have talents for a general manager position, also the executive and other top positions need to have successors.

“Targeted leadership and business acumen developments help IBMs top talent to grow and reach their full potential”. FDI.

To be sure they get the best talent, IBM Benelux has set a maximum capacity. This is based on the amount of succession positions. For every position you need about five to ten employees, because not everyone will be good enough.

4.4.2 Stage 2: talent pool, training and development

All the high-potentials of the TMS are part of the talent pool of IBM Benelux. This is a local talent pool and is not always the same as the global talent pool of IBM as can be seen in figure 6. The lower bands (band six and seven) are not part of the global talent pool. These are part of the Benelux talent pool. The higher bands (executive bands) are part of the global talent pool but are not in the TMS of the Benelux. When a talent is recognized by the global system it is not automatically in the TMS of the Benelux. However when a talent with band nine or up is recognized in the local talent

pool of the Benelux they are always tagged in the global talent pool. So the two systems can be seen separately.

“BTL talents do not necessarily have to be part of the talent management system of IBM Benelux. It can be that this system has too little added value to do that, which is especially true for higher bands”. **MG**

It can be the case that the TMS of IBM Benelux does not provide enough additional benefits for a talent of the global talent pool. At which the talent management team (TMT) decides not to place them in the TMS. This is especially true for higher bands.

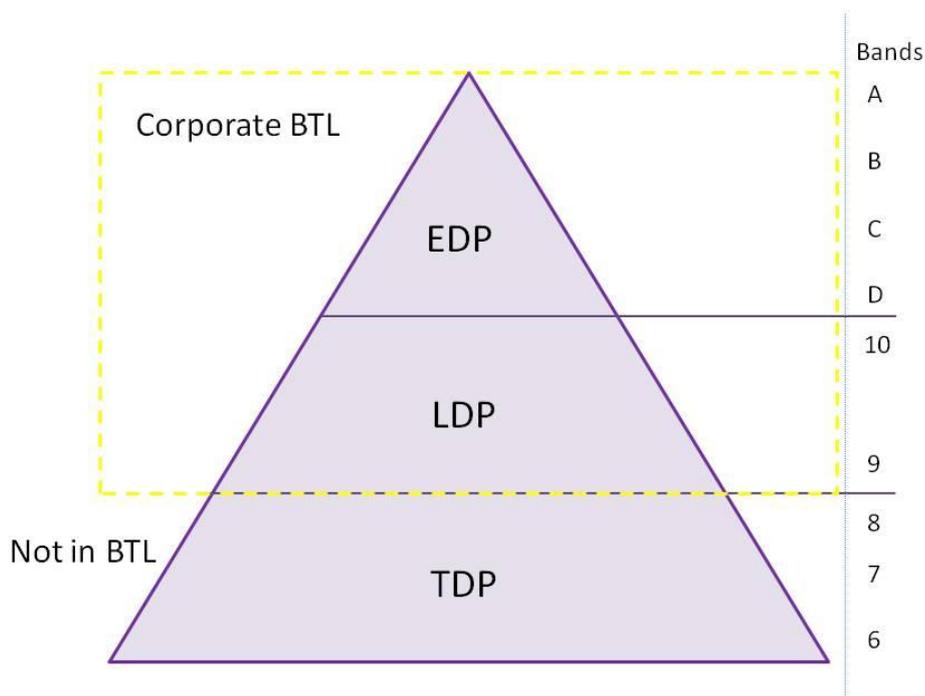


Figure 6 Headquarters and Benelux talent management system made by Myriam Nijhout van Gemert

When a talent is identified they will start with the development programs. The system has three different talent programs, as can be seen in figure 6. The three programs are TDP: talent development program, LDP: leadership development program and EDP: executive development program.

“We see the program like this: first, you need to be able to take care of yourself. Then, you can take care of a team and then you are able to do more. So that is in essence the growth within the program”. **DK**

Within the programs there is a focus on different things. In the TDP program the focus is on personal leadership. In the LDP program the focus is on team leadership and in the EDP program the focus is on organizational leadership. According to the TMT the programs are not focused on the succession planning process. The goal is to get a better performance of the talent for the job or profession.

Development programs

The first one is TDP as can be seen in figure 7. Talents in the TDP have a band of six or seven and it is the largest development stage, around 400 talents participate in the program. This program has the most freedom: Every talent can decide which training they want. For example, a talent chooses to get knowledge about communication, services and management. All the programs are focused on individual development. So which courses a talent takes is determined by the manager of the employee. There is a minimal amount of training they have to do each year. It is up to the talent to use that gained knowledge to improve their competencies. The second is LDP. In this program the high-potentials have a band of eight till ten and is already much smaller, around 30 talents take part of the program.

“You receive a letter where they let you know that you are nominated to join the LDP program. After this, you have to talk to the talent management team to know which consequences it has, because it affects your private life as well as your work because you are supposed to show up”. DS

This program is already quite strict. The talent has to sign a contract to join the program. In this contract it is stated that the talent will follow the program of IBM Benelux. A talent is not allowed to skip training unless there is a really serious reason. To guide the talent through the program they get a personal coach.

“We just started to test the LDP talents with a competency profile of successful leaders. But this is more to see how the development changes and educates them, based on the leadership skills, than it is a precondition to join the program”. AG

In this program the talents will be tested via a competency profile of successful leaders. This is not a competency profile on which the talents will be tested to get into the program but it is used to see how the program develops the talents. Also 360 degree feedback is used. The talents give feedback about themselves on basis of the leadership competencies. Their direct manager, second manager and three peers (people of the same level) or reporters (people who report to them) give also feedback based on these competencies.

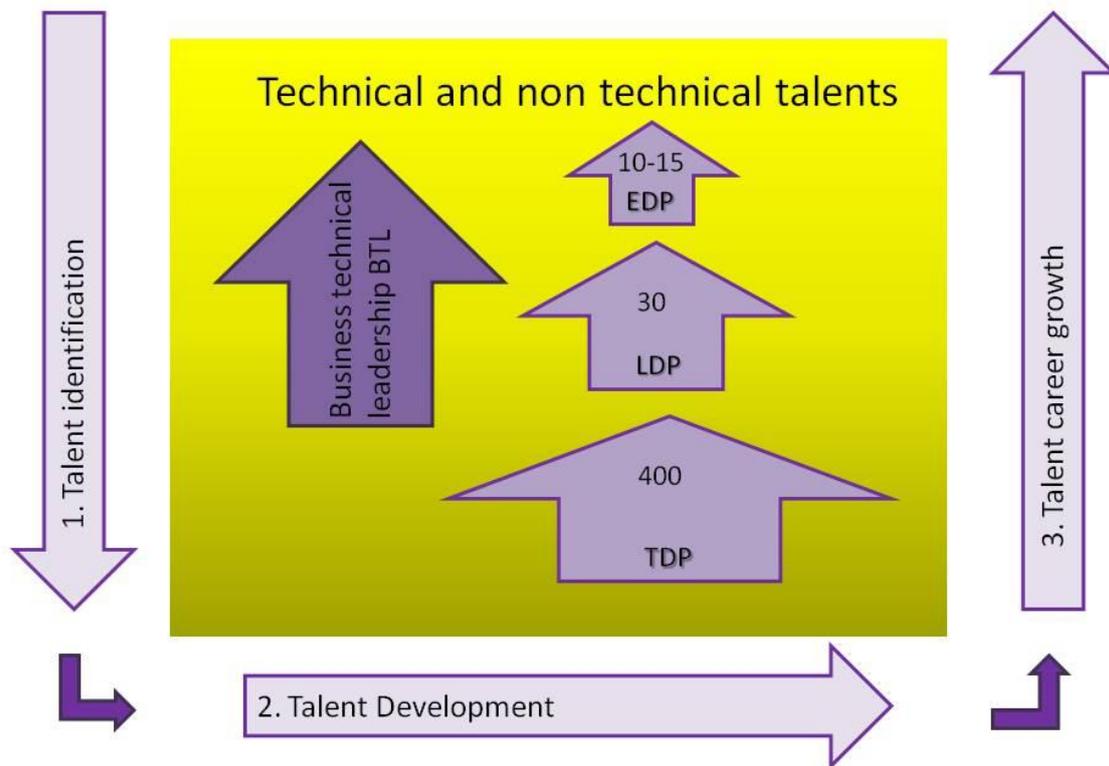


Figure 7 GTM system Benelux based on FTI

The last one is EDP. In this program talents participate with a band of D till B and it is the most strict and smallest one. Only 10 to 15 talents may participate. The last two programs, the LDP and EDP have a fixed amount of courses. These courses are mandatory and talents are not expected to stay away.

“When we say talent we mean actually a high potential. So where we end up is about three percent of the total population. And are we selective? Yes, it is difficult to get in and it is possible that you have to exit quite quickly”. **DK**

Only three to five percent of the total population of IBM Benelux gets into the program. The total program contains one third males, one third females and one third Belgium people (gender not important). All the professions of IBM Benelux have to be in the system. This is part of the diversity program which is used. The TMS has to be a good representation of the total population of IBM Benelux with no preferential treatment.

“You can only be part of the TDP program for three years. Then you have actually seen everything but there is no guarantee. You have to make space for new people who can also participate in the program to develop themselves. In my case, I left the TDP program and directly entered the LDP program. That is pretty unique”. **DS**

When a talent is in one of the programs it is not the case that the talent should do all the programs, it is not a continuous process. For example, a talent can start and finish the TDP program but will never

go to the LDP or a talent can start with an EDP program without doing the TDP program. In the TMS everything is individual. When a talent does finish the training program it will not immediately get a higher band, which is the responsibility of the talents themselves. During the programs there is much senior management attention both in the individual as in the group meetings. Within their program IBM Netherlands is trying to get the talents out of their comfort zone to get the most out of them.

Dual career path

Although leadership development is a top priority within the program it is not only focused on the development of managers (management development) but also on the development of employees in their profession (talent management). Because of this IBM Netherlands has a dual career path, one is the management path and the other is the profession path. The talents in the profession path do not have to be or become a manager to join the TMS.

“We are still wrestling what to do with them. I had separated them because they are totally different people. My successor decided to put the technical people and managers in the LDP. That is also not the solution. They are two different types of people. You need to bring them together but they are not really coming together. It is a big wrestling match”. **MG**

A difficult part of the program is how to develop both paths as one. At the moment, both paths are following the same program but there is friction between the talents. They are very different from each other. Furthermore the employees in the profession path get training from their own business unit. They have a certification system and development programs of their own.

4.4.3 Stage 3: retention management

The TMS is controlled by three talent managers and one project office manager. The project office manager sends all the invitations and organizes the programs. The talent managers create the programs and unroll them. They have individual meetings with the talents and sometimes help the project office manager. Only when a vacant position is important enough to employ a high potential, the TMT of the Benelux gets the request to fill the position.

“The agreement was that managers of the talent management board can decide on the deployment of a talent. This also means that you sometimes extremely frustrate a business unit or manager, since you replaced a talent because the need was bigger somewhere else. That will only succeed when you have a solid board. A delegation that just grabs and takes”. **MG**

The TMT will look through the talent pool and decide which talent is best for the job. The TMT can decide to switch a talent from one business unit to another when the need is high. So the TMT decides where the talents are stationed. This is also possible on a global scale, but is not yet implemented.

“During the program we focus on a change of Role, Job or Business Unit in order to create maximal development opportunities and enlarge possibilities to gain experience”. **FDI.**

A talent knows exactly which competencies it needs to ensure a career growth. This is specified by IBM in the GOM and WMI systems. The higher a talent gets the more specified the competencies are. For example, the competencies of a general manager position are fully profiled by IBM. When a high positioned talent has the potential to become the general manager, IBM will facilitate the talent to reach that profile.

“Assessing the talent is not the problem, feedback is. In the army they have a clear system. There are three categories: 1,2 and 3. These categories are divided into two sublevels: low and high. They are much more transparent in communication than IBM. At IBM you never know where you are in the replacement table”. **MG**

Although the feedback of the potential and the career path of a talent is the responsibility of their manager, the TMT also coordinates this. This is done because the TMT complements the manager to ensure an equal treatment while sometimes the manager is not involved enough or is over involved. The feedback of their manager is about the performance on their job, not about the performance in the program. After every course the talent managers give a survey to investigate how the talents judged the training. To keep the talents motivated they are not aware of where they stand on the replacement table. IBM Netherlands does not want to discourage the people that did not get the job while they did perform well.

“Luckily, the program motivates the talents to stay a little longer than to leave earlier. Most of the employees who leave have a great job opportunity at another company or leave because, in their opinion, they do not get enough salary. Although, that is rarely the main reason”. **AG**

The attrition rates of the talents are monitored by the TMT. Exit meetings are organized to know why a talent leaves. Most talents leave IBM Netherlands because they get a better challenge at another company or because they want more salary or they do not like the management system.

“It feels actually really special when you are selected for the LDP program. You have to sign a contract, where you express your intention to follow the program, because IBM creates an education program for you”. **DS**

The TMS of IBM Benelux is usually a motivator to stay a little bit longer. The higher talents are in the system the better bargaining position they have. There are only ten talents in the EDP program and IBM Netherlands already invested heavily in them. In the TDP this is less important because of the lower investments and the larger group.

IBM Netherlands has a good reward system according to the talent managers. But for starters IBM Netherlands is not better than any other comparable company. IBM Netherlands has a pay-for-performance policy. When an employee performs above average, they get paid more, get higher bonuses and get invited for these kinds of programs.

“We do not have an organization with 3000 key positions. So, if you told at a certain moment to 4 LDP groups of 30 people that they are the best of the best and you have already 20 other people waiting in line it gets a little more relative”. **MG**

Because of TMS, IBM Benelux has too many talents for certain key positions. For example, the LDP program, has 30 high-potentials a year. The amount of vacant positions is not big enough to place all these talents, which creates an overflow of talents for one position. This program already exists for five to six years, which keeps the overflow active.

“At this moment we have the luxury to have rather too many than too few talents, but not for every position”. **MG**

Finding continued: Comparing IBM Israel and the Netherlands

To have a good overview of the differences and similarities of the TMSS of IBM Israel and the Netherlands the best practices of Stahl et al., (2007) will be applied. Every aspect of the best practices will be described. One of the biggest differences when comparing the ‘one best way approach’ of Stahl et al., (2007) with the TMS of IBM is that the first stage, recruitment, is not used in the latter. IBM does not search for new talents outside the company. So some of the best practices are not integrated in the system but executed by other departments within IBM. In this research, the first stage is based on the recruitment of talent within the company.

Stage 1 succession planning, recruitment and staffing

Talent pool strategy rather than hiring for specific positions

Both Israel and the Netherlands are using a talent pool strategy in their TMS. Although Israel only uses it for training activities. Within IBM Netherlands the talent pool is actively used to place and replace talents. The TMT has the possibility to move talents from one to another department. When there is an important vacant position, TMT gets the request to find somebody. In Israel the talent pool is not used to place employees on vacant positions.

Close relationships with leading schools and universities

There are no close relationships with leading schools and universities with regard to the TMS. In the Netherlands there is a special university manager who controls the relations with the schools.

Highly selective hiring

Hiring talents outside of IBM for the TMS is not used by Israel or the Netherlands. But there is a strict selection to enter the TMS. In IBM Netherlands three to five percent of the total workforce is in the program. To enter the TMS in IBM Israel the most important criteria are performance and potential. These criteria need to be high to get tagged in the BTL system. In the Netherlands talents need to be recognized by their manager and meet some objective criteria. Three important criteria are used: ability, desire and drive. Other criteria are: the employee has the potential to grow two bands and has a sufficient PBC grading. Only when a high-potential meets all criteria they can join the system. An additional criterion for higher bands is that talents need to be tagged in the BTL system.

Compelling "employee value position" and strong emphasis on global branding

IBM does not use recruitment in their TMS for outside the company.

Focus on values and cultural fit, not just job-related skills and experience

Both IBM Netherlands as Israel use the three values of IBM headquarters:

- Dedication to every client's success
- Innovation that matters, for our company and for the world
- Trust and personal responsibility in all relationships

Continues assessment of both performance and potential, using multiple inputs

In IBM Netherlands being a talent is an ongoing situation and not a status. A talent must always prove their competencies. A talent is only a high-potential when they keep performing better than their colleagues. In the Netherlands, this is constantly assessed by the TMT and the manager. In Israel only the manager evaluates the talents.

Grading against competency profile of successful leaders

In Israel the competency profile of successful leaders is used to see who has the highest potential. These competencies are set in the business strategy of IBM headquarters. In the Netherlands the competency profile of successful leaders is only used in the LDP program, but more as a test to see how the program develops the talents than as a condition to enter the program.

Use of talent inventories for selection and succession purposes

Within IBM Israel there is no use of talent inventories. Within the Netherlands this is used from a business perspective. So the managers who put the talents in the program are taking into account which position needs to be filled in the future. The talent pool is then used to develop the talent to have the competencies for the succession. The pool is used to select the right people for the right position. So if there is an important vacant position in the Netherlands the TMT will be asked who the right talent for that position is.

Different talent pools (executive, specialist etc.) with different career paths

In IBM Israel there is only one talent pool. That is the BTL system in which talents can get additional training to reach new competencies. In the Netherlands there are three talent pools. TDP, LDP and EDP. These three pools are focused on different things. TDP is focusing on personal leadership, LDP on team leadership and EDP on organizational leadership. In that way the TMS wants to develop the talents and prepare them for a higher position.

Stage 2: Talent pool, training and development

Leadership development is top priority and deeply ingrained in culture

Within IBM the leadership development is top priority and deeply ingrained in its culture. Within IBM Netherlands this is also used in the talent program. At almost all courses senior management is present.

Promotion-from-within policy

The promotion-from-within policy is both used in Israel as in the Netherlands. The TMSS are developing the high-potential to get better competencies and grow to higher positions. In the TMS of the Netherlands this is more actively approached than in Israel. The courses in the system of the Netherlands are mandatory, for LDP and EDP, and for TDP this counts for a certain amount of courses. In Israel the talents are expected to do that on their own.

Continuous assessment of training needs and feedback (360-degree reviews)

In Israel there is no continuous assessment of training needs. Only the managers get 360-degree reviews of all the personnel. Talents need to stand up for themselves to get the training for the competencies they need. In the Netherlands there is a monitoring. After every session talents are asked to review the training. Based on this and the exit interviews, the programs are reshaped. These interviews are performed by the TMT. The manager and the TMT together evaluate the progression of the talents, where the TMT is a sort of an addition to the manager. This is the case because the manager is not always completely objective. The LDP program also has 360-degree reviews on the leadership competencies of IBM.

Individual development plans linked to succession planning process

In both Israel as the Netherlands the individual development plans are not linked to the succession planning process. Both systems only encourage the talents to have an individual plan which has to be written every year. In the GOM and WMI all needed competencies of the positions within IBM are described. So in those systems talents can exactly see what competencies they need to develop to reach a higher position.

Job rotation and international transfers as career development tools

Within both programs no job rotation or international transfers are used.

Line manager involvement (coaching, mentoring, job shadowing, etc.)

Both systems of Israel and the Netherlands are based on line manager involvement. The manager is both the HR as the normal manager. This manager needs to recognize the talents and sign them up for the programs.

Use of open job positioning system and internal talent marketplaces

Within IBM there is a special system for the open job positioning: the GOM. This is used in both countries to see the open positions on a global basis. The system is coupled with the WMI and together they provide the employees to expose their competencies, manage tasks related to their career, and find vacant positions.

Stage 3: Retention management

Continuous monitoring of attrition rates by performance level

There is no information about the monitoring of the attrition rates in Israel. In the Netherlands all talents that leave the program have an exit interview. In this interview talents are asked why they leave and on the basis of that, changes can be made in the system.

Highly competitive compensation, particularly long-term wealth accumulation

At IBM Israel the long term benefits are beneficial according to Iris Ron. The benefits of IBM Netherlands are on the same level as other MNCs. Also the TMS of the Benelux is a sort of motivator to stay at IBM Benelux. The higher a talent gets in the program the better their bargaining position.

Personalized career plans and broadening assignments

When a high-potential is placed in the TMS in the Netherlands they have the opportunity to broaden their assignments. The higher a talent gets the more personalized the career plans will be. When a talent wants and has the ability to become a general manager, everything will be arranged by IBM Netherlands to achieve it. In Israel the TMS is individual. The talents themselves need to take care of their own career plans.

Senior management attention

The senior management attention is well represented within all the programs of IBM Netherlands. In the individual programs as in the group courses a senior manager is present. There are also roundtables in which the talents can meet the higher management and discuss the important topics of that moment. There is no information about this for Israel.

Flexible working arrangements and other work-life balance practices

Within IBM flexible working arrangements are the most natural thing in the world. Every employee has the opportunity to plan their work hours. In Israel Jews cannot work on Sabbath, Saturday, while that is prohibited by law.

Diversity programs designed to develop, retain, and promote diverse talent

One of the important aspects of the organization of IBM is the diversity programs. So this is not special for the talent management programs of both Israel and the Netherlands. The TMT of IBM Netherlands does pay extra attention to make certain that different employee populations are in the program, such as the same amount of every business unit, males/females, Dutch or Belgium employees.

4. Conclusion

This research compares the TMSS of IBM Israel and IBM Netherlands, with the following research question:

'What are the differences and similarities between the global talent management systems of IBM Netherlands and IBM Israel and how can these differences and similarities be explained'

In table 7 the main differences and similarities of the TMSS are systematically shown, see next page. The TMS of IBM Israel is based entirely on the corporate blueprint. IBM Netherlands already had an own system in cooperation with the Benelux. This system is complementary to the GTM system but is more extensive. Talents are actively approached to join the programs and the talent pool is used for the succession planning process. So although IBM is a company with a standardized system the TMS of IBM Netherlands is not part of this standardization.

Explanation of the differences

To explain the differences two fundamental theories are used: the institutional theory and the resource based view (RBV). The institutional theory tries to explain the differences with external factors. The RBV tries to explain the differences from inside the organization, e.g. which resources explain the differences and create a competitive advantage.

A clear institutional aspect of the TMS of Israel is the flexible working arrangements of IBM Israel. In Israel Jews are not allowed to work on Sabbath, Saturday, by law. Arabs are allowed to work on Saturdays but it is not effective when the whole country and all other organizations shut down. In the Netherlands there are no such laws. When looking at table 7 the biggest difference between the two TMSS is that the system in Israel is much more individualistic. One of the explanations can be the fact that IBM is a high-tech firm. These kinds of organizations are much more developed with regard to the HRM in the organization. As Weisberg (2010) mentioned the high-tech sector in Israel is more advanced and performance related when compared to the public sector. This is the result of Israelis who get their advanced education in Western countries and therefore get the change to have a high position in the high-tech industry. This results in more individuality in Israelis high-tech organization. Another explanation can be that this difference exists because IBM uses a global talent management system which is implemented in IBM Israel. Although in Israel "the planned effort to link the individual's career needs with the organisation's workforce requirements – is increasingly shifting from the organization to the individual" (Tzabbar et al., 2003), it is still a country with collective values. This system is designed by headquarters, in the USA. Therefore it would be logical that the system is based on the institutions of the USA, the location of the headquarters of IBM. When looking at the individuality dimensions of Hofstede with respect of the USA, it can be concluded that they have a higher score, 91, compared to the Netherlands, 80. Israel scores only 54 on that index, which is still more on the collectivistic side than on the individualistic (compared to the world average). So, when only looking at the individuality index it could be expected that the TMS of IBM Netherlands is much more individualistic in comparison to that of IBM Israel.

An institutional aspect of the Netherlands which can be seen in the TMS of IBM Netherlands is that it was possible to establish an own TMS. IBM has a standardized organizational structure but separate system could be established in IBM the Netherlands. This is because in IBM Netherlands it is

possible to change the processes when the employees have a good story. The active approach of the TMT of IBM Netherlands can be explained by Emans (2009). According to him employees in the Netherlands expect a complete accompaniment of their career and not just providing education and training. Employees want to have a clear perspective of their future and the TMS of IBM Netherlands tries to deliver that. A problem that can be seen in the TMS of the Netherlands is the link between the TMS and the succession planning. The TMT is not aware of the fact that this is linked through the business unit managers. This is common in the literature about HR management in the Netherlands. According to Biemans (2008) organizations are expecting that the HR division thinks along with the business. When this is adjusted it will give a better overview for the talent managers about what kind of competencies are needed.

Table 7 Differences and similarities talent management systems Israel and the Netherlands based on best practices Stahl et al. (2007)

Best practices	Israel	The Netherlands
Stage 1		
Talent pool strategy rather than hiring for specific positions	Yes, but not active	Yes, and an active approach by TMT
Close relationships with leading schools and universities	In TMS it is not used	In TMS it is not used
Highly selective hiring	Only the best high-potentials are recognized	Only the best high-potentials are recognized
Compelling "employee value position" and strong emphasis on global branding	IBM does not recruit from outside	IBM does not recruit from outside
Focus on values and cultural fit, not just job-related skills and experience	Makes use the three values of IBM headquarters	Makes use the three values of IBM headquarters
Continues assessment of both performance and potential, using multiple inputs	The program is an individual choice only the manager assess the talents	Being a talent is not a status but it is a situation where a talent needs to proof itself constantly
Grading against competency profile of successful leaders	Used to see who has the right competencies	Only used in the LDP program but more to test if the talents are developing
Use of talent inventories for selection and succession purposes	Talent inventories are not used. Talents have to have own initiative	The pool is used to select the right people for the right position
Different talent pools (executive, specialist etc.) with different career paths	Only one talent pool the BTL	There are three talent pools the TDP, LDP and EDP

Stage 2		
Leadership development is top priority and deeply ingrained in culture	Leadership development is top priority	Leadership development is top priority
Promotion-from-within policy	There is a promotion-from-within policy but talents need to take the initiative	There is a promotion-from-within policy and talents are actively approached
Continuous assessment of training needs and feedback (360-degree reviews)	People manager looks to what a talent does and how it performs its tasks	Monitoring after every session by the TMT
Individual development plans linked to succession planning process	No link between individual development plans and succession planning	No link between individual development plans and succession planning
Job rotation and international transfers as career development tools	job rotation or international transfers are not used	job rotation or international transfers are not used
Line manager involvement (coaching, mentoring, job shadowing, etc.)	The line manager is involved. In IBM this is both the manager as the HR manager	The line manager is involved. In IBM this is both the manager as the HR manager
Use of open job positioning system and internal talent marketplaces	There is a open job positioning system and internal marketplace implemented by headquarters	There is a open job positioning system and internal marketplace implemented by headquarters

Stage 3		
Continuous monitoring of attrition rates by performance level	No information about this	All talents that want to leave IBM have an exit interview
Highly competitive compensation, particularly long-term wealth accumulation	The long-term benefits are beneficial	The long-term benefits are beneficial and when a talent is higher in the TMS it can demand more
Personalized career plans and broadening assignments	Talent system is individual, the talent himself determined the career plan	Talents have the opportunity to broaden their assignments. The higher a talent gets in IBM the more personalized the career plan
Senior management attention	No information about this	In all the programs in the Netherlands the senior management attention is well represented
Flexible working arrangements and other work-life balance practices	Flexible work arrangements are normal within IBM but Jews are not allowed to work on Saturday	Flexible work arrangements are normal within IBM
Diversity programs designed to develop, retain, and promote diverse talent	Has a major attention on diversity programs	Has a major attention on diversity programs

IBM Benelux uses the human resource, the TMT, to get a competitive advantage. IBM Israel has no such TMT. Here, the manager has the task to accompany and assess the talents. In the Benelux a

special team is set up to make the programs, assess the talents and maintain the talent pool. One of the important tasks of the TMT in IBM Netherlands is to see where a talent is needed the most in the organization. If a talent is more needed in another business unit they will be replaced. Because of this IBM Netherlands creates a competitive advantage. In Israel the talent pool is not used in this way, which is difficult to do because it will result in a confusion of interests of the manager. The manager wants the best talents in his own business unit but also needs to see if a talent is more needed somewhere else. This is also described by Collings & Mellahi (2010) with regard to subsidiaries. "We reasoned that for subsidiary level managers the incentives for keeping talented individuals at subsidiaries are much greater than enabling them to reach their full potential at other parts of the MNE" (Collings & Mellahi, 2010, p. 148).

One of the physical resources IBM Netherlands uses for its TMS is money. This is invested by IBM Benelux to create a competitive advantage with its talents. Israel is not investing money in their TMS, this is funded by headquarters while Israel uses the BTL system. In comparison to the TMS of IBM Netherlands the BTL system of Israel is not enough to fully develop their high-potentials. The active system of IBM Netherlands has created a surplus for certain positions. This is due to the inward training possibilities which create a fast track career. The BTL system is much more individual oriented because it only wants to invest in talents who have the ambition to invest in their career. The TMS of IBM Netherlands is internally recruiting talents for their system and motivating them to develop themselves. In this way, employees in the TMS of IBM Netherlands get a certain status in the company and are willing to work for it to keep this status. Because of this development the employees move quicker from one level to another, which creates a big talent pool that IBM Netherlands can use to get the best person on the right place. This shows that IBM Benelux created a way to invest in high-potentials which results in talents who are eager to move up in the organization.

5. Discussion

In this research the differences and similarities between countries are investigated while only making use of one single case. This case study shows that despite IBM makes use of a standardized system, the global talent management system is not completely the same in all countries. IBM Netherlands has another TMS than IBM Israel. Even though this does not mean every MNC works like this, it does show that a standardized system is not always implemented the same way all over the world. It is influenced by institutions and interpretations and by different resources of the subsidiaries. This research shows that, although it is only based on one single case, it can give a new view on the topic of global talent management.

Because of the small amount gathered from Israel, the results are not totally comparable on all aspects, as can be seen in the table 7. There are a few aspects which are unanswered with regard to Israel. In addition, some of the results are difficult to place in an institutional setting for Israel. One of the explanations of this could be that the system is designed in the USA. To investigate thoroughly, an extended research need to be done which can be an investigation about the institutional factors of the BTL system in the USA or a more indebt research in Israel. The convergence or divergence of Israel to the USA practices can be investigated.

One of the interesting outcomes of this study is although the GTM of IBM is totally standardized there are still differences between countries. This shows that a company can try to implement one best system in all their subsidiaries but it very hard to maintain the system everywhere. For example, Institutions in Israel: the free day for Jews on Sabbath which is mandatory by law, cannot be implemented in the standardized system and therefore IBM Israel needs to work with these differences. Every subsidiary wherever located in the world has different institutions. Institutions are not the only factor that influence how processes are implemented. It depends on how a subsidiary works with those processes. Because of different interpretations, whether culturally or based on different resources, a standardized system can work differently across different locations. Therefore it is really interesting to use both the institutional theory and the RBV to investigate if these different approaches lead to competitive advantages in the subsidiaries. Despite the fact that IBM has a GTM system IBM Netherlands implemented a complementary system because they thought the global system was not extensive enough. This system uses different resources which can be determined by the RBV. These make a competitive advantage above the standardized system of IBM. In this way both fundamental theories can be used to complement each other.

When looking at the introduction of this research were it is stated that people not machines are becoming the competitive advantage for firms (Beechler & Woodward, 2009) it can be said that IBM is trying to implement this in the organization; the BTL system is the beginning. The TMS of IBM Benelux can be an example on how to get the potential out of the employees. As stated in the end of this research, IBM Netherlands even has a surplus of talents for some positions. A way to deal with this is to transfer talents to locations within IBM were they are needed more. Otherwise there will be a chance that the talents will be lost to another organization. Transferring the surplus of these talents is important for IBM, this can be done with the GOM and WMI. This is not implemented in the TMS of IBM Netherlands which can be a useful addition.

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Appendix 1 – Open questionnaire

Questions

Does IBM use a talent pool strategy?

Does IBM recruit for specific positions without using a talent pool?

Does IBM have close relationships with the leading schools and universities?

Does IBM use these relationships to get talents?

Does IBM have other ways to recognize talent in an early stage?

Does IBM use selective hiring?

Does IBM have a strong value on global branding?

Does IBM look at the background of their talent when recruiting (not just job-related skills and experience)?

Does IBM have continues assessments of both performance and potential, using multiple inputs?

Does IBM grade their talent by a competency profile of successful leaders?

Uses IBM the talent inventories for selection and succession purposes?

Does IBM have different talent pool for different positions (like executive, specialist etc.)

Is leadership development top priority and deeply ingrained in IBMs culture?

Uses IBM a promotion-from-within policy?

Has IBM have continuous assessment of training needs and feedback (360-degree reviews)?

Does IBM link its Individual development plans to the succession planning process?

Does IBM have job rotation and international transfers as career development tools

Does IBM use Line manager involvement for coaching, mentoring, job shadowing, etc.?

Does IBM use a open job positioning system and internal talent marketplaces?

Does IBM continuous monitors its attrition rates by performance level?

Does IBM have highly competitive compensation, particularly long-term wealth accumulation?

Does IBM have personalized career plans and the possibility to broadening the assignments?

Does IBM use senior management attention

Gives IBM the talents the possibilities to have flexible working arrangements and other work-life balance practices?

Does IBM have diversity programs designed to develop, retain, and promote diverse talent?

Appendix 2 – semi structured interview

- Talent management system
 - How does it work and what is specific for the country?
- Resource based view – Research to strategic resources within a firm.
- Physical capital resources
 - The physic side of the talent management system. How is the talent management system established, how much money is spent, who makes the decisions?
- Human capital resources
 - The human side of the talent management system. Who has the power, what is the job of the talent managers, how do they do it?
- Organizational capital resources
 - The organization side behind the talent management system. What kind of organization is IBM, what is the link between IBM and the talent management system?
- Institutional theory – Is based on the deeper aspects of the social structure. How have following subjects influence on the talent management system?
 - Rules and regulation
 - Cultural influences
 - Norms and routines