

# **THE ROLE OF TALENT MANAGEMENT IN ENHANCING TALENT RETENTION IN MULTINATIONAL AND LOCAL COMPANIES OF PAKISTAN**



By

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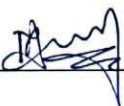
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## **Dedication**

*This thesis is dedicated to my beloved Parents, who have supported me and stood by me through every ebb and flow of my life*

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## Abstract

The world economy has transformed from being industrial to knowledge based, in which talented employees distinguish successful organizations. Global mobility in this time has created an influx of multinational subsidiaries in Pakistan. Coupled with the need of attracting, developing, and retaining the right talent, Pakistan's regulatory framework allows businesses to design their policies according to their needs. This study has attempted to compare the talent management policies meant for talent retention in the multinational and local firms of the country through the lens of Resource-based view (RBV), Human Capital Theory (HCT), and Social Exchange Theory (SET). This research covers the commercial business sector of Pakistan. For the purpose of data collection, 25-30 companies were approached out of which twelve agreed to participate. The data was collected through semi-structured interviews, and later analyzed using the approach of thematic analysis. As a result of this research, it was established that the multinational companies in the countries had more comprehensive talent management policies, covering the concepts of recruitment, training and development, employee engagement, and performance management.

## **Chapter 1: Introduction**

As an introduction, this chapter comprises a brief discussion of the problem underlying the research topic i.e. employee retention. Additionally, this chapter highlights the significance of the research followed by the gap we aim to fill through this study. Lastly, the introductory chapter also provides a brief outline to the rest of the thesis.

### **1.1. Introduction**

The world has gradually moved from the industrial age to an age of information, characterized by changing economic and demographic trends, increased mobility, availability and demand of enhanced skills, workforce diversity and transformational changes in the workforce environment. In order to keep afloat and attain the desired outcomes, organizations must stay ahead in attracting, developing, and retaining their key talent (Whysall et al. 2019). The demands of the information age and the increased capability of the employees to switch their jobs has put organizations in a tough spot to retain them. For instance, according to McKinsey and Co. a highly trained and experienced software developer is more likely to write code that is 10 times better as compared to an average developer (Narayanan, 2016). However, according to a study by the Hay Group, the global turnover rate was expected to rise from almost 20 percent to 23 percent (Brandt, T., & Suonpää, M. 2020; Narayanan, 2016). A survey undertaken by Tower Watson in 2011 revealed that almost 30 percent of companies face the challenge of retaining their key employees (Zainee & Puteh, 2020; Narayanan, 2016). In this context, the organizations with an integrated talent management system were established to be ahead of others in their respective industry and less likely to face difficulties in retaining the key employees with skills critical for the organization's smooth performance. Additionally, talent management encompasses benefits like low levels of voluntary turnover, increased revenue per employee, low chances of downsizing, and enhanced mechanisms and outcomes of retaining and developing employees for leadership roles (Narayanan et al., 2019).

### **1.2. Significance of Research**

The world is witnessing the formation of a global network of trade due to the fast-paced integration of economies, businesses, and cultures. Those who possess knowledge have a major contribution in attaining organizational excellence and success. Hence, the talented employees are the distinction between high-performing organizations and others (Serrat, 2017). The increasing

internationalization of businesses relies on the optimal performance of the human capital. In this scenario, multinational companies require highly skilled and high-potential employees in order to deal with their operations in national and international contexts (Kabwe and Okorie, 2019). In recent years, Pakistan has enabled foreign companies through liberalization, deregulation, and privatization of business. It has also encouraged Foreign Direct Investment through the means of initiatives like tax holidays for investors. Consequently, Pakistan has an increased number of MNC subsidiaries operating in its business environment, competing with the local companies (Ahmad et al. 2019). In the time where the competition of businesses is fierce, and employee retention and effective hiring practices are crucial, the research in the field of talent management and human resource management is scarce in Pakistan (Saddozai et al., 2017). The aim of research is to investigate the talent management practices prevalent in the country to understand how the businesses in the country develop and implement the policies of talent management and employee retention. In this context, this research attempts to answer the following questions:

1. How does talent management help with employee retention?
2. What are the similarities and differences in the talent management practices of Pakistan's and the MNC subsidiaries operating in the country?

### **1.3. Research Gap**

In comparison to the multinational corporations and their subsidiaries in Pakistan, the local businesses in Pakistan face the challenges of restricted employment prospects and limited investment in the training and development opportunities. Multinational corporations offer the benefits of job opportunities, adaptation to technology, training and development, and career development. Furthermore, they have streamlined work practices derived from their parent company or headquarters. However, the implementation of standardized policies by HR professionals across the subsidiaries, might not work in every location (Khilji, 2002). The multinational companies have to design their policies and practices in a context-specific manner which is generalizable in different host environments i.e. they have to adhere to the legal and cultural environments and the labor issues of the host-country (Reiche, 2008; Geary & Nyiawung, 2022).. Bjorkmen et al. (2007) suggest that when multinational companies utilize their own policies globally, it turns out more beneficial for them in the long run (Cox and Warner, 2013).

The research in Pakistan on talent management implemented for the retention of talented employees remains scarce; both, for local and multinational companies. The extant research is mainly centered on the banking and academic sector of Pakistan, undertaken using quantitative research methods. A few examples include Saddozai et al. (2017), studying the impact of talent management practices on the workplace environments in Chinese and Pakistani universities; Ali and Rehman (2018), studying the impact of talent management practices on employee retention in private banking sector of Pakistan, and Aleem and Bowra (2020) studied the impact of training and development initiatives on employee retention and commitment in private banking sector of Pakistan.

Taking a phenomenological approach, Ali and Rehman (2018) attempt to study the talent management practices utilized in the private banking sector of Pakistan, meant for the retention of employees. Being a unique and first study, the research provides us with the ground to build on more human resource management theories, and expand to the commercial business sector of Pakistan. Secondly, Ahmad et al. (2019), given the lack of research in the area of human resource management in the region, especially Pakistan, have compared the high-performance work systems (HPWS) of the foreign and local companies of the country under the lens of institutional theory. Their research studies the absence of adequate regulations and standards in Pakistan, which allows organizations the ability to adapt their practices to meet their needs. The paper ultimately posits that while certain companies in Pakistan have established advanced human resource management systems, multinational corporations and their subsidiaries tend to implement these practices more effectively, thereby highlighting discernible distinctions between the two.

Our research is based on the studies of Ali and Rehman (2018) and Ahmad et al. (2019). The topic contributes to Ali and Rehman (2018) by understanding the role of talent management in enhancing employee retention through the lens of Resource-based view (RBV) of the organizations complemented by the social exchange theory (SET). Secondly, Ahmad et al. (2019) have adopted a quantitative approach based on binary logistics regression models, to compare the HPWS of MNCs and local companies of Pakistan under the lens of institutional theory. The research adds to the study through a comparison of the talent management practices of MNCs and local companies in the commercial sector through aforementioned theories, adding to the literature of TM in Pakistan. So, on the foundations of the aforementioned publications, the research topic

attempts to understand the differences and similarities between the talent management practices in the subsidiaries of the multinational companies and the local companies of the country, when it comes to the retention of their employees. In doing so, the research revolves around the following objectives:

1. To understand the role of talent management in employee retention in Pakistan
2. To investigate the talent management policies of multinational companies and local companies in the country

#### **1.4. Thesis Structure**

Chapter 1 of the thesis includes a brief introduction to the topic of research, followed by the explanation of its significance, the research gap, and an outline for the rest of the thesis.

Chapter 2 is based on the review of the existing literature present on the concepts under study. It goes in depth of the concepts which combine to contribute effectively in the design and implementation of the talent management policies in multinational and local organizations in the country. Additionally, it also includes the theoretical framework underlying the research.

Chapter 3 encompasses the research methodology utilized. It provides the reasoning for following qualitative methods of research; the selection of the sample, data collection and the approach towards the analysis of the data collected.

Chapter 4 is based on the detailed thematic analysis of the data collected for the research.

Chapter 5 and 6 are based on the discussion of the responses collected from the interviewees. It includes the assumptions, themes, and patterns emerging from the analysis.

Chapter 7 concludes the thesis by summarizing the key findings and highlighting the limitations to the research.

## Chapter 2: Literature Review

In this chapter, the concepts of talent management, employee retention, and other important talent management practices have been studied through the extant literature. The review of literature was undertaken after extensively selecting and reviewing the extant literature encompassing publications on talent management practices in multinational companies, and those done in the context of Pakistan.

### 2.1. Defining Talent Management

Given the attention it has gathered, and the importance of knowledge as an underlying characteristic of talent; the field has little evidence pertaining to how these practices are implemented, who are the talented individuals, and how we should attract, develop and retain those (Jones et al., 2012). Talent management requires a consistent definition, conceptual boundaries, and more profound methodological approaches (Makram et al., 2019; Narayanan et al., 2019). To implement talent management properly, it is pertinent to define “talent”, which is a complexity in itself since every department has different definitions of a talented employee (Tansley, 2011). CIPD (2006) defined talent as the combination of cognitive capacities, knowledge, skills, and the potential of the individuals (Talukdar, M.R.I., and Lamagna et al., 2022). Talent management is termed as an important and futuristic element of organization, but still lacks a solid foundation in terms of definitions, frameworks, clarity, and consensus (Ganaie and Haque, 2017).

Collings and Mellahi (2010) define talent management as a human resource management (HRM) strategy that attempts to strike a balance between conflicting labor market demands, employee needs, and financial constraints of a business. According to Meyers and Woerkom (2013), talent management is defined as the utilization of human resource management (HRM) activities in a systematic manner in the pursuit of attracting, identifying, developing, and retaining the talented employees and potential candidates. The Society of Human Resource Management, define talent management as a cluster of strategic activities and systems which help improving the productivity or the organizational dynamics and functioning through the development of enhanced processes of the attraction, selection, development, and retention of the top-tier employees, along with the utilization of their skills and capacities which cater to the current and the future demands of an organization (Hejase et al., 2016). Gallardo-Gallardo et al. (2020) define talent management as the amalgamation of practices and processes which underlie the activities of attracting,

identifying, developing, engaging, retaining, and deploying the talent within the organization which remains of significant value in terms of providing it with a sustainable level of success and a competitive edge. Despite the ambiguity around the concept, the efforts to compile a definition for talent management have been scarce and scattered.

## **2.2.Important Talent Management Practices**

Talent management has a significant role in the retention of key employees through functions like recruitment, training, compensation (Kumar, 2021). In another model presented by Aina and Atan (2020), talent attraction, talent retention, learning and development, and career management remain the main practices that form talent management. A brief detail on the talent management practices is as follows:

### **2.2.1. Recruitment**

Phillips and Gully (2017) define recruitment as a process that involves the identification and attraction of employees or candidates who are deemed suitable for fulfilling various roles that are crucial for achieving organizational objectives and performance outcomes. A well-planned recruitment and selection process is considered the first objective of talent management in an organization i.e. it has a positive impact on the performance and commitment of employees, which has a direct relationship with employee's retention (Kumar, 2021). To recruit the employees with the desired skill set, the company needs to become an employer of choice. This task is undertaken through the financial incentives, work-life balance, opportunities for career growth, learning opportunities, workplace environment, and the overall reputation of the company in the market (Stefko and Sojka, 2014).

### **2.2.2. Training and Development**

Training employees effectively, is established to be a reliable mechanism to keep the employees within the organization (Chen, 2014). Training is defined as strategically developing the behavioral patterns, knowledge, and skillset of the employees to enable them to perform optimally. The impact of training and developing employees has an established impact on the organizational effectiveness and employee retention. As per Rolfe (2005), the issues of career development and employees resigning had a direct relationship. Arnold (2005) and Herman (2005) established that development opportunities of an organization and employee retention are directly related. Similarly, Prince (2005) identified promotions, plans of advancement, internal

promotions, and transparent previews of performance to be influential growth opportunities for employee retention. Additionally, training and development also derives the benefits of minimization of the costs of supervision; improves the quality of work; encourages initiative among employees, and motivates employees to undertake responsibilities with the goal of attaining a competitive edge for the company (Kossivi et al., 2016; Duah and Danso, 2017).

### **2.2.3. Employee Engagement**

Engagement is defined as the emotional connection or bond which an employee has to his job and his workplace. The higher the level of engagement an employee has with his organization the better is his performance; the better is his intention to stay at his workplace, and the better opinion they hold about their employer (Dhanalakshmi and Gurunathan, 2014). Engaging the employees optimally allows the organizations to retain them more effectively. In this context, Hammadi and Noor (2020) established a positive correlation between employee engagement and employee retention i.e. the former has a positive influence on the latter. Similarly, Ashraf and Siddiqui (2020) validated in their research that engaged employees are easier to retain as compared to those who are not.

### **2.2.4. Performance Management**

Performance management includes activities like setting joint goals, performance reviews, ongoing communication, feedback loops, coaching and mentoring to enable improved performance, designing and implementing development programs, devising a career path for promising individuals, and setting rewards for the achievements of employees (Wijesiri et al., 2019). According to the “Law of Effect”, the behaviors or actions that are rewarded have a higher chance of being repeated as compared to those which remain unrewarded. In order to attain the desirable results executives and managers have to undertake and strategize different reward mechanisms i.e., pay, bonuses, recognition, promotions, and other perks through performance management practices (Wolf, 2004). It has been established that the performance management system of an organization, encompassing objective appraisals and growth opportunities contribute by increasing productivity levels and their intention to stay with the organization. He also mentioned that the employees who receive more growth opportunities and have a clearly defined career path are more likely to stay with their employer (Kumar, S. 2020).



### **2.2.5. Talent Retention**

Talent retention as a practice of talent management is meant for the prevention of the voluntary turnover of the employees. Voluntary turnover is the act of an employee deliberately ceasing his association with his current workplace. Preventing and managing the turnover of talented employees remains crucial, given the costs associated with the final settlements with the employee, recruitment of a replacement, orientation and onboarding, development, loss of knowledge, and productivity (Narayanan, A. 2016). If a normal employee leaves his workplace, the organization has to bear certain costs i.e., the cost for replacing the employee, decline in productivity, and a hit to morale; and, if a company loses a talented employee, the costs go much higher. Tower and Watson (2011) established that approximately 30 percent of companies face the problem of retaining their talented employees. However, the organizations that implement strong talent management systems, are less likely to face the problem of attracting and retaining their valuable employees (Narayanan et al., 2019). In order for an organization to reap the benefits of its top performers, it's important for the company to create a talent management system, which attracts the right employees, develops the employees to enable them to perform better, and keeps them associated with the workplace. In this way, talent retention is a crucial building block of talent management because the talented employees will only be able to contribute with their knowledge, skills, and a sustainable competitive advantage when they are retained through a proper and fairly implemented system.

### **2.3. Talent Management, Talent Retention, and Multinational Companies (MNCs)**

The increasingly internationalized labor market and business environment ultimately leads to a vast array of employment opportunities, which ultimately means that talented and skilled individuals have more to choose from (Ambrosius, 2016). This has made talent management a global challenge which requires the integration of human capital globally to enable proper implementation and utilization of organizational strategies (Collings et al., 2019). Talent management focuses on the attraction, development, and retention of the individuals with top performance levels and competencies, and when it comes to the MNCs, the decisions pertaining to talent are increasingly global i.e., it focuses on the identification of the talented individuals and employees irrespective of them being a parent-country national, expatriate, or the local residents working for the foreign subsidiary (Collings et al., 2017).

Multinational companies (MNCs) are defined by the distribution of their operations across different countries across the world. Hence, MNCs are difficult to manage and these doubts are exacerbated due to different locations, political landscapes, cultural differences, regulatory policies, and social norms. These elements give birth to the challenges for the strategic management of these companies in terms of their coordination, core policies, practices, and differentiation (Westney, 2021). The multinational corporation's business operations are distributed via its subsidiary located in the host country. A subsidiary is commonly understood as a business unit established by a multinational corporation (MNC) to conduct operations outside of its home country. Research in this area has primarily focused on the parent company-subsidary relationship. However, it is widely acknowledged that subsidiaries also engage in relationships with other businesses in the regions where they operate (Birkinshaw, 1997).

The subsidiaries of MNCs in other countries require a sound talent management system. To attain and maintain the sustainable competitive advantage, it is important that the professional employees and strategic managers are taken care of. In a broader context, the subsidiaries in the developed economies differ widely from those in the emerging economies in terms of the structure of their institutions, social norms, regulations, and pace of economic growth. It is safe to say that the talent management practices applied in one country would also differ from those in the other (Napathorn, 2020). For instance, China and India are two of the most populous countries in the world with an equally impressive economic growth rate. Even though their economic prospects remain equally bright, their talent management practices have different characteristics. For example, in China the employees are judged on the basis of their moral conduct in addition to their competencies and productive performance. On the other hand, the management in India includes the criteria of interpersonal skills and other western traits for their employees to have their performance measured (Cooke et al., 2014). Additionally, Jones et al. (2012) established that Australian organizations integrate their talent management practices in their comprehensive HRM strategies, focusing specifically on their workforce it entails a competency-based development plan that centers on enhancing the skills, knowledge, and abilities of employees while also emphasizing the importance of attracting and retaining a talented workforce. The prevalent drivers among Australian organizations that exhibited comparable systems were also noted. Talent management in an internationalized context aids businesses in three ways. First, talent management develops the human capital through the exploitation of the internal resources and

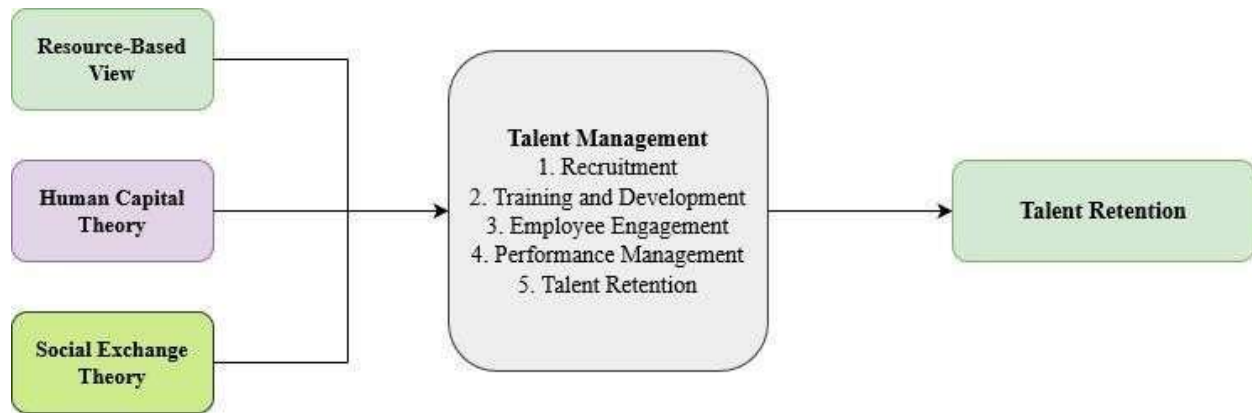
capabilities as a rare and inimitable asset which helps the organization carry out their operations and gain economic value in different locations. Second, talent management helps identify the roles and positions which play an important role in the company's success i.e. it allows the company to identify and develop the high performing employees who contribute significantly to the attainment of the international strategic objectives of the business. Lastly, the proper implementation of talent management allows the promotion and facilitation of the high potential employees in reaching the higher-management positions which ultimately aides in bridging the gap between the policies and practices of the headquarters and the subsidiaries of the organization working in different national and cultural contexts (Kabwe and Okorie, 2019).

Pakistan has a large pool of skilled and unskilled individuals to be recruited and contribute towards the economic activities. Trade unions do not enjoy extended liberty with respect to interference in the conduct of businesses i.e. only about 6.3 percent of Pakistan's workforce is unionized with only 2.2 percent covered by collective bargaining. The regulatory framework of Pakistan does not include strict or transparent conditions under which such foreign companies must operate. In this way, the multinational companies get a vast ground to establish policies and practices which suit their business. For example, the Trade and Relations Act of 2010 does not provide much consequences pertaining to the practices of dismissing, retaining, and suspending employees on a whim. In terms of the human resource and talent management practices implemented in Pakistan, culture and religion play a pivotal role. For example, when it comes to the recruitment or performance management practices social relationships and family ties enjoy a preference over merit, rules, and regulations. Additionally, elements like political inclination, corruption, hierarchical position, and nepotism are likely to play a role in the treatment that employees receive from their employers. However, such practices are more prevalent in the governmental or semi-governmental organizations but the lack of implementation and abidance by the rules and regulations allow the multinational companies to prefer their own policies rather than those according to the culture of Pakistan (Ahmad et al., 2019). In this context, the research revolves around the talent management practices of multinational and local companies of Pakistan, and the similarities and differences between them.

## **2.4.Theoretical Framework**

### **2.4.1. Resource-Based View Theory (RBV)**

According to Gallardo-Gallardo et al. (2015), the Resource-Based View (RBV) theory is established as the most commonly used theoretical framework in the literature of talent management. Narayanan et al. (2019) have used RBV along with theory of Human Capital and Social Exchange Theory to investigate the relationship between talent management and employee retention. Resource-based view theory posits that organizations derive their competitive advantage from their valuable resources which are rare, inimitable, and cannot be substituted. The characteristics of intellectual capital, innovation, and winning brands are considered the criteria for deriving sustainable competitive advantage (Michaels et al., 2001). These characteristics are possessed by a selective group of employees. In this scenario, Kabwe and Okorie (2019), like Narayanan et al. (2019) have used RBV with Human Capital Theory (HCT). According to human capital theory, organizations invest in the development of the talent pool that seems promising. McDonnell (2009) presented the argument that the multinational companies that invest on the key talent, utilize their resources efficiently. Moreover, it was established that it is more economically viable for companies to attract and retain high performing individuals, who provide competitive advantage to the business in the longer run (Kabwe and Okorie, 2019). This phenomenon is explained by the concept of workforce differentiation i.e. “disproportionate investments in those specific jobs and people with disproportionate returns which lead to the strategic success of the organization”. While there are positive impacts of workforce differentiation, there are certain consequences as well e.g. difference in rewards and performance levels, ultimately generating different reactions from the workforce. Narayanan et al. (2019) posits that workforce differentiation is a reciprocal relationship between the organization and employees, and hence has used social exchange theory to explain the relationship. Social exchange theory is based on the premise of norms and values of the organization; resources exchanged, and the emerging relationships. Organizations form relationships with their employees by investing in them. Right investment for the employees creates positive reciprocation i.e. higher levels of commitment, lowered intention of leaving, and higher work performance (Narayanan et al. 2019). The aforementioned theories have been utilized to understand the role of talent management in enhancing employee retention in multinational and local companies of Pakistan.



*Figure 1 Theoretical Framework (Source: Author)*

Figure 1 explains the theoretical framework of the research. Based on the RBV, the topic considers the employees of the multinational and local companies as the valuable and inimitable resource utilized to derive competitive advantage. Secondly, following Narayanan et al. (2019) and Kabwe and Okorie (2019), we attempt to apply human capital theory to assume that the companies under research focus on specific groups of employees who contribute significantly to the success of the company. Lastly, Narayanan et al. (2019) posit that the resources invested in the employees instigate reciprocity in the shape of higher commitment, lower intentions to leave, and a higher level of performance. In this context, we use this principle to understand the talent management practices implemented by these companies in order to retain their talented employees.

The crux of talent management revolves around the recruitment, development, and retention of those who have promising potential and desired performance outcomes for the organization's success. An integrated and proactive talent management system is based on practices like recruitment, training and development, employee engagement, performance management, and talent retention. This research attempts to study how these practices in synergy play a role in retaining employees. In an increasingly internationalized business environment, it is important to understand the mechanisms through which organizations hold on to their talent. The concepts under the umbrella of talent management are under-researched in Pakistan's context, especially when it comes to the theoretical contributions. Most of the extant research in Pakistan is done using quantitative or objective methods e.g. binary regression model in Ahmad et al. (2019). Secondly, it is undertaken in the context of academic and banking sectors of the country. Lastly, the literature mostly exists with little contributions to the theoretical aspects with respect to talent management. The research attempts to understand the practices of talent management in

the business environment of Pakistan from the lens of resource-based view (RBV) complemented by social exchange theory and human capital theory. The aforementioned theories will allow us to understand the subjective perspective to the role of TM in retaining employees in the multinational and local companies of the country.

## **Chapter 3: Research Methodology**

The chapter of research methodology entails the method and approaches utilized to review the literature, gather the data, and undertake its analysis to understand the phenomenon under study.

### **3.1. Research Method**

The field of talent management and its implementation in Pakistan is still in its nascent stages, and it still struggles to find its identity apart from human resource management. The underresearched status of the concept directed the research to be exploratory in nature, and a qualitative approach was adopted to progress with it. It allows us to enhance our understanding of varying perspectives, interpretations, and aspects of human behavior in a professional environment. Similarly, it provides an insight into the impacts on others and the complexities of social interactions and behavior among employees (Fossey et al., 2002). The research was undertaken through an interpretive research philosophy, allowing us to understand the meanings our participants associate with the interactions in their social environment. This takes into account the subjectivity of the participant's perspectives and experiences (Carminati, 2018). It allowed us to understand the context in which the talent management policies cater to the needs of employees ultimately retaining them with their employers.

### **3.2. Data Collection**

After an exhaustive literature review for the topic under research, it was established that most of the research with respect to talent management and the relevant concepts was undertaken in the academic and banking sector of the country. Hence, the data was collected from different industries operating in the country, to get an in-depth insight into the implementation of talent management across Pakistan's business environment. The crux of our research is to understand how talent management and the practices under its umbrella enhance talent retention in the multinational and local companies in Pakistan. For this purpose, it is pertinent to understand the perceptions, experiences, and opinions of those working in these companies. Hence, a semi structured interview guide comprising of 12 questions was designed based on the research of Cooke et al. (2014). They conducted the interviews with line managers, to gain insight into the firsthand experience of implementing and experiencing talent management policies. Cooke et al. (2014) investigate the conceptualization, design, and implementation of talent management in

organizations of China and India, ultimately providing a brief comparison of the practices in both countries.

The selection of the interviewees for data collection was undertaken through a combination of convenience and purposive sampling. Convenience sampling is the technique of selecting participants based on the access of the researcher, while purposive sampling is the selection of participants of data collection based on a predetermined criterion (Etikan et al., 2015). Approximately 25-30 organizations were approached to collect data, however, only twelve of these responded on the condition of anonymity. These organizations were selected with the idea of taking insight from different industries of Pakistan’s business environment. One representative selected from each organization. The criteria for the selection of the participants required for them to be working on a managerial position i.e. held the autonomy to contribute to the designing and implementation of talent management policies. They needed to have a minimum of four to five years of tenure with their employer. It was decided that the departments of the participants could be apart from HR, to understand the dynamics of retention policies in different functionalities. However, after shortlisting a certain number of organizations, personal contacts were utilized to approach those working in the managerial positions. Seven out of these companies were multinational companies and five of these were local companies operating in Pakistan, represented by “MNC” and “LC”, respectively. The participants belonged to HR and non-HR managerial positions and belonged to different functions enabling us to understand the dynamics of talent management in different departments. A brief overview of the interviewees and their respective organizations is as follows:

<b>Organization</b>	<b>Employee’s Position</b>	<b>Tenure</b>	<b>Industry</b>
<b>MNC 1</b>	Manager Business Development	12 Years	Beauty Care
<b>MNC 2</b>	GM Corporate and Regulatory Affairs	15 Years	Automotive Industry
<b>MNC 3</b>	Head of Sales (North Pakistan)	9 Years	Dairy and Food Processing
<b>MNC 4</b>	Operations Controller	7 Years	Beverage



<b>MNC 5</b>	Head of Creative Strategy Dept.	5 Year s	Digital Marketing
<b>MNC 6</b>	Plant Engineering Manager	11 Years	Dairy and Food Processing
<b>MNC 7</b>	Procurement and Supply Chain Lead	9 Years	Oil and Gas

*Table 1 Profiles from Multinational Companies (Source: Author)*

<b>Organization</b>	<b>Employee’s Position</b>	<b>Tenure</b>	<b>Industry</b>
<b>LC 1</b>	Manager HR	6 Years	Cable and Wiring
<b>LC 2</b>	Chief Operating Officer	8 Years	Beverage
<b>LC 3</b>	Asst. Manager Branding and Supply Chain	4 years	Cement
<b>LC 4</b>	Senior Manager Marketing	5+ Years	Pharmaceutical
<b>LC 5</b>	Assistant Manager Sales	5 Years	Oil and Gas

*Table 2 Profiles from Local Companies (Source: Author)*

### **3.3. Data Analysis Technique**

The interviews were undertaken online, and each interview was recorded for the purpose of smooth derivation of codes and themes and in-depth analysis. Each interview had a time duration of forty-five to fifty minutes, and these were transcribed as they were taken in order to continuously make any required changes to the interview guide and the direction of research. A thematic approach was utilized in analyzing the data. Thematic analysis is an approach which enables us to identify, analyze, and highlight the themes emerging out of a given data set. This allows a better insight into the experiences of the individuals participating in certain behaviors, values, and actions (Castleberry and Nolen, 2018). The themes for data analysis were derived using “Atlas.ti”. Interviews from both categories were coded separately and later collectively for a better and in-depth analysis.

The extensive qualitative data obtained from the interviews was analyzed using Atlas.ti. The first step was to start a new project on the software, which was seamlessly integrated with the interview transcripts later. The collected data was read extensively to learn the depth and subtleties of the participants' narrative. The second step was to begin with the basic coding. Important segments of the transcripts were identified and highlighted after a careful review and later given descriptive labels to encapsulate their essence. As the number of codes rose as the coding process progressed, we utilized the "Code Manager" function of Atlas.ti. This allowed me to logically classify, simplify and rename the scripts to gain more clarity of data. Additionally, quotations from the transcripts were selected that related to my research goals. This meant that I had to read through many of the transcribed interviews for my study, making notes of my first impressions and writing down the main ideas that people from both international and local groups shared. This made me more familiar with the stories' main ideas and more aware of their subtle undertones and repeated themes.

After I understood the data better, I coded the transcriptions in an organized way. This meant finding important and repeated text parts and giving them names or "codes" that explained what they were. Some of the words that could have been used as codes in my research were "retention strategies," "organizational culture," and "career progression." The Atlas.ti was a useful tool that helped structure these early codes into groups and structure them. This step marked the change from codes to themes. By putting the same numbers together, I started to see bigger patterns and trends in the data. For example, codes related to "compensation," "benefits," and "financial incentives" may be combined into a bigger subject called "Financial Rewards and Retention." After figuring out early themes, it was important to go back and build on them. This meant going back over the transcriptions to make sure that these themes were a good representation of what was said. Once I was sure I had found all the themes, I outlined and explained each. This meant figuring out how big and important each theme was. A theme like "Organizational Culture and Retention" might include company ideals, the atmosphere at work, and how well people get along. The themes were also given short names that said something about them.

In order to extract codes, I utilized the software's exporting option at the end of our analytical data. The most recurrent codes and themes were later used to develop an analysis of with respect to the topic under study. The themes were described using direct quotations from the

participants. In the context of my investigation, this analysis looked at how different ways of managing talent affect talent retention in both foreign and local organizations in Pakistan work. The prominent themes to emerge out of the 12 interviews include: Employee retention, talent management, performance evaluation, career development, leadership, employee engagement, succession planning, training and development. The following table briefly explains the codes and themes backed by relevant quotations used for the data analysis:

<b>Theme</b>	<b>Codes</b>	<b>Supporting Quotations</b>
<b>Employee Retention</b>	Career growth opportunities Training and development Employee retention Financial Incentives	<i>“Employees are given exciting projects and assignments, they are transferred inter-company, they are given cross-functional roles, and these are all practices to retain talent”.</i>  <i>“Employees get regular increment after a year, but after the second year and the recommendation of the line manager, we give him big increment and make him permanent. Then he spends at least 2 to 3 years with us.”</i>
<b>Talent Management</b>	Career development Performance appraisals Managerial trainings Employee retention	<i>“It is very important and a part of talent management to develop the employees as well. This is because even if you are paying me but there are no clear aspects of a career, it won’t benefit me in the long run”</i>  <i>“for a sound talent management system I think that for the development of an employee, there should be some specific mechanism for measuring it or the performance of the employees”</i>
<b>Career Development</b>	Succession planning Employee motivation Professional development	<i>“Even if you are paying me but there are no clear aspects of a career, it won’t benefit me in the long run. Nowadays, employees have become more career paths and career oriented”</i>  <i>“When it comes to retention, the basic thing is the growth and career path”</i>
<b>Performance Evaluation</b>	Corporate procedures Skills and competencies Career development	<i>“there is this nine box grid which is used especially to highlight the talent in our organization”</i>

	Compensation and benefits	<i>“There might be people in the bottom tiers, and he can survive in the case he meets the targets and achieves the desired sales. Otherwise he would be removed”</i>
<b>Succession Planning</b>	Organizational culture Communication Career development Business development	<i>“for instance, I like somebody and their work ethic, interpersonal skills, I’ll eventually sponsor for that person and I’ll take him forward along with my growth”</i>  <i>“We have also planned a successor program for the company. In this program we will announce that you will be promoted when you develop a successor”</i>
<b>Training and Development</b>	Employee development Career development Job satisfaction Performance improvement	<i>“We have both local and foreign training as well. There are inter-company transfers as well”</i>  <i>“we are receiving SOP trainings every week”</i>  <i>“We started an OJT (On-Job training) program as well”</i>
<b>Employee Engagement</b>	Performance appraisals Employee recognition Career path Employee development Training	<i>“For instance, the technical engineers go to the marketing and planning sides as well, they go to finance as well, localization too”</i>  <i>“we speak to the employee about their preferred department and where he is willing to work, we try to train and move that employee to that particular department”</i>

*Table 3 Codes, Themes and relevant Quotations (Source: Author)*

A qualitative method of research was adopted for the topic under study, directed by an interpretive research philosophy. Given the scattered and scant literature on talent management and its role in talent retention in Pakistan, with respect to geographical context as well as theoretical contributions, this research was deemed exploratory in nature. A semi-structured interview guide, based on the study of Cooke et al. (2014) was utilized to interview 12 individuals belonging to different industries of the country for data collection, on the condition of anonymity. The interviews were transcribed and later coded through Atlas.ti for the generation of relevant themes emerging out of the data set. Lastly, a thematic approach was utilized for the analysis of the

aforementioned themes, allowing us to understand the actions, values, and behavior of the individuals involved, with a close scrutiny and detail.

## Chapter 4: Analysis and Discussion

This chapter encompasses a detailed analysis of the data collected through semi-structured interviews. The themes include employee retention, career development, training and development, talent management, succession planning, performance evaluation, and etc. These are discussed in the following sections, followed by a brief comparison between multinational and local companies in the end.

### 4.1. Employee Retention

Employee retention was the most recurrent theme from the data set, corroborating our scope of research. The literature review highlights that almost thirty percent of organizations face the challenge of retaining their talented employees. However, the companies with streamlined talent management systems out-performed others in the industry (Narayanan et al., 2019). The analysis of the theme of employee retention revealed that almost all organizations had one or another TM practice or policy in place for retaining their talented employees. According to the managers at **multinational companies**:

**MNC1**: *“The employees we think are important, the sky's the limit for them. We take care of them in every way”,* while mentioning that *“employees are given exciting projects and assignments, they are transferred inter-company, they are given cross-functional roles, and these are all practices to retain talent”*.

This aligns with the principles of both RBV and HCT i.e. the company makes continuous effort to develop, enable, and retain the human capital which is considered a valuable resource.

**MNC 3** added that: *“we have to retain the employees, groom and coach them as well”*.

*“When the company works on the development of an employee, it ultimately leads to retention.”*

Lastly, **MNC 3** mentioned that *“the employee is more likely to be inclined towards the efforts that his employer is making for them rather than increments.”*

**MNC 4's** interviewee mentioned that *“when employers care about their employees, and they get to experience that as well, it helps develop affiliation and understanding between the two parties”*.

The multinational companies had a common opinion pertaining to the efforts of retaining employees going both ways, in addition to the tangible talent management policies. This aligns

with the principles of social exchange theory i.e. employees reciprocate with positive behavior, when employers take care of them (Narayanan et al. 2019). Hence,

**MNC 5** mentioned that *“it is important to show that you keep your commitment. In this way your employee has the comfort of knowing that they will get their reward for their efforts in due time”*.

**MNC 7** added that *“Usually in the oil and gas industry, the turnover is on the lower side. Almost nobody leaves an oil and gas setup. They are one of the pay masters in the world.”*

*“Career path takes the first priority. The salary comes second. This is tricky, because when you know the career path, you know that 2 years down the line you are getting a promotion. So, with promotions the benefits add up obviously. People also don’t leave because they know they will eventually get more benefits.”*

The responses from multinational companies highlight the presence of one or another talent management policy in place, meant for employee retention. The practices emphasized include salaries and compensation, training and development of the employees, the practice of making employees feel valued through career development, and keeping the employees engaged. On the other hands, the employee retention practices in local companies according to the manager is as follows:

**LC1:** *“Last year the company gave 48-50 cars to the employees. These cars were given because the employees had achieved their targets, but they have been given on a 5-year plan of instalments. The employees know that the car will eventually be their own property. In this way, the company has secured the retention of these employees for at least 5 years now.”*

*“Secondly, there are foreign tours arranged every year. Like they win it after 6 months and then they can use it after another 6 months.”*

*“The employees who are considered top tier, they are taken to the high level meetings with respect to the matters of sales. So, they are properly trained”*

LC 1 has an amalgam of salaries, benefits, and inclusion of employees in the growth process. Although these practices prevail, the company still needs a sound appraisal system based on transparency and proper mechanisms.

**LC 2:** *“The top guy is paid very well, while those working under him might not get the same level of pay.”*

*“Employees get regular increment after a year, but after the second year and the recommendation of the line manager, we give him big increment and make him permanent. Then he spends at least 2 to 3 years with us.”*

*“The local companies keep their HR limited to the processes only. Even in the last 5 years, we haven’t even moved to the formal appraisal systems. We have kept a blanket that employees will get a 10 percent increment on the gross profits.”*

According to the literature review, performance management forms a crucial element of the talent management (Ellis and Saunier, 2004). While there is an informal mechanism of retaining the employees through increments and permanent tenure, the appraisal systems in LC 2 still don’t have a solid foundation.

**LC 3:** *“These people should be assigned tasks and jobs according to their skills in the future. If I know that I am good at planning and I’ve been given the tasks and responsibilities regarding that area, there would be less chance of me facing burnout”*

*“They don’t even have a properly established HR. So, talent management remains a faraway concept for us.”*

Similar to LC 2, the manager at LC 3 mentioned the lack of rewards and appreciation for the employees despite going the extra mile. The company does not have a properly established HR department, hence, the talent management practices are scattered across departments. Additionally, the manager mentioned that the employees should be assigned tasks according to their skills and capabilities, similar to what is done in MNC 2 and MNC 4. Consequently, the employees are more likely to experience burnout and lack of productivity.

**L4:** *“the perks and benefits are really good even in comparison to MNCs.”*

*“We made a policy of not rehiring the people who have already left. In this way people would think carefully before leaving”*



*“The basic thing is the growth and career path. We have counselling sessions, especially in the last quarter, where we have special discussions with the employee about the career pathway that they have in mind.”*

*“We have also planned a successor program for the company. In this program we will announce that you will be promoted when you develop a successor.”*

*“I think HR should be a separate department and it should be fully functional”*

Similar to the multinational companies, and some of the local companies, LC 4 also has certain measures in place for retaining their employees. They make sure that the employees put thought into the idea of leaving. Secondly, they are in touch with the expectations of the employees and the future they expect. Lastly, the company is working on the development of successors to maintain a smooth flow of talent and streamlined attainment of organizational objectives. However, the company does not have a properly established HR department like LC 1, LC 2 and LC 3. This element leaves a gap in the proper implementation of these practices.

**LC 5:** *“This includes recruitment drives, Training & Development programs, Personal Development Plans, Succession Planning, Coaching, Mentorship and many others that enables our workforce to develop new skills and move up the ladder in their professional careers. Recently we have launched internal hiring through which an internal candidate can move up the ladder even two steps if he/she has the required skill set for the job.”*

The last local company in our sample had a significantly better design and implementation of talent management initiatives in place for employee retention. The manager mentioned that the gradual acceptance and adoption of these policies has led to a sustained talent pipeline, coupled with the element of job security which ensures low attrition rates in the company.

## **4.2. Talent Management**

The second theme to emerge was talent management. The responses of the participants mainly depicted the meaning that TM holds for them and for the company. Additionally, in the process of explaining the meaning of talent management, the interviewees highlighted the practices which formed crucial elements of a talent management system. For instance,

**MNC 1**, while defining talent management said *“we retain the best and let go of the underperformers”*. Additionally, he also mentioned the practices forming a part of the TM system i.e. *“we have the processes of scorecards, quarterly and yearly reviews. The scorecard is the most effective one. It is tangible, applies to different departments, and it has multiple areas which it assesses”*.

Similarly, **MNC 2** mentioned that *“in talent management, there are specific interventions. It also has talent acquisition that is how you acquire talent. So, if you don’t have a budding pipeline of talent that you can groom, you must acquire talent”*.

**MNC 3** added that *“talent management is not only about the right remuneration. The first and foremost part is attracting the right talent. If you hire the wrong man, you waste your time and efforts”*

*“It is very important and a part of talent management to develop the employees as well. This is because even if you are paying me but there are no clear aspects of a career, it won’t benefit me in the long run”*

MNC 2 and 3 highlighted the importance of recruiting the right talent, in addition to the coaching and developing of the employees. It has been mentioned earlier that while recruitment has a direct relationship with employee retention, in order to hire the right talent, the company needs to become an employer of choice (Kumar, S. 2021). Secondly, professional and career development are considered crucial in these MNCs, which also impact the retention of employees directly (Kossivi et al. 2016; Duah and Danso, 2017).

**MNC 5** contributed by differentiating between human resource management and talent management i.e. *“HR practices differ from talent management in a way that HR sees employees as people and individuals and regardless of what they and how they do”*, and *“talent management is about bringing the best out of the people in your team”*. In terms of fundamental elements of a TM system, she said that *“a sound talent management system I would say has flexibility and understanding”*

**MNC 6** summarized the concept of talent management by saying that *“in talent management, the salary and benefits are a small part of it, while the other factors e.g. a caring leadership,*

*recognition, appreciation, and lastly when you keep your employees engaged with different assignments. These are the key things which help you manage the talent within your company.”*

According to **MNC 7**, *“the elements of learning and organizational development and compensation and benefits have to work together”*, and the interviewee also mentioned that

*“The learning and organizational development factor encompasses your performance appraisals. There is this nine box grid which is used especially to highlight the talent in our organization. It tells you about the high performers or the tier one employees. These performers are later compensated by the department of compensation and benefits in terms of the career path, job transfers, assignments, pays, salaries, and then you get increments along with this too.”*

The aforementioned responses highlight the importance of recruitment of right talent as pivotal. The MNCs in our data set focus specifically on the practice of continuously training and developing the employees to derive optimal performance. Additionally, the responses highlight the importance of career development i.e. employees need to know their future with their workplace in order to perform better and commit to the attainment of organizational outcomes. In terms of the local companies, the responses were as follows:

**LC 1** defined talent management through the implementation of certain practices i.e. *“In terms of talent management, the company emphasizes a lot on the training sessions. Especially on the SOPs. Like I told you that the company is growing pretty rapidly, so we are receiving SOP trainings every week”*

*“We have been focusing a lot on the succession planning so the person next in line is properly groomed for holding the position”*

*“Thirdly, the employees who are considered top tier, they are taken to the high level meetings with respect to the matters of sales. So, they are properly trained”*

The main practices mentioned include training, succession planning, and including the employee in the process of career development. All these have been established to be a crucial part of talent management, in the literature review.

As per **LC 2**: *“first you have to define the talent and that is as per the core competencies of the company. I mean the definition of talent for the production people would be different as compared to the definition of talent for the sales people.”*

*“The main difference between the local and multinational companies is that the MNCs pay everyone fairly while in the local companies, the top guys are paid pretty well and the philosophy behind this is that when you bring in a good top guy and pay him well too, he should get things done properly from the subordinates”*

**LC 3** mentioned that, *“the main responsibility of the HR is to find the best fit for the company. So, the HR might be just looking at very limited things”*

*“I think the employee needs to be observed even after the probation period, and based on his skills and the effort he has shown, he should be given a designation accordingly. This is something that HR won't do. That is where talent management comes in i.e. to utilize that resource properly.”*

**LC 4** added that, *“for a sound talent management system I think that for the development of an employee, there should be some specific mechanism for measuring it or the performance of the employees*

*Performance appraisals have been initiated 3 times and it has flopped all the three times really badly.*

*“Talent management in my mind, from hiring to developing and then eventually retaining employees. It is all part of the HR but the phase of development of employees, that is not only restricted to HR”*

Lastly, as per **LC 5**: *“talent management is all about developing your workforce which starts from hiring till leaving of the employee through different processes. It is an amalgam of different HR practices which involves career planning, succession planning, skill enhancement and many other”*

*“Jobs incumbents that have been identified as key in the succession planning cycle are the most sought after to be retained.*

*The attrition rate is not only linked to compensation and benefits. It is also linked with whether or not an organization is giving its employees the opportunities to grow professionally. TM practices should be able to integrate organization goals with individual's goals."*

The responses from the local companies highlight that while talent management practices exist in their strategies, they are still in their nascent stages i.e. most of the organizations mentioned that their workplace lacks a properly functioning HR department, which in turn leads to the lag in TM policies as well. Secondly, like multinational companies, the local companies also perceive talent management as a cluster of activities meant to continuously derive optimal performance from their employees and retain them for the longer run. However, it is important to note that rather than training and career development, the focus of local companies' rests on the salaries, incentives, and financial benefits their company has to offer. Lastly, in both the categories of the companies, talent management did not have a specific definition. Rather, the participants defined talent management by mentioning different practices deemed necessary for their employees to contribute high performance levels.

#### **4.3. Career Development**

Although the theme of career development has not been discussed in the literature review, it had third most recurring codes. Following were the responses from MNCs which highlighted the importance of employees seeing a future with their employer.

**MNC 3** said: *"it is very important and a part of talent management to develop the employees as well. This is because even if you are paying me but there are no clear aspects of a career, it won't benefit me in the long run. Nowadays, employees have become more career paths and career oriented"*

*"If one of our bright employees is offered a better opportunity, the retention policies come in i.e. whether the employee is to be retained or not. For example, if there isn't an identified successor in that particular position, we would try to retain the employee."*

This response points towards the process of succession planning complementing career development. An organization needs to identify the right talent and develop them through growth opportunities.

**MNC 4** added that: *“The talent in employees, or the people working in any department in the company, we are continuously grooming them. We provide them with the full opportunity of grooming their talent or skills.”*

*“There is no limitation for an employee if he wants to move to another department. If you have the experience, willingness, and if you can fulfil the requirements of that particular department”*

MNC 4 allows the employees to explore their interests and expertise through proper training initiatives. They engage their employees in relevant assignments, which allow them to continuously learn and prove their capabilities and skills within and outside their departments.

Similarly, according to **MNC 5**: *“Sometimes an employee comes to us and they know exactly what they want and what direction they want to go in, and our job becomes supporting them and give them the tools they need. There was another employee in the design department who realized that she has a knack for photography through this program. She is now the account director for the photo department”*

The practices regarding career development in the remaining two MNCs are somewhat similar to those mentioned above. The multinational companies identify those who require training for improvement and those who show promising potential to progress. In this way, their career path is properly developed and they are given proper opportunities to grow.

As per **MNC 6**: *“when you grow, you get different trainings, you have a proper development plan, like if you get into the succession plan, then you get to be a part of different trainings”*

*“When you have selected employees to be a part of the talent pool, their development plan is different than others. They might be given the chance of international trainings as well. Similarly, they might be given the assignment of going to different sites and undertaking projects under their supervision”*

Lastly, as per **MNC 7**: *“In order to retain the tier 1 employees, their pay scale is a little higher and they have a designed career path within the organization which brings in cross functional appointments as well”*

*“It happens in many companies, not in ours, but few companies take their top tier employees and send them for courses to institutes like Stanford and they take special leadership courses.”*

The theories of RBV, HCT, and SET have a common premise of investing in employees as valuable resources, which are reciprocated in the form of higher performance, positive attitude, higher engagement, and commitment to the organizational outcomes. The commonly held opinion of the MNCs pertaining to the identification of talented employees and developing a certain career path for them, aligns with the principles of these theories. The companies need to invest in the future of the employees, for them to give back in terms of optimal performance. On the other hand, the local companies had the following responses:

**LC 1:** *“we have been focusing a lot on the succession planning so the person next in line is properly groomed for holding the position. Thirdly, the employees who are considered top tier, they are taken to the high level meetings with respect to the matters of sales. So, they are properly trained.”*

In addition to the aforementioned practices, LC 1 also rewards its employees with foreign tours, bonuses, and financial incentives on the completion of targets. These practices not only aid in the development of a career path, but they also play an important role in the retention of the employees.

**LC 2:** *“the practice of upgrading the employees after two years is working perfectly fine.”*

In this company, the newly hired employees are upgraded after two years, and they are provided with a permanent employment status, an upgraded designation and salary package. While, the CO considers this an appropriate technique of retaining employees, this might not work in the longer run.

**LC 4:** *“When it comes to retention, the basic thing is the growth and career path. We also have counseling sessions in which, especially in the last quarter, we have special discussions with the employee about the career pathway that they have in mind.”*

*“If someone is interested in the marketing department, we can identify if someone from sales can be a potential candidate for the marketing department in future. We have also planned a successor program for the company. In this program we will announce that you will be promoted when you develop a successor”*

**LC 5:** *“the company provides everyone with opportunities. We take regular feedback from the employees in the form of Personal Development Plans. These are the forms which the employees*

*fill out with the information regarding the areas in which they think they need training. Succession planning is done informally though. The senior management is the one who decides about the individuals who are to be promoted, regardless, these decisions are made on the basis of performance, experience, and seniority”*

The multinational companies have detailed career development plans for those who are identified as the top performers (MNC 2). An example includes MNC 3’s program “Maverick” that fast-tracks the career for the high-performing individuals. However, the local companies in our data set have proper mechanisms in place for the career path development of their talented employees, these practices are still evolving and require improvement. For example, in LC 4, the performance appraisal process was introduced three times, and it failed. Secondly, LC 2 does not have a formal process for performance evaluation and the employees’ progress based on the time they have spent in the company and the opinion of their line manager. The main difference here is the realization of the importance of career development in multinational companies. MNC 2 mentioned that if an employee realizes that he is not growing within the organization, he will find a better opportunity and leave.

#### **4.4. Performance Evaluation**

The responses falling under the theme of performance evaluation entailed the description of processes that are used by the multinational and local companies to assess and reward the performance of their employees. Additionally, the participants also gave us an insight to what results the employer and the employees expect as a result of the performance management processes. Following were the responses from the MNCs:

**MNC 2:** *“If there is a position available, the appraisal would be very objective in terms of the fulfillment of the KPIs of the certain employee in terms of numbers, in terms of marketing, sales volume, order intake, invoicing, geographical reach”*

*“Then there is a mid-year review and a year-end review around March, and then around June, the employees are informed about their standing within the organization”*

**MNC 3:** *“This is not how our usual cycle goes. It is from January to December, and there is a quarterly review with year-end ratings and appraisals. Employees get increments based on their performances. These increments come around till April”*



**MNC 4:** *“We take a look at the performance a particular employee had the entire year, and then based on that evaluation we decide the increments, promotions, bonuses, and other benefits”*

The responses from MNC 2, 3, and 4 point towards the presence of regular performance appraisals. However, it is important to note that the emphasized result of these appraisals is of financial incentives rather than identification and development of crucial talent.

**MNC 5:** *“the probation period, there are monthly performance reviews. There are feedback channels, through which if any employee feels any type of dissatisfaction and if they feel the need to expand their horizons”*

**MNC 6:** *“we have this very crucial event for the talent calibration which is held annually, there is an entire exercise which we run on the management level. Every employee is discussed by name in that meeting, and all the managers put forward the good things about their subordinates in writing in a form and then these are discussed during the talent calibration meeting”*

*“The fundamental element of managing any talent is that if a person is doing something good, you should give him a feedback; but, if a person is not doing well, in that case the feedback is compulsory”*

**MNC 7:** *“there is this nine box grid which is used especially to highlight the talent in our organization. Every department head has to fill this out. Also, this tool is not only about your performance, it is more than that. It tells you about the high performers or the tier one employees. These performers are later compensated by the department of compensation and benefits in terms of the career path, job transfers, assignments, pays, salaries, and then you get increments along with this too”*

An effective performance management system entails development programs, feedback loops, and rewards and recognition for the high performers, and training and coaching for those who need improvement (Wijesiri et al., 2019). As per the responses of the multinational companies, the initial companies are more focused on the financial aspect of performance evaluation. However, MNC 5, 6, and 7 are more inclined towards providing constructive feedback to the employees needing improvement. Secondly, these companies focus on further training and developing the talented employees i.e. MNC 6 develops a separate career path for those who form a part of the

talent pool, and these individuals are trained extensively on-job, foreign assignments, and assignments of tasks under their own supervision. The local companies, on the other hand, had the following responses:

**LC 1:** *“this is a target oriented company. In this context, the most important factor is the level of numbers an employee has or how good he or she is with the sales. If he is on managerial position, we would see that how is he dealing or managing the team under him”*

*“First are the attributes e.g. what kind of leadership qualities does the employee possess, communication, and presentation skills. This has 25 percent weightage. The 75 percent weightage is given to the work completion. For example, if there is an employee from the sales department, the first thing to be evaluated would be the achievement of the sales target, whether he has recovered the payments from the sales made on credit, has he done his daily field visits, has he maintained his records properly, has he maintained his database etc.”*

LC 1 provides the employees with rewards of foreign tours, vehicles, and increments. Additionally, those who perform well and are suitable for higher positions are added to the succession plan. These employees are taken to high stakes meetings and asked to perform tasks without supervision. In this way, LC 1 focuses on both, financial and career development aspects of the performance evaluation.

**LC 2:** *“There is an engineer. He has to come to the plant and he has to work on the machine. His performance would be audited by the machine as well. Sales is something which can only be evaluated through numbers”*

*“There might be people in the bottom tiers, and he can survive in the case he meets the targets and achieves the desired sales. Otherwise he would be removed”*

In this scenario, it is safe to say that LC 2 does not have a sound HR or performance appraisal system in place. It has been mentioned by the interviewee himself i.e. *“Even in the last 5 years, we haven’t even moved to the formal appraisal systems. We have kept a blanket that employees will get a 10 percent increment on the gross profits”*. This is to say, for a company competing against large scale international beverage brands, formalized processes and practices are important for growth and attaining a competitive edge. In this context, LC 2 mentioned that *“MNCs are used*

*to hiring a top person who is competitive and that person is paid well. On the other hand, local companies hire mediocre people, which helps them minimize the costs. This is because we have budgeted brands and we have to compete in the market with minimal costs”.*

**LC 3:** *“There are things like this, but they are not carried out through HR. There is a portal where everything is monitored, and then the things like incentives and trainings happen through the upper management”*

*“They observe you throughout and at the end of the fiscal year, the incentive time comes up along with the appraisals. They will rate everything on the scale of 10”*

**LC 4:** *“In our company there is a thing of having people in a position for minimum 3 years but that is not the case if an employee has extraordinary performance. We have also have had a case where someone was promoted to be the senior medical rep but then he was promoted as the first line manager the very next year”*

*“So one of the recommendations for sales is the one is from the Sales directors, then NSMS, and then all the managers”*

As mentioned earlier, the manager at LC 4 told us that he tried to introduce a formal appraisal system three times, and it failed at every attempt. This depicts the resistance of the stakeholders to change, and the rest of the employees to accept it. Additionally, this shows that LC 4 is similar to LC 3 in terms of financial incentives, however, when it comes to promotions the company takes into account the individual goals and the opinion of the senior management.

**LC 5:** *“The Company undertakes performance appraisals quarterly, which ultimately decides the promotions, incentives, and the increments for the employees”*

According to the resource-based view, the organization implements the concept of workforce differentiation i.e. identifying the key talent, for the purpose of deriving sustainable competitive advantage. This talent is later mentored, developed, and trained, which ultimately leads to a variation in the benefits and incentives provided. In this context, human capital is developed to derive performance outcomes, ultimately connecting to the social exchange theory, where

employees reciprocate with achieving targets, higher performance, and development of a competitive edge (Narayanan et al., 2019; Kabwe and Okorie, 2019).

#### 4.5. Succession Planning

Succession planning, as an element of talent management, is defined as a strategy which enables organizations to have a pipeline of candidates suitable to assume a leadership or advanced role when the vacancy arises (Phillips, L.K. 2020). The fifth theme from the data set is succession planning. The participants mentioned succession planning in the context of the career path and development initiatives they have in place for the identified talented employees. Additionally, they also mention the criteria for identifying the crucial talent for the organization. The responses of multinational companies are as follows:

**MNC 2:** *“a sponsor is really important for your growth in any organizational setting. Sponsors are like for instance, I like somebody and their work ethic, interpersonal skills, I’ll eventually sponsor for that person and I’ll take him forward along with my growth; I’d like to see him in my team, or see him doing well in someone’s team”*

**MNC 6:** *“If there is a person who is a part of the talent pool and is a part of the succession planning as well. I don’t explicitly tell my engineers but then I make sure that the employee is getting the proper training to perform well in the position that has been planned for him. He would be attending meetings, making decisions, managing the budget, managing people so that there is no doubt left in the execution of the succession planning and the development plan of that particular individual in the minds of the HR or the senior management”.*

Succession planning has been established as a crucial strategy under talent management to retain talented employees of the company (Jindal and Shaikh, 2021). However, out of the seven multinational companies in our data set, only two had tangible practices in place for this purpose. This alludes to the mechanical nature of promotions and succession planning in the rest of the MNCs i.e. while the multinational companies have proper performance evaluation practices in place, these are mainly focused on the promotions of employees from one position to another, along with the financial incentives. The responses from the local companies are as follows:

**LC 1:** *“almost two years ago we got our new general manager and his emphasis was on the question of who our successors were in case we leave the company? Who is going to effectively*

*pick up from where you leave things? So, we have been focusing a lot on the succession planning so the person next in line is properly groomed for holding the position”.*

*“The employees who are considered top tier, they are taken to the high level meetings with respect to the matters of sales. So, they are properly trained”.*

Although recent, LC 1 mentioned the introduction of succession planning within the workplace. The company allows the candidates for succession to be a part of high-stakes meetings which alludes to the concepts of coaching and mentoring the individual through observation and participation. However, LC 2 has a rather informal mechanism for succession among its employees i.e.

**LC 2:** *“when an employee is leaving, he would have already made the decision 3-4 months ago. I always have a replacement for such employees, prepared. I mean I always have a number 2 prepared in the sales department. If an RSM leaves and the deputy regional manager moves upward, it proves to be a motivation for him and it also minimizes the impact of the employee leaving us”.*

**LC 4:** *“We have also planned a successor program for the company. In this program we will announce that you will be promoted when you develop a successor”*

The policy of LC 4 announcing promotions after an employee has effectively trained and developed a successor is a means to create a positive attitude in both the parties i.e. the employee waiting for the promotion and the one developed as a successor. In this way, the management at the company ensures a smooth flow of talent within the company, along with the continuous growth of the workforce along the devised career path.

**LC 5:** *“The company looks if someone is going out of their way to contribute in innovation-bringing in customers and exceeding the targets- performs well in different areas- has the attitude of a leader rather than follower for considering them to be an excellent employee and to consider them for succession planning”.*

In this way, the multinational companies in our dataset lag in terms of the tangible designing and implementation of succession planning initiatives, in comparison to the local companies i.e. only

two of the MNCs had practices in place that alluded to the presence of the element of succession planning.

#### 4.6. Training and Development

Training has been established as a reliable mechanism utilized by organizations to keep their employees from leaving (Chen, 2014). It is considered to be an investment in the growth of the employees, bearing benefits like high levels of productivity, improved morale, and increased commitment towards the employer (Kossivi et al., 2016; Duah and Danso, 2017). In this context, the multinational companies had rigorous yet flexible programs in place for the development of their employees. For instance,

**MNC 2** said: *“We have both local and foreign training as well. There are inter-company transfers as well. The people who are considered to be good at what they do e.g. good engineers who are considered a crucial talent for the future of the company, are also transferred to Japan or Thailand for a year or two”*.

The programs for the foreign training and development were also implemented in other MNCs.

**MNC 3** added: *“We train our people at the international level and when they come back we promote them to senior positions. In this way, we improve the chances of retaining these employees”*.

*“There is this program which helps in educational pursuits as well, it's called “Off Track”. You basically, take some time off from work and get yourself educated and when it is established that your skills have improved, you will get a promotion at the next chance that you have”*.

**MNC 6** mentioned that: *“We have an entire department dedicated to the training and education of the employees. So, not only are you working and growing at your position, you also get a chance to get into different trainings as well. I think I have gotten 40 to 50 training sessions myself during my time here”*.

The local companies, on the other hand, had following responses:

**LC 1:** *“There are trainings i.e. internal and external. There is an external training every year. I guess, these are the things which differentiate HR and talent management, but this question is really subjective in my opinion”*.

*“In terms of talent management, the company emphasizes a lot on the training. Like I told you that the company is growing pretty rapidly, so we are receiving SOP trainings every week”.*

The participant of LC 1 mentioned that with the rapid growth of the company, the focus of the management is increasingly moving towards rigorous trainings. These trainings are done internally as well as externally, including foreign tours and advanced tasks and responsibilities. Lastly, it has been mentioned by LC 1 that the individuals considered for promotions are trained through the processes of coaching i.e. they are included in meetings and decision making processes.

**LC 4:** *“We started an OJT (On-Job training) program as well, for that we took an employee from the same team and promoted him as the Field Effectiveness Manager”.*

In addition to the external trainings through conferences, LC 4 trains their employees through on-job training as well. This entails assigning the employee with the tasks of the position they are supposed to be promoted to. In this way, they are trained as well as prepared for the role.

The multinational companies consider training and development of their employees as an investment that would derive return in terms of organizational excellence. Hence, MNCs have proper channels and practices in place for training and developing their talent. For example, MNC 4 trains their talent through inter-country exchange, foreign projects, and sessions. Secondly, MNC 6 has an entire department dedicated to the planning and execution of trainings for employees. The local companies, albeit train their employees regularly, their trainings usually revolve around the mundane tasks of routine. However, the local companies highlighted the importance of mentoring and coaching e.g. LC1 trains their employees by having them attend high stake meetings with their seniors.

#### **4.7. Employee Engagement**

According to Hammadi and Noor (2020), employee engagement and employee retention have a positive correlation. During the data analysis, it was established that while organizations in Pakistan have an inclination towards assigning challenging tasks and responsibilities to their employees for their development and progress along their career path, the practice is not accounted for in employee engagement itself entirely. However, it is counted in processes like succession planning, training and development, performance evaluation. Multinational companies had the following responses with respect to the theme of employee engagement:

**MNC 2:** *“Depending on the basis of the kind of employees you have, you plan their rotation. For instance, the technical engineers go to the marketing and planning sides as well, they go to finance as well, localization too. So, the job roles and assignments keep changing. Secondly, there are a lot of different experiences e.g. inter-company transfers, etc. Thirdly, since it's a group of companies, the employees are sometimes sent to other companies as well”.*

**MNC 4:** *“we speak to the employee about their preferred department and where he is willing to work, we try to train and move that employee to that particular department. Also, if there is something the employees needs to work on, company takes the responsibility of arranging the training for that requirement”.*

It was established from the responses of the participants of multinational companies that these organizations keep their employees engaged through rotating their roles and responsibilities. Additionally, they make sure that the individual is working in the position which is according to their interests, skills, and capabilities, along with providing training and coaching where required. For instance, like the aforementioned companies MNC 6 also highlighted the importance of employee engagement through assignment of projects and responsibilities.

**MNC 6:** *“there is a misconception that if you give someone a raise, only then you are managing the talent and retaining them”.*

*“If you keep them motivated and engaged through challenging assignments, and when he works on those, he would have to use his optimum abilities. He will work hard for it and he will stay engaged with it”*

One of the principles of SET include the impact of employer’s effort towards the employee, in the form of employee’s motivation (Narayanan et al., 2019). The employees in multinational companies go through job-rotation, inter-company transfers, and trainings to move to their preferred departments, and incentives when they perform well. In this way, when human capital is utilized optimally through challenging their skills and capabilities, they are polished as a crucial resource i.e. as per the RBV. This also depicts that the MNCs work to keep their employees engaged to retain them within the organization, in alignment with the fact that is has been established that the employees who are engaged with their workplace are easier to retain (Ashraf and Siddiqui, 2022). The local companies on the other hand did not have much to say pertaining



to how they kept their employees continuously engaged with their organization, apart from the element of LC 1 of sending their employees for foreign tours in case of achievement of targets in an exceptional manner. LC 1 also provided vehicles to their salespersons with a buyback policy based on five year installments. This depicts the lack of attention of the local companies towards the planning and implementation of practices that keep their employees engaged.

The data analysis for this research was undertaken based on the recurrent themes emerging out of the responses of the participants. These included employee retention, talent management, career development, performance evaluation, and succession planning, training and development, and employee engagement. The analysis enabled us to establish the distinguishing elements of MNCs and local companies in Pakistan. A brief comparison of MNCs and local companies and a summary the key findings of the analysis is given in the next chapter.

#### **4.8. Key Findings**

In this section the key findings derived from the data analysis. In this section, we have discussed how the mentioned findings relate to the extant research on the given topic, followed by the theoretical and managerial implications, and it concludes with the limitations of the research.

In 2013, Hay Group established that the global turnover rate was expected to increase from 20.6 percent to 23.4 percent. Given the transition of world economy from industrial to knowledge based mechanisms, businesses are increasing their efforts to attract, develop and retain their key talent (Narayanan, A. 2016; Whysall et al., 2019). It was established by LBA consulting group in 1990, that the talented employees differentiated organizations, and for achieving excellence, businesses must focus on developing and implementing a proactive talent management system (Berger and Berger, 2004). Talent management is defined as the cluster of activities designed to attract, develop, and retain the talented individuals to fill out the high potential positions that contribute significantly to the competitive advantage of an organization (Meyers and Woerkom, 2013; Makram et al., 2017). The mentioned cluster of practices was depicted in a model presented by Aina and Atan (2020), comprising of talent attraction and acquisition, learning and development, career management and talent retention. In this context, literature review of the research discusses the practices of recruitment, training and development, employee engagement, performance management, and talent retention.

Resource-Based View (RBV) is the most common theory in the literature of talent management. It posits that the organizations should identify and utilize the resources that have the potential to provide benefits in terms of eliminating external and internal threats, increase efficiency, and attains the results desired by the important stakeholders (Gallardo-Gallardo et al., 2015; Makram et al., 2017). In their research, Narayanan et al. (2019) have used RBV complemented by human capital theory, and social exchange theory to study the relationship of talent management and employee retention. Talent management identifies, develops, and retains human capital as the resource providing the organization with competitive advantage. Aligned with HCT, organizations invest in the opportunities and development of talented employees. These individuals are segregated through the process of workforce differentiation i.e. identification of individuals that contribute significantly to the organizational outcomes. Workforce differentiation forms a reciprocal relationship between the employer and the employee, which is explained through social exchange theory.

Global mobility and internationalization of businesses has created an influx of multinational companies and their subsidiaries in Pakistan. However, the regulatory framework of the country allows the local and multinational companies to have flexibility in the designing and implementing their policies and practices (Ahmad et al. 2019). The research is based on the work of Ali and Rehman (2018) and Ahmad et al (2019). The former has studied the role of talent management in retaining talent in the private banking sector of the country. Since it is the first of its kind the study allows us to contribute more human resource management theories to the literature of TM and talent retention in the country. The latter has studied the distinction between the high performance work systems of multinational subsidiaries and local companies of Pakistan, given the dearth of research in the human resource management literature of the country. They study the HPWS of these companies under the lens of institutional theory and binary logistic regression model. They established a stark difference in the HR systems and policies of MNCs and local firms, given the absence of adequate regulations allows these companies to adapt their policies according to their need. Our research attempts to investigate the role of talent management in retaining talented employees in the commercial business arena of Pakistan. The research adds to the literature by analyzing the results through the lens of RBV complemented by HCT and SET, utilizing qualitative methodology of research and a thematic analysis of the data collected.

Pakistan has also seen an influx of multinational companies with the increasing internationalization of businesses and global mobility. However, the regulatory framework of the country lacks the implementation of strict rules and regulations for foreign countries to adhere to. Additionally, there is a stark difference in the dynamics of a multinational company's subsidiary and a local company in Pakistan (Ahmad et al., 2019). The research undertaken for the topic investigated the differences and similarities between the two categories, with respect to the talent management policies utilized for the retention of talented employees.

The key findings of the research are described as follows:

<b>Themes</b>	<b>Multinational Companies</b>	<b>Local Companies</b>
<b>Employee Retention</b>	All the multinational companies had one or another TM policy implemented e.g. systematic appraisals, training and development programs, financial rewards, and career path development	The main focus of the HR policies in local companies was the retention of employees through financial rewards, forming a small part of TM. Local companies also lacked properly established HR departments, apart from LC 1 and 5
<b>Talent Management</b>	Although TM lacked a solid definition, the MNCs still worked to integrate TM policies with their HR practices, in the form of talent acquisition, development programs, and compensation and benefits based on transparent performance evaluation	The local companies had a scattered conceptualization of TM. However, their main focus was on the financial incentives, followed by training and development.
<b>Career Development</b>	MNCs identify their key talent through transparent appraisals, open communication, and feedback loops. This allows them to devise a specialized career path for talented employees, and if an employee sees his future with his employer, he is more likely to stay (MNC 2, MNC 3) For example, MNC 3 has a program named "Maverick" through which they fast track the career of the identified talented individuals.	Apart from LC 2 which upgrades the new hires to a permanent position with a better salary package, all the local companies had some kind of career development program in place for the progress of their employees. This refers to the lack of focus in the local companies towards career development
<b>Performance Evaluation</b>	These companies have transparent performance evaluation processes in place e.g. quarterly reviews (MNC 3), 5-	LC 2, LC 3, and LC 4 had scattered performance evaluation mechanisms, undertaken in a

	<p>point grading system (MNC 4), and annual talent calibration meeting (MNC 6). These mechanisms are complemented by feedback loops which allow the employers to continuously work on policy adjustments and improving the performance of their talent.</p>	<p>mechanistic manner for deciding about financial incentives and promotional candidates. However, LC 1 and LC 5 had proper yearly and quarterly reviews in place for the training and development, career advancement, and retention of the employees.</p>
<b>Succession Planning</b>	<p>Only MNC 2 and MNC 6 had solid policies pertaining to succession planning, despite succession planning being a reliable mechanism for retaining employees (Phillips, L.K. 2020).</p>	<p>LC1, LC 4, and LC 5 had succession planning policies in place. These policies were fairly recent. LC 1 used these policies for the purpose of preparing the replacement. LC 4 developed successors for promotional purposes, and LC 2 hired replacements for their employees early in the hiring process.</p>
<b>Training and Development</b>	<p>Multinational companies had proper training and development mechanisms in place e.g. on-job trainings, Maverick (MNC 6), foreign trainings, inter-company transfers (MNC 4, MNC 3, MNC 6). These training programs are utilized to derive optimal performance from employees, individually and organizationally.</p>	<p>LC 1, LC 4, and LC 5 had an inclination towards regularly training and developing their employees. However, their training programs were relevant to mechanistic promotional processes only. LC 1 highlighted the concept of coaching and mentoring as a form of training. Secondly, LC 4 had recently introduced the program of on-job training.</p>
<b>Employee Engagement</b>	<p>The multinational companies in our dataset ensured employee engagement through the assignment of challenging tasks and responsibilities, in order to train them for higher positions and progress in the career path (MNC 2, MNC 3, and MNC 6). MNC 5 inculcated a sense of engagement through open communication and feedback channels which allows the employees to broaden</p>	<p>The local companies did not have a lot to say pertaining to how they ensured engagement from their employees. However, LC 1 mentioned the policies of foreign tours upon achievement of the set targets, and provision of vehicles to the sales department on five year installment basis. This might be considered a method to keep the employees engaged with their roles</p>

	their horizons and to report dissatisfaction in any situation.	and to perform better to receive better.
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*Table 4 Comparison of Talent Management themes for MNCs and Local Companies (Source: Author)*

The table includes a brief comparison of the talent management policies implemented in the multinational and local companies of the country. The next section of this chapter includes the managerial and theoretical implications of the findings of research.

#### **4.9. Managerial and Theoretical Implications**

Tower and Watson (2011) established that approximately 30 percent of organizations struggle to retain their key talent. If an average employee leaves, the company has to bear the costs of rehiring, on-boarding, and training and development of his replacement. However, if a high-performing employee leaves, the costs are higher. As mentioned earlier, the talent of an organization differentiates it from the others in competition. So, the organizations with a proactive talent management system in place benefit from a strong talent pipeline and significant contributions to the organizational outcomes (Narayanan et al. 2019). However, to benefit from talent management, the company needs to have a proper talent pool to derive optimal performance, which highlights the importance of retaining talented employees. Following are the theoretical and managerial implications derived from the findings of research:

1. In managerial context, MNCs have a better inclination towards the polishing of the skills, knowledge and capacities of employees, as compared to the local companies. In terms of theoretical implications, employees are considered a valuable resource within the multinational companies, with whom the company develops significant relationships through investing in their growth. This results in the employees reciprocating more vigor in their efforts to perform well, less incidents at work, higher commitment to the growth of the company and their own. The local companies have a vast room to learn and adapt the policies of MNCs for the identification, development and retention of talented individuals, not just to keep the work going, but to gain a sustainable competitive advantage within their respective industry.
2. While talent management lacked a coherent definition in both the categories of companies, the multinational companies implemented more practices of talent management to retain their employees, in comparison to the local companies. Three out of five local companies

lacked a formal HR department. In this way, the employees of local companies faced more dissatisfaction with their work environment (LC 3). In managerial context, the research established that in order to properly implement the policies of talent management and derive the benefit of higher level of performance, increased commitment, job satisfaction and retention, the local companies need to establish proper departments for HR followed by transparent and practical policies for their employees. Secondly, the importance of employees as a crucial resource, and their utilization for their intellectual capital in order to attain the organizational objectives as per the theories in question should be utilized by the local companies to understand the importance of talent management in retention of the promising individuals.

3. The principle of SET of employees reciprocating with positive behaviors and actions when their employers invest in them (Narayanan et al. 2019) was verified by the career path development practices in the multinational companies. MNC 2 and MNC 3 mentioned that employees are more likely to stay with their employers if they know that they are taken care of and they have a successful career path e.g. MNC 3 had the program of “Maverick” through which the company fast-tracked the career of those who were identified as high performers. On the other hand, the local companies had a mechanistic approach towards the progression of the employees on the corporate ladder e.g. LC 2 promoted the employees through the policy of promoting the new hires after two years, after that the policies remain vague. In this way, the employees in local companies are more likely to stay for financial incentives, and are more likely to leave for better opportunities elsewhere. In managerial context, the local companies need to develop mechanisms to identify those who perform better than the rest and devise detailed career plans, enabling the companies to develop a competitive edge in their respective industry.
4. Performance management entails processes like performance reviews, feedback loops, coaching and mentoring, career path development, and reward setting for the high-achievers (Wijesiri et al., 2019). These practices were more prevalent in multinational companies’ e.g. annual talent calibration meetings in MNC 6 and the usage of 9 box grids in MNC 4. As a result of such procedures, these companies provide their employees with more opportunities of growth and progress. Kumar, S (2020) established that employees who receive more growth opportunities are more likely to stay with their employer. In this

context, the management of local companies needs to transition from the nominal mechanisms of performance evaluation i.e. quarterly and yearly reviews meant for deciding the financial incentives mainly. In adapting these practices of performance evaluation, the local companies have a higher chance of bringing out the best in their employees. Performance evaluations highlight the areas of improvement within the workforce, ultimately leading to the designing of specified training programs. According to the human capital theory, if employees are evaluated properly and later trained accordingly, they are more likely to contribute through their intellectual capital (Kabwe and Okorie, 2019).

5. Succession planning has been established as a reliable mechanism for the retention of talented employees, since it entails the progress of the employees along their career path (Phillips, L.K. 2020). Only MNC 2 and MNC 6 had proper mechanisms of succession planning in place, while the others promoted their employees based on seniority and experience. The local companies on the other hand had somewhat similar practices in this regard i.e. LC 1, LC 4, and LC 5 had nominal policies pertaining to succession planning. Succession planning helps maintain a smooth flow of operations within an organization i.e. in the absence of a manager, the person trained by him can assume his responsibilities (MNC 6). The managerial implication entails the suggestion of developing succession planning criteria and policies in both MNCs and local companies of the country. In this way, they would be able to have a smooth flow of talent, uninterrupted operational efficiency, and higher commitment from employees, increased productivity, and lower intentions of turnover. Secondly, in terms of the theoretical implications, the companies belonging to both the categories took a rather robotic approach towards the upward trajectory of the employees on their career path and assumption of leadership roles. This implies the absence of investment by the employers in the long-term growth of the employees, which in turn decreases the chance of the employee retention in the long run.
6. The organizations in both the categories had significant inclination towards the training and development of their employees. However, multinational companies had more detailed plans and programs in comparison to the local companies. From a managerial point of view, the designing of detailed training programs e.g. MNC 6 has an entire department designated to the development and implementation of trainings, would enable these organizations to identify those who contribute to the organizations success

disproportionately. The development of these employees and continuous feedback from the management, increases the chances of retention. As mentioned earlier, development opportunities had a positive and direct relationship with employee retention (Kossivi et al., 2016). Lastly, these programs fulfil the principles of all three theories i.e. development of human capital as a valuable resource, ultimately deriving response from the employees in the form of organizational commitment and improved performances.

7. Dhanalakshmi and Gurunathan (2014) established that the level of intention of an employee to stay at his workplace depends on the level of engagement he has with his workplace. The participants from multinational companies, especially MNC 2, 3, and 6 mentioned the implementation of mechanisms ensuring employee engagement. For example, MNC 6 engages the employees who are a part of the talent pool as well as the succession plan through the assignment of challenging tasks and responsibilities. Similarly, MNC 5 ensured that employees are continuously engaged with the organization through open channels of communication and continuous feedback. The local companies on the other hand, had not much to say pertaining to the employee engagement. However, LC 1 provided their high-achieving salespersons with vehicles on a 5 years' buyback policy, along with opportunities to gain exposure through foreign trainings. This can be assumed as an approach to keep the employees engaged with their responsibilities, and something to look forward to; ultimately retaining them for at least the time period of 1 to 5 years. The managerial aspect of employee engagement entails that through proper mechanisms of employee engagement, the MNCs have a better chance of developing a competitive edge among competitors due to the consistency in the efforts of the employees. Lastly, the practices of multinational companies pertaining to employee engagement depict the fulfillment of the propositions of the three theories under research, in comparison to the local companies.

From the above mentioned observations pertaining to the managerial and theoretical implications derived from the findings of data analysis. As mentioned in the literature review, it can be established that in terms of the implementation of talent management for the purpose of retaining talented employees, multinational companies have more sound procedures in place (Ahmad et al., 2019). However, the research has certain limitations which have the potential to pave the way for future research avenues on the concepts of talent management, employee retention, talent



retention, and other practices under the umbrella of TM. These limitations are discussed in the next and the last section of the thesis.

## Chapter 5: Conclusion

The thesis concludes with a detailed analysis of the role talent management policies play in enhancing talent retention in the multinational and local companies operating in Pakistan. Tower and Watson (2011) established that 30 percent of organizations face the challenge of retaining their crucial employees (Narayanan et al., 2019). Similarly, given the liberalization, deregulation and privatization of businesses in Pakistan, has paved the way for multinational companies to establish and operate their subsidiaries in the country (Ahmad et al., 2019). In this context, the crux of our research was to understand how talent management works to help organizations in deriving the optimal benefits from their talented employees. Hence, the management personnel of MNCs and local companies of the country were approached to gain an insight into the designing and implementing the talent management practices that serve their purpose. Twelve management personnel from different industries in the country agreed to participate and respond to a semi-structured interview guide. The purpose of interviewing the individuals in such positions was to receive a first-hand feedback pertaining to the effectiveness of these policies.

After a detailed analysis of the themes emerging out from the dataset, it was established that the TM policies in both categories of companies were different. However, the multinational companies had a more integrated system of talent management in place. All the MNCs had one or more TM practices in place for the retention of their employees' i.e. financial incentives, trainings and development programs, career development plans, and performance evaluation. However, the local companies did not have a properly developed HR department, let alone carefully devised talent management practices. Their main focus to retain their employees was on the financial incentives. In this context, the participants from the MNCs held a common opinion that if an employee is aware that his or her employer cares about them, they are more likely to stay. This awareness of an employee further enhances the effectiveness of the interventions. The data analysis established that while both, MNCs and local companies did not have a coherent definition for talent management, they considered different elements to be crucial for a strong talent management system. The former considered talent acquisition, career development, and financial incentives based on transparent performance evaluation to be important. For the latter, the financial incentives and training and development held more importance. Thirdly, multinational companies selected a specific pool of talented employees to develop and enable to progress through a properly devised career development plan. Local companies, however, had their employees move forward

in a mechanistic manner. In terms of the resource-based view of the organizations, the multinational companies considered their employees to a crucial resource with the potential to provide the company with a sustainable edge over their competitors. As per the human capital theory, the multinational companies do, in fact select a talent pool that receives their special focus. These MNCs also align in their opinion with the social exchange theory i.e. they have a strong opinion about investing in their employees to gain a positive outcome in terms of performance outcomes.

The analysis of the data establishes that when it comes to the themes or practices of performance evaluation, career development, trainings and development, the multinational companies perform way better than the local companies. This provides the latter with a vast ground to build on their own policies and practices of talent management. This ultimately leaves the local companies with a scope to invest in their employees in a manner similar to the multinational companies. For instance, in terms of performance evaluation, the MNCs have transparent practices in place e.g. annual talent calibration meeting, nine-box grid, five-point grading system. Secondly, the multinational companies augment their performance evaluation and career development plans through continuous feedback loops. This enables them to be aware of the needs of their employees and it helps them modifying and improving the policies that are not working. Thirdly, the multinational companies have a great focus on the means of engaging their employee thoroughly i.e. inter-company transfers, challenging assignments and responsibilities, and provision of feedback when they perform good, and especially when they don't. On the other hand, the local companies do not have any specific policies in place for engaging their employees. Their main focus remains on providing them with financial benefits to keep them engaged just enough. For example, one of the local companies promotes its newly hired employees after two years with an increment. Another provides those with good targets with vehicles with five-year buyback plan. Lastly, the local companies contributed with their efforts of developing and implementing a succession plan for the leadership positions within the organizations. This element was lagging in the multinational companies. Only two of the seven MNCs actually mentioned a succession plan in place.

The findings from the thematic analysis of the information gathered from the interviews allows us to establish that in terms of the theoretical framework of the thesis, the multinational companies

have more alignment with the RBV, HCT, and the SET. However, given this conclusion, it precludes to the potential of the local companies to establish sound HR departments ultimately leading to the development of integrated and effective talent management systems. Similarly, these findings have a lot of managerial implications for the local companies. For example, in addition to properly functioning HR departments, the local companies need to implement transparent performance management systems complemented by feedback mechanisms and career development plans. These implications will enable the local companies to have smooth talent pipeline, higher commitment from their employees, high levels of productivity and attainment of the organizational goals.

### **5.1. Limitations of Research**

The research on the topic of talent management and its role in enhancing talent retention in multinational and local companies has been undertaken in a thorough manner. The findings derived from the data collected highlight the similarities and differences between the multinational and local companies operating in the country through the lens of RBV, HCT, and SET. However, the research still has some limitations, which are listed as follows:

1. The concept of talent management, especially in relation to practices of employee retention, performance management, succession planning, and employee engagement remains under-researched. The research is particularly scant in the commercial businesses of the country. The research creates a scope for researchers to expand on theories of human resource management e.g. learning theory, resource-based view, institutional theory, and etc.
2. The topic covers the overall commercial business sector of Pakistan. However, we can derive more profound results through an investigation of talent management policies of the companies belonging to the same industry i.e. a multinational and local company belonging to the FMCG industry.
3. The research creates a scope of research pertaining to the responses and perspective of the employees rather than employers. An example of such a research proposition is of Boeck et al., (2017). They have studied the reaction of employees in response to the implementation of talent management policies from the empirical and non-empirical literature through the lens of social exchange theory.

4. The research investigates the role of talent management in retaining talented employees. However, the extant literature is mostly in the academic and banking sector of the country e.g. Saddozai et al. (2017) and Ali and Rehman (2018). An in-depth study into other business sectors, create an avenue of research on the concepts like perceived organizational justice, psychological contract, organizational commitment, work-life balance. These concepts would enable us to understand the thought process of the talented employees before they commit to their workplace for a longer run i.e. before they are retained.
5. Another limitation of this research was the small number of participants. This creates an avenue for the future researchers to explore this topic with the help of a wider range of employees i.e. managers and non-managers both. Additionally, a larger number of participants would allow us to broaden the conventional paradigm pertaining to the effectiveness of talent management i.e. it would also highlight the negative impact on the employees through the concept of perceived fairness of the organizational policies.

To conclude the research along with its findings, it can be established that the multinational companies have more profound and detailed talent management policies in place for the retention of their talented employees, as compared to the local companies. The research highlights the applicability and underpinnings of the RBV, SET, and HCT in the implementation and consequences of these policies. The research leaves some limitations in terms of expanding on other human resource management and talent management theories; additional research on the concepts like organizational justice, psychological contract, and organizational commitment, allowing us to understand the thought process of employees before committing to their workplace; including the organizations from the commercial business sector of the country apart from academic institutions and banking sector, and the limitation of a small dataset. The research on the topic of talent management in alignment with the above mentioned limitations will allow us to utilize these practices for the creation of high-performing organizations in the business arena of Pakistan.

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## Appendix

### Interview Guide

1. Brief introduction of the company.
2. How long have you been working with your current employer and in your current position?
3. How would you describe the situation of employee turnover within your organization?
4. What does talent management mean to you? Is it any different from HR practices? If so, how?
5. Who is considered the talent within your organization?
6. Do you have any specific talent management or human resource management practices in place to manage the talent/employees in your organization? If yes, what are they?
7. In your opinion, how effective are the talent management or HRM practices in place?
8. What are the fundamental elements of a sound talent management system/HR system?
9. How do you think talent management practices contribute to the improvement of talent retention?
10. What are the most effective talent management/HR practices prevalent in your organization with respect to talent retention?
11. What are the individual, organizational, or macro-level barriers to the implementation of such policies?
12. How can you remove the barriers?