

**Global talent management as a bridging mechanism: Linking headquarters' involvement
and lateral knowledge transfer in multinational corporations**

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ABSTRACT

This study examines the role of global talent management (GTM) in facilitating lateral knowledge transfer within multinational corporations (MNCs). We develop an integrated model that combines the attention-based view at the macro-level with social exchange theory at the micro-level, conceptualizing GTM as a bridging mechanism between these levels. The results of our analysis, which utilized survey data from 116 Japanese MNC subsidiaries in Asia and Europe, show that headquarters' (HQ) attention enhances the use of socialization mechanisms, which in turn facilitate GTM implementation and subsequent lateral knowledge transfer. Furthermore, when an HQ sets knowledge transfer as one of the criteria in the evaluation of subsidiary performance, this independently reinforces lateral knowledge transfer. These findings highlight the role of GTM as a strategic mechanism for bridging macro- and micro-level processes and provide novel insights for knowledge management in MNCs.

Keywords: Global talent management; social exchange theory, socialization mechanisms; headquarters attention; performance evaluation criteria; lateral knowledge transfer

INTRODUCTION

For multinational corporations (MNCs), foreign subsidiaries have become vital knowledge-creation hubs (Ghoshal & Bartlett, 1990; Gupta & Govindarajan, 2000). International business (IB) scholars have explored various forms of knowledge transfer, including conventional (headquarters [HQs] to subsidiaries), reverse (subsidiaries to HQs), and lateral (between peers) forms of transfer (e.g., Ambos & Ambos, 2009; Ambos et al., 2006; Mahnke et al., 2009; Scherrer & Deflorin, 2017). As MNC networks become more complex, scholars are increasingly focusing on lateral knowledge transfer (Argote et al., 2022; Wu et al., 2022). Research has highlighted the benefits of lateral knowledge transfer (Scherrer & Deflorin, 2017) and the enabling role of HQ involvement (Andersson et al., 2015; Decreton et al., 2019; O'Donnell, 2000). However, the specific mechanisms through which HQs facilitate lateral knowledge transfer, particularly the role of organizational practices bridging macro-level HQ intent and micro-level subsidiary action, remain poorly understood.

International human resource management (IHRM) scholars have examined how HRM practices, which typically adopt an inclusive approach by targeting all employees (Collings & Mellahi, 2009; Meyers & van Woerkom, 2014), influence foreign subsidiaries' performance and knowledge transfer (Caligiuri, 2014). Recently, global talent management (GTM)—a key component of IHRM—has garnered scholarly attention due to its ability to enhance knowledge transfer and performance by managing core individuals in MNCs (Chatterjee et al., 2023; Li et al., 2023). Research has foregrounded talent characteristics, career-advancing HRM practices, and their influence on firm performance (Dries & Pepermans, 2008; Meyers, 2020), as well as the roles of expatriates and inpatriates in facilitating knowledge transfer (Shao & Ariss, 2020). However, few studies have explicitly investigated how GTM can serve as a mechanism bridging

macro-level HQ strategy with micro-level knowledge-sharing behaviors or how GTM practices mediate the relationship between HQ involvement and lateral knowledge transfer.

This challenge is particularly pronounced in Japanese MNCs, as their HRM practices are shaped by distinctive institutional and cultural logics. Unlike their Western counterparts, in which HRM is often guided by principles of transparency, meritocracy, and explicit communication, Japanese firms have systems characterized by implicit communication, collectivist values, and long-term internal labor markets (Ishiyama & Tanaka, 2024; Sekiguchi et al., 2016). Practices such as lifetime employment and seniority-based promotion foster strong psychological contracts (Froese et al., 2020). Due to these characteristics, Japanese MNCs may struggle to standardize HRM practices across diverse foreign subsidiaries. Consequently, they have historically depended on expatriates for knowledge transfer and coordination. However, as Japanese MNCs expand globally, this reliance is increasingly becoming a limitation, highlighting the need for more systematic and scalable approaches—specifically, the adoption of GTM practices that enable standardized GTM and knowledge transfer across borders while allowing for the necessary amount of local adaptation.

In Japanese MNCs, the global standardization of HRM practices is often constrained by the significant institutional and cultural differences across countries. However, GTM serves as a globally standardized approach and is thus critical for coordinating foreign subsidiaries at the global level and promoting knowledge transfer without excessive reliance on expatriates. This is because GTM focuses on managing high-performing or high-potential individuals in pivotal global positions (Collings & Mellahi, 2009; Scullion et al., 2010). These individuals play crucial roles within an organization, often engaged in frontline operations and connected through global networks, resulting in their knowledge and skills being widely disseminated throughout the

organization. Therefore, focusing on high performers within GTM facilitates the smooth transfer of knowledge across subsidiaries without excessive reliance on individual expatriates (Collings et al., 2019).

Integrating HQs' strategic intent into standardized GTM practices ensures broader and more sustainable knowledge diffusion throughout the MNC network (Collings & Mellahi, 2009; Caligiuri, 2014; Caligiuri et al., 2024; Li et al., 2023; Minbaeva, 2005). Furthermore, the implementation of HQ-driven GTM practices varies across subsidiaries depending on HQ involvement (the macro-level), which in turn affects micro-level outcomes such as the extent of lateral knowledge transfer (Collings et al., 2019). This alignment between GTM standardization and organizational strategy also provides the company with internal coherence when overcoming cultural barriers (Scullion et al., 2010).

As prior studies have largely examined HQ involvement and GTM separately, they cannot adequately explain how macro-level HQ involvement is translated via GTM into micro-level subsidiary talent behaviors or how the aggregation of these behaviors ultimately leads to cross-subsidiary knowledge transfer. Clarifying the effectiveness and mechanisms of GTM as a cross-level bridging system is especially valuable for MNCs facing strong institutional and cultural constraints, such as Japanese firms, as GTM enables both global standardization and local responsiveness.

To address these research gaps, we propose and empirically test a cross-level bridging mechanism in which HQs' strategic attention is translated into subsidiary knowledge transfer via the implementation of GTM practices. GTM thus serves as the key mediating conduit between macro-level (attention-based view) HQ involvement and micro-level (social exchange theory) subsidiary outcomes, enabling lateral knowledge transfer across the MNC network. Building on

Collings et al.'s (2019) cross-level perspective on the GTM framework, our theoretical model (1) conceptualizes HQ attention and socialization mechanisms as instruments of HQ involvement that facilitate GTM implementation at foreign subsidiaries, and (2) recognizes that the performance evaluation criterion—specifically, the inclusion of knowledge transfer as one of the criteria in the evaluation of subsidiary performance—serves as an independent and complementary mechanism that directly promotes lateral knowledge transfer. Furthermore, this criterion may raise awareness of knowledge transfer not only among designated talent but also among the broader workforce. In our model, this evaluation criterion is not positioned as a part of GTM itself but as an additional HQ control lever that further incentivizes knowledge sharing across subsidiaries. We empirically analyze how HQ attention and socialization mechanisms jointly influence GTM and examine their mediating roles in driving lateral knowledge transfer.

The attention-based view emphasizes that the focus and allocation of attention by organizational decision-makers at the macro level guide resource distribution and priorities within MNCs. Social exchange theory (Blau, 1964; Cropanzano & Mitchell, 2005) provides the micro-level foundation for our framework, explaining how subsidiary actors reciprocate organizational investment through knowledge-sharing behaviors. Recent research (Li et al., 2023; Takeuchi et al., 2007) has shown that such responses can aggregate to shape outcomes at the unit level and the organizational level. By combining these theoretical perspectives, our study situates GTM within Collings et al.'s (2019) cross-level GTM framework, clarifying how HQ-driven GTM practices (as strategic interventions) link macro-level intent and micro-level action, ultimately enabling lateral knowledge transfer. At the same time, by distinguishing the subsidiary performance evaluation criterion as a separate HQ involvement mechanism, we highlight its role in complementing GTM-driven knowledge sharing. This theoretical combination positions GTM

as the central mechanism linking HQ involvement with cross-unit knowledge transfer in MNCs, offering a perspective by connecting macro-level strategic decisions with micro-level individual behaviors in knowledge transfer processes.

This study advances the literature on GTM, HQ involvement, and knowledge transfer in MNCs by (1) developing a cross-level model that bridges the macro-level attention-based view and the micro-level social exchange theory within the GTM framework, (2) clarifying how HQ attention and socialization mechanisms promote GTM practices that facilitate lateral knowledge transfer, in addition to showing how the subsidiary performance evaluation criterion can independently complement and reinforce the effect of GTM on lateral knowledge transfer as an HQ mechanism, (3) reconceptualizing GTM as a cross-level mechanism for lateral knowledge transfer, (4) providing empirical evidence of the institutional adaptability of GTM in the context of Japanese MNCs, and (5) demonstrating that GTM serves as a practical mechanism for balancing global standardization and local adaptation in institutionally complex environments.

THEORY AND HYPOTHESES

Defining GTM: Inclusive versus exclusive approaches and GTM's distinction from HRM

HRM refers to the comprehensive set of practices and policies for managing all employees within an organization, including recruitment, development, performance management, and retention (Wright & McMahan, 2011).

GTM approaches talent from two perspectives: inclusive and exclusive. The inclusive perspective views all employees as possessing the potential to be developed and deployed in global roles, providing broad-based opportunities for growth and advancement (De Boeck et al., 2018; Meyers & van Woerkom, 2014). The exclusive perspective focuses on a strategically selected subset of high-performing or high-potential individuals, allocating additional resources

and development opportunities to this group in order to fill pivotal global positions (Collings & Mellahi, 2009; Meyers & van Woerkom, 2014; Scullion et al., 2010). Although inclusive GTM is generally viewed positively, it may also foster social comparison and tensions as equal opportunities collide with limited resources. Hence, exclusive approaches are more effective in some contexts (see, e.g., the paradox of inclusiveness versus exclusiveness in Tahmasebi & Nijs, 2024, and the evidence of individuals favoring exclusive practices in van Zelderen et al., 2025). Thus, HRM is inclusive by definition, whereas GTM can be either inclusive or exclusive in scope.

However, the exclusive focus also implicitly defines the majority as “non-talent,” whose reactions may not be neutral. Prior studies have shown that non-talent can experience feelings of exclusion, reduced motivation, or decreased organizational commitment (Björkman et al., 2013; De Boeck et al., 2018; Jooss & Krebs, 2024; Swailes, 2013). This highlights the importance of considering not only how GTM benefits selected talent but also how it may unintentionally affect the broader workforce.

In this study, GTM refers specifically to the exclusive approach. We focus on this perspective because Japanese MNCs generally adopt locally adapted HRM practices in their foreign subsidiaries, making the implementation of a globally standardized, inclusive GTM impractical. Consequently, Japanese MNCs typically rely on an exclusive approach, concentrating on a limited pool of key talent for global coordination and knowledge transfer. Recent research has reported that the majority of large Japanese companies prioritize exclusive GTM practices (Persol Research & Consulting Co. Ltd., 2019).

Although expatriation and global mobility are widely considered to be integral components of GTM frameworks (Scullion et al., 2010), we focus on high-performing or high-

potential talent at the managerial level or above in foreign subsidiaries, albeit while acknowledging the broader strategic importance of expatriation. This allows us to examine how local talent perceives HQ-driven GTM practices and how such perceptions inform subsidiary-level behaviors, particularly in relation to lateral knowledge transfer. Thus, in this study, we conceptually and empirically distinguish GTM from HRM in terms of scope, target population, and implementation mechanisms. Table 1 provides a structural overview of existing GTM research by summarizing the key studies referenced in this paper.

[Table 1 goes about here]

Building on this distinction, it becomes essential to consider how HQ involvement shapes the actual implementation and outcomes of GTM practices in multinational contexts.

HQ involvement and GTM

IB and HRM scholars have studied HQ involvement and GTM extensively but typically separately, thereby overlooking the mechanisms linking them. Therefore, there exists no comprehensive understanding of how macro-level HQ involvement is translated via GTM at the subsidiary level into micro-level talent behaviors or how the aggregation of these behaviors ultimately supports cross-subsidiary knowledge transfer. To address this gap, our theoretical model conceptualizes HQ attention and socialization mechanisms as key instruments of HQ involvement that facilitate effective GTM implementation at foreign subsidiaries. In addition, we propose that the HQ-set performance evaluation criterion directly motivates lateral knowledge transfer across subsidiaries.

HQ attention structure and GTM

According to the attention-based view, organizational decision-makers' focus and allocation of attention—such as noticing, encoding, and interpreting strategic information

(Ocasio, 1997)—guide resource distribution and priorities within MNCs. GTM acts as the key cross-level mechanism through which macro-level HQ attention is translated into effective GTM implementation at the subsidiary level, ultimately enabling knowledge transfer across the MNC network. By fostering reciprocal relationships between organizations and individuals, GTM encourages them to engage more actively in knowledge sharing and transfer. This alignment between HQ attention and GTM highlights the critical role of HQ attention in shaping GTM implementation at the subsidiary level.

GTM is aligned with an organization's global strategy, which influences the link between GTM and MNC performance (Caligiuri et al., 2024). Collings et al. (2019) explained that, when interdependence is high, HQs will pay particular attention to a subsidiary's behavior and provide it with more resources. Hence, understanding how HQ involvement impacts GTM at foreign subsidiaries is crucial, as it directly influences the effectiveness of interunit knowledge transfer within an MNC.

In the IB field, Bouquet and Birkinshaw (2008) extended the attention-based view, pointing out that HQs encounter limitations in providing equal attention to all subsidiaries; they identified various factors, such as subsidiary weight and voice, that determine how subsidiaries compete for HQ attention. Ambos and Birkinshaw (2010) further explored how subsidiaries with high strategic autonomy, interunit power, and initiatives gain HQ attention and outperform peers. Recently, IB scholars have recognized attention as both a critical resource and a cognitive mechanism shaping managerial decision-making processes in MNCs (e.g., Belenzon et al., 2017; Conroy & Collings, 2016; Nell et al., 2017; Yu et al., 2019).

Prior research on attention in MNCs has highlighted that HQ attention is shaped by internal and external factors, serving as a pivotal determinant of resource allocation and

investment. HQs tend to prioritize certain subsidiaries and markets over others (Bouquet & Birkinshaw, 2008; Dellestrand & Kappen, 2012; Nell et al., 2017; Plourde et al., 2014). Subsidiaries receiving high HQ attention are more likely to attract HQ support, resources, and interest; this, in turn, enhances their performance and promotes interunit knowledge transfer within an MNC (Ambos & Birkinshaw, 2010; Bouquet & Birkinshaw, 2008; Yu et al., 2019). These subsidiaries maintain stronger communication channels with HQs, develop greater capabilities, and demonstrate more innovation; however, they also face higher expectations and scrutiny from HQs (Bouquet & Birkinshaw, 2008; Collings et al., 2019; Yu et al., 2019). According to Yu et al. (2019), subsidiaries receiving high HQ attention strive to meet performance expectations to maintain their structural position, and failure to do so may lead to a loss of HQ support and resources. To maintain a favorable status, subsidiaries align closely with HQ-driven GTM initiatives, which enables them to access strategic resources, maintain HQ trust, and enhance their internal legitimacy.

Previous studies have identified the positive and negative aspects of HQ attention with regard to foreign subsidiaries (Ambos & Birkinshaw, 2010; Bouquet & Birkinshaw, 2008; Conroy & Collings, 2016). Positive HQ attention refers to “the extent to which a parent company recognizes and credits a subsidiary for its contribution to the MNE as a whole” (Bouquet & Birkinshaw, 2008, p. 579). In contrast, negative HQ attention manifests as direct interventions, such as increased monitoring or mandate removal when a subsidiary’s actions conflict with MNC strategies, and indirect effects, such as excessive time demands that may hinder performance despite good intentions (Conroy & Collings, 2016). In line with Bouquet and Birkinshaw’s (2008) research, our study focuses on positive HQ attention.

The relationship between HQ attention and GTM is shaped by how foreign subsidiaries align HQ-driven GTM practices with the implementation of these practices. Subsidiaries receiving high HQ attention are more likely to occupy central positions within the MNC network (Bouquet & Birkinshaw, 2008). Collings et al. (2019) emphasized that centrality, referring to a subsidiary's position within the MNC network, plays a key role in this alignment. Central subsidiaries receive more resources from HQs and engage in more intensive knowledge sharing with HQs, which not only strengthen these subsidiaries' capacity to implement HQ policies but also drive network-wide knowledge transfer.

Thus, greater HQ attention increases the likelihood of subsidiaries effectively implementing HQ-driven GTM practices in line with the parent organization's strategic objectives.

Based on this, we propose the following hypothesis:

Hypothesis 1: The more attention the HQs pays to a foreign subsidiary, the more GTM practices are effectively implemented at the foreign subsidiary.

HQ attention and socialization mechanisms

Socialization is the process through which organizational members learn and internalize common rules and practices (Edström & Galbraith, 1977). It fosters interpersonal ties within an MNC (Tsai, 2001; Tsai & Ghoshal, 1998) and helps create a shared framework of goals and values, facilitating their alignment across an organization (Tsai & Ghoshal, 1998). In this study, we define socialization mechanisms as organizational practices initiated by HQs to facilitate interpersonal interaction, trust building, and strategic alignment with subsidiaries. These mechanisms include interunit committees, cross-border task forces, and training sessions, which

promote cohesion and enable effective knowledge transfer within MNC networks (Björkman et al., 2004; Crespo et al., 2020).

In the context of HQ attention, including support, resource allocation, and strategic focus as recognition of their importance within the MNC network. Such recognition fosters greater trust toward HQs (O'Donnell, 2000), which in turn encourages subsidiaries to invest in socialization mechanisms to align more effectively with HQ goals and practices. The trust generated by positive HQ attention increases subsidiaries' willingness to adopt socialization mechanisms and support strategic goals (Conroy & Collings, 2016; Kostova et al., 2016); however, excessive or inconsistent HQ attention can be perceived as coercive and weaken trust.

Therefore, a balance between providing support and maintaining subsidiary autonomy is critical for sustaining cooperative behaviors and fostering integration within an MNC.

Based on this, we propose the following hypothesis:

Hypothesis 2: The more attention the HQs pays to a foreign subsidiary, the more socialization mechanisms are used at the foreign subsidiary.

Socialization mechanisms and GTM

Organizational members' interpersonal networks and trust-based relationships play key roles in aligning HQ intentions with GTM implementation at foreign subsidiaries (Nahapiet & Ghoshal, 1998; Sharma & Phookan, 2022). We focus on how socialization mechanisms function as a critical element of HQ involvement, facilitating GTM implementation (Ahlvik & Björkman, 2015; Ahlvik et al., 2016; Björkman et al., 2004; Crespo et al., 2020).

Prior research has demonstrated that these interactions provide opportunities for subsidiary actors to understand HQ expectations while expressing their own perspectives, thereby reducing barriers to implementing HQ-driven GTM practices (Ahlvik & Björkman,

2015). However, empirical evidence has been mixed. For instance, in the context of Nordic MNCs, some studies have found relational factors (e.g., trust, shared norms) to be more significant than structural ones (e.g., committees, task forces) for the internalization of HRM practices (Ahlvik & Björkman, 2015; Ahlvik et al., 2016). Nonetheless, frequent and meaningful HQ–subsidiary interaction is generally considered beneficial for promoting subsidiary managers’ understanding of HQ intent and overcoming implementation barriers (Nahapiet & Ghoshal, 1998; Tsai & Ghoshal, 1998).

These findings highlight the dual function of socialization mechanisms in GTM implementation. First, strong structural connections facilitate regular communication and the transfer of formal knowledge and practices across units. Second, the development of trust and shared norms through repeated interaction enables deeper understanding, reduces resistance, and fosters a cooperative climate for implementing HQ-driven initiatives. Thus, the structural and relational elements of socialization mechanisms work together to align subsidiary behaviors with HQ intentions, ultimately supporting the effective adoption of GTM practices at the subsidiary level.

In summary, frequent HQ–subsidiary interaction increases the likelihood of the effective implementation of HQ-developed GTM practices by enhancing subsidiary managers’ understanding of HQ intentions.

Based on this, we propose the following hypothesis:

Hypothesis 3: The greater the use of socialization mechanisms in a foreign subsidiary, the more effectively GTM practices are implemented in the foreign subsidiary.

GTM as a bridging mechanism for coordinating knowledge transfer in MNCs

Theoretical integration: Cross-level GTM and social exchange theory

Building on Collings et al. (2019), we explore how subsidiary-level knowledge outcomes emerge from individual-level responses to HQ-driven GTM practices. Collings et al. (2019) conceptualized GTM as a dynamic capability embedded at the HQ, subsidiary, and individual levels. Applying Wright and Nishii's (2007) process model ("intended, implemented, and perceived practices") and Minbaeva's (2013) microfoundational perspective, we conceptualize Subsidiary-level knowledge outcomes as emerging from individual-level responses to HQ-driven GTM.

At the HQ level, GTM practices are designed as "intended GTM practices," defined as practices "tied directly to the business strategy or determined by some other extraneous influences" (Wright & Nishii, 2007, pp. 9–10). At the subsidiary level, these become "implemented GTM practices," which are enacted in and adapted to local contexts and may diverge from their original intent due to local interpretation (Wright & Nishii, 2007, p. 10). This aligns with recent findings by Koeppe et al. (2024), who demonstrated that the quality of HQ–subsidiary relationships significantly influences the local enactment of GTM practices. At the individual level, talented individuals interpret and experience these as "perceived GTM practices," shaped by their own subjective understanding (Wright & Nishii, 2007, p. 11). Central to this framework are the concepts of "vertical fit," which refers to the degree to which intended GTM practices are coherently implemented at subsidiaries, and "emergence," in which the aggregation of individual-level outcomes (e.g., motivation, engagement, and knowledge sharing) contributes to subsidiary and firm performance. This multilevel perspective also highlights the potential gap between HQ-intended GTM practices and the ways in which these practices are actually implemented and experienced at the subsidiary level. Such misalignments may limit GTM's effectiveness in fostering knowledge transfer (Koeppe et al., 2024).

Although this conceptual framework highlights the structural and strategic linkages across levels, it does not explicitly address how GTM practices generate knowledge-related outcomes. To address this gap, we draw on Minbaeva's (2013) microfoundational perspective, which offers a detailed cross-level explanation of how HRM practices influence individual knowledge behaviors. Specifically, Minbaeva (2013) argues that HRM practices shape knowledge-sharing behavior by influencing employees' ability, motivation, and opportunity to share knowledge. Building on this insight, we conceptualize GTM as a strategic subset of HRM practices whose effects similarly unfold through these microfoundational mechanisms. When managerial talent perceives GTM initiatives—such as selective development opportunities, recognition, or strategic investments—as enhancing their abilities, strengthening their motivation, or expanding their opportunities to contribute, they are more likely to engage in knowledge-sharing behaviors. These micro-level behaviors, when aggregated within a subsidiary, foster knowledge processes and climates that support interunit knowledge flows, ultimately enabling lateral knowledge transfer among subsidiaries. By reframing GTM through Minbaeva's microfoundational logic, we clarify how individual interpretations and enactments of GTM practices scale up to shape subsidiary-level knowledge outcomes.

Thus, we are able to clarify the specific processes through which GTM encourages knowledge-sharing behaviors among local talent within subsidiaries as well as how these behaviors, when aggregated, facilitate lateral knowledge transfer across subsidiaries. Crucially, Collings et al. (2019) also emphasized the importance of dynamic HQ–subsidiary interaction, including bottom-up feedback loops through which subsidiary behaviors and individual contributions shape learning and future GTM strategies. However, the psychosocial mechanisms

through which individual responses to GTM practices aggregate into subsidiary- and network-level knowledge outcomes remain underexplored.

To address this, we incorporate social exchange theory to explain how managerial talent's perceptions of GTM investments shape these individuals' attitudes and behaviors. Social exchange theory (Blau, 1964; Cropanzano & Mitchell, 2005) provides the theoretical foundation for our model, viewing individual–organization relationships as reciprocal exchanges. By applying Collings et al.'s (2019) cross-level GTM framework, we use social exchange theory to explain how HQ-designed GTM practices—as strategic interventions—shape individual-level interpretations and behaviors, which in turn drive subsidiary-level knowledge transfer. Simultaneously, from a bottom-up perspective, GTM can be understood as a microfoundation of lateral knowledge transfer. Local talent interprets and enacts these practices in ways that directly contribute to knowledge sharing across peer subsidiaries.

In doing so, managerial talent interprets GTM investments, such as selective development opportunities, as organizational trust and support, which, in turn, motivate commitment and knowledge sharing (Björkman et al., 2013; Gelens et al., 2013; Li et al., 2023). When these positive responses are shared among multiple individuals, they generate team-level capabilities and climates that facilitate lateral knowledge transfer across subsidiaries (Collings et al., 2019; Ployhart & Moliterno, 2011). Thus, GTM serves as a strategic intervention by HQs that facilitates cross-subsidiary knowledge transfer within an MNC.

Based on these premises, we propose the following hypothesis:

Hypothesis 4: The more GTM practices are implemented in a foreign subsidiary, the more knowledge is transferred from the foreign subsidiary to other corporate units.

The mediating function of GTM as a cross-level mechanism for lateral knowledge transfer

Extending Collings et al.'s (2019) cross-level GTM framework, we reconceptualize GTM not only as a system for identifying and developing talent but also as a cross-level mediating mechanism—a strategic coordination infrastructure that bridges and aligns dispersed units and enables lateral knowledge transfer. Recent research has highlighted the importance of aligning and coordinating global (HQ) and local (subsidiary) GTM practices (e.g., Jooss, 2018), supporting our conceptualization of GTM as a cross-level connector. By integrating the aforementioned cross-level framework with the relational mechanisms of social exchange theory, our framework highlights the central role of GTM in shaping reciprocal relationships between HQs and subsidiaries, supporting knowledge integration across levels.

The previous section outlines how GTM practices lead to knowledge-related outcomes across levels. In this section, we further elaborate on the cross-level mediating and bridging role of GTM as a mechanism that coordinates and integrates knowledge resources throughout an MNC. Drawing on Minbaeva's (2013) microfoundational perspective again, we argue that GTM becomes a strategic cross-level mediator when it fosters reciprocal social exchange relationships between an HQ and key subsidiary talent. Specifically, when HQ-driven GTM practices signal investment and recognition to the core talent in a subsidiary, these individuals perceive organizational support and develop a sense of obligation to reciprocate. According to social exchange theory (Blau, 1964; Cropanzano & Mitchell, 2005), such perceived support generates a cycle of reciprocity, in which talented individuals respond by engaging in positive behaviors that benefit the organization, such as sharing valuable knowledge (Li et al., 2023). These reciprocal exchanges gradually build trust and mutual commitment, which serve as the micro-level mechanisms linking GTM practices to enhanced knowledge transfer (Farndale et al., 2010; Minbaeva & Collings, 2013). As core talent engages in lateral knowledge sharing, these

individuals' ongoing contributions accumulate and collectively foster a subsidiary-level climate that further encourages collaboration and knowledge integration. In this way, social exchange processes explain how GTM practices can facilitate seamless lateral knowledge transfer across organizational boundaries by enabling the acquisition, sharing, and integration of knowledge.

Collectively, these insights provide a theoretical basis for reconceptualizing GTM as a cross-unit and cross-level coordinating and mediating mechanism that supports lateral knowledge transfer. Rather than functioning solely as a development system for talented individuals, GTM acts as the key linking mechanism through which HQs shape shared expectations, performance standards, and social exchange relationships that drive network-wide knowledge integration.

HQ attention motivates subsidiaries to implement GTM practices that align with HQs' strategic goals, as it signals investment and support through socialization mechanisms. Subsidiaries thus become key conduits for knowledge transfer, sharing insights and best practices across units to enhance overall MNC performance (Cropanzano et al., 2017). In this process, socialization mechanisms and GTM practices act as sequential mediators linking HQ attention to lateral knowledge transfer. This mediating model highlights the critical interplay between HQ attention, socialization mechanisms, and GTM practices in facilitating and maximizing knowledge flow within the MNC network.

Based on this discussion, we propose the following hypothesis:

Hypothesis 5: The relationship between HQ attention and knowledge transfer to other corporate units is sequentially mediated by the use of socialization mechanisms and GTM practices in the foreign subsidiary.

Performance evaluation criteria and lateral knowledge transfer

HQs often control foreign subsidiaries' behavior through performance evaluation criteria that align subsidiary objectives with HQ priorities and direct subsidiary managers' attention to critical operational areas. Outcome control involves setting goals and objectives for desired outcomes, with subsidiaries retaining autonomy in goal attainment while assuming accountability for outputs (Ambos et al., 2019; Eisenhardt, 1989). These evaluation criteria are designed and communicated by HQs and reflect strategic priorities such as knowledge transfer. As noted by Björkman et al. (2004), the performance criteria used by HQs directly influence what subsidiary managers focus on and prioritize in their operations. Hence, when knowledge transfer is emphasized in these criteria, subsidiaries are more likely to engage in it. Thus, in our framework, we set the performance evaluation criterion as a complementary mechanism that reinforces the effectiveness of GTM in promoting lateral knowledge transfer across subsidiaries. Such an explicit evaluation criterion may also help foster a broader awareness of knowledge sharing, including among individuals not designated as core talent.

Research on HQ–subsidiary relations indicates that subsidiaries often prioritize their own interests, even when recognizing potential benefits for the parent organization (Kostova et al., 2016). Without explicit incentives for knowledge sharing, subsidiaries may hesitate to transfer proprietary knowledge to other units (Gupta & Govindarajan, 2000). Björkman et al. (2004) found that, when HQs emphasize knowledge transfer, subsidiaries are motivated to prioritize such efforts because they understand that their performance will be evaluated based on knowledge-sharing effectiveness. Thus, MNCs can promote lateral knowledge transfer by embedding it in performance evaluation criteria.

Based on this, we propose the following hypothesis:

Hypothesis 6: The more the HQ emphasizes knowledge transfer when evaluating the focal foreign subsidiary's performance, the more knowledge is transferred from the focal foreign subsidiary.

Figure 1 presents the conceptual model, visually summarizing the overall theoretical framework underlying our hypotheses. This model integrates the attention-based view and social exchange theory with Collings et al.'s (2019) cross-level GTM framework. HQ involvement, encompassing HQ attention, socialization mechanisms, and the performance evaluation criterion, initiates and shapes the GTM process, which is implemented at the subsidiary level and interpreted by talented individuals as perceived GTM practices. In this framework, HQ attention and socialization mechanisms are conceptualized as key instruments of HQ involvement, that facilitate effective GTM implementation at foreign subsidiaries, whereas the performance evaluation criterion serves as a separate instrument that directly promotes lateral knowledge transfer at the subsidiary level, complementing the effect of GTM implementation rather than being a part of it. The model highlights the mediating role of GTM practices in translating HQs' strategic intent into lateral knowledge transfer at foreign subsidiaries. In the conceptual model, HQ attention, socialization mechanisms, and the performance evaluation criterion are grouped under the umbrella of "HQ involvement," reflecting their joint theoretical role in shaping GTM practices. However, the analytical model further explicates this involvement by specifying the causal paths among these components to capture the temporal and processual nature of GTM implementation. In line with our research design, all constructs in this model are conceptualized and measured at the subsidiary level.

[Figure 1 goes about here]

RESEARCH METHODOLOGY

Sample and procedures

We tested the hypotheses using survey data from Japanese companies' foreign subsidiaries in Asia and Europe. MNCs and their subsidiaries were identified using *Kaigai Shinshutsu Kigyo Soran* (Company Edition) by Toyo Keizai Inc. (2020) and the Orbis database provided by Bureau van Dijk—two comprehensive databases summarizing the overseas expansion of Japanese companies and information about companies worldwide, respectively. Data extraction involved several steps. First, we identified regional HQs (RHQs) owned by Japanese MNCs through *Kaigai Shinshutsu Kigyo Soran* and extracted their corporate numbers from the National Tax Agency's corporate number site. Subsequently, these numbers were linked to the Orbis database to confirm the global ultimate owner and identify the subsidiaries managed by these RHQs.

The targeted RHQs were located in Europe, China, Singapore, and Thailand, and the companies were classified into four regional groups. For management regions, we adopted Orbis classifications: "Europe" and "China" for RHQs in those areas and "Asia (Far East & Central Asia)" and "Oceania" for RHQs in Singapore and Thailand, as many MNCs manage these regions collectively. This process enabled us to construct datasets for Japanese companies with RHQs and their subsidiaries in the targeted regions. Afterward, using Orbis, we collected contact information, including the companies' postal codes, addresses, and phone numbers as well as the names and details of their chief executive officers (CEOs), direct managers, or HR officers. To maximize response rates, the questionnaire did not request the names of HQs or RHQs.

For subsidiaries in Europe, we conducted questionnaire surveys via mail in February and March 2022. For those in Asia, we conducted a mail survey in December 2022. Initially, 2173

European subsidiaries were selected from the Orbis database, but 148 were excluded due to their addresses being unknown. Surveys were sent to company presidents when possible and to HR officers or managers otherwise. As postal restrictions during the COVID-19 pandemic affected various countries, such as Italy, Russia, Finland, and Romania, 245 subsidiaries were removed from the mailing list. Ultimately, we sent surveys to 1780 subsidiaries, but 87 of these were returned due to address-related issues. We received responses from 85 companies—a 5.0% response rate.

Regarding subsidiaries in Asian regions, such as China, Singapore, and Thailand, 3541 subsidiaries were initially selected. After excluding one locally operated company, 3540 subsidiaries remained as the target group. The database contained 366 subsidiaries with unknown addresses. Similar to Europe, postal restrictions during the COVID-19 pandemic affected certain countries, including India, Laos, and Cambodia, leading to the removal of 220 subsidiaries from the mailing list. Ultimately, we sent surveys to 2898 subsidiaries, but 284 of these were returned due to address-related issues. We received responses from 31 companies—a 1.2% response rate.

International mail surveys targeting MNC executives are known to produce low response rates (Harzing, 2000), with particularly low rates observed in Southeast Asian countries. Harzing (2000) identified several contributing factors, including demanding work schedules, distrust of mail surveys, and concerns about competitive intelligence disguised as academic research. To address these challenges, we offered incentives such as Amazon e-gift cards or similar alternatives valued at 1500–2000 yen, which were sent to the respondents as a token of appreciation.

Measures

The questionnaire items for our survey were derived from prior research (see Appendix). Most variables were measured using multiple items on a 7-point Likert scale (e.g., 1 = strongly disagree; 7 = strongly agree) to ensure consistency with previous studies. All items were originally developed in English.

HQ attention

To measure HQ attention, we adopted items from Ambos and Birkinshaw (2010). The respondents (CEOs or HR officers/managers) were asked to assess the extent of the attention their subsidiary received compared to (1) key Asian markets such as China, (2) key regional markets, and (3) similarly sized global markets. In addition, they rated their subsidiary's success in gaining HQ attention in the form of (1) cash bonuses and career opportunities, (2) HQ efforts to understand local markets and products, and (3) the diffusion of best practices. All items were rated on a 7-point Likert scale (1 = much lower; 7 = much higher). Although the original study included a visible dimension of attention, we excluded it to preserve respondent anonymity.

Subsidiary knowledge transfer as a performance evaluation criterion

The item for measuring this variable was adopted from Björkman et al. (2004). We asked the respondents to rate the importance of the criterion "transfer of knowledge to other units" in HQs' evaluation of subsidiary performance. The responses were recorded on a 7-point Likert scale (1 = not at all important; 7 = very important).

Socialization mechanisms

Socialization mechanisms were measured using a six-item scale based on Roth and Nigh (1992). The respondents rated the frequency of integrative mechanisms used to align decisions between the subsidiary and the HQ, such as personal contact between managers and

interdepartmental committees, on a 7-point Likert scale (1 = rarely; 7 = very often). Two of the six items were excluded due to low factor loadings (below 0.60) (Heggstad et al., 2019). The remaining four items were summed to calculate the final score (Cronbach's alpha = 0.81). As the original six-item scale had a Cronbach's alpha of 0.80, there was minimal change, confirming the reliability of our measure.

GTM

In line with prior research, this study defines “talent” as managers and professionals at overseas subsidiaries (CIPD, 2015; Collings & Mellahi, 2009; Jooss et al., 2024; Tatoglu et al., 2016). We adopted 20 items from Tatoglu et al. (2016) and CIPD (2015) to measure GTM. Although Tatoglu et al. (2016) used a 5-point scale, we employed a 7-point one (1 = never used; 7 = used very extensively). The respondents were asked to indicate the extent to which each talent management practice, including networking, coaching, training in international operations, and internal secondment, was used in their companies. Five items were excluded due to low factor loadings (below 0.60) (Heggstad et al., 2019). The remaining 15 items were summed to calculate the final score (Cronbach's alpha = 0.93). As the original 20-item scale also had a Cronbach's alpha of 0.93, this confirmed the reliability of our measure.

Lateral knowledge transfer

The lateral transfer of subsidiary knowledge, the dependent variable, was adapted from Björkman et al. (2004). On a 7-point Likert scale (1 = not at all; 7 = very much), the respondents rated the extent to which the subsidiary's distinctive competencies in five business activities—general management, manufacturing, marketing and sales, service, and research and development (R&D)—were utilized by other corporate units. Björkman et al. (2004) emphasized that this operationalization does not imply full replication of knowledge in the receiving unit.

The construct was calculated as the total sum of the scores for the five activities divided by the number of items. The Cronbach's alpha was 0.84, indicating good reliability.

Control variables

Our control variables comprised factors that could potentially influence the key variables: region, industry, mode of establishment, subsidiary size, subsidiary age, number of expatriates, and subsidiary functions. Industry classification followed standard industrial categories: (1) agriculture, forestry, and fishing, (2) mining, (3) construction, (4) manufacturing, (5) transportation, communication, electricity, gas, and sanitary services, (6) wholesale trade, (7) retail trade, (8) finance, insurance, and real estate, (9) services, (10) public administration, and (11) others. Based on Björkman et al. (2004), the mode of establishment was measured by asking whether the subsidiary had been acquired, coded as 0 ("no") or 1 ("yes"). Subsidiary size was measured as the logarithm of the number of employees, and age was calculated from the establishment year reported by the respondents (Björkman et al., 2004). Furthermore, the respondents were asked if the subsidiary performed specific functions, including manufacturing, marketing and sales, service, or R&D, coded as 0 ("does not have") or 1 ("has").

Statistical analysis

We conducted a regression-based analysis using the PROCESS macro in SPSS (Model 6; Hayes, 2018) with 5,000 bootstrap samples to test the proposed sequential mediation model involving HQ attention, socialization mechanisms, GTM practices, and lateral knowledge transfer. The relationship between performance criterion and lateral knowledge transfer from the focal subsidiary was examined using a hierarchical multiple regression approach. Prior to hypothesis testing, we performed confirmatory factor analyses (CFAs) to assess the discriminant validity of the measurement model (Byrne, 2006). Specifically, we conducted CFAs for the items

measuring HQ attention, socialization mechanisms, GTM practices, performance evaluation criterion, and lateral knowledge transfer. The results of the five-factor model indicated a good fit with the data ($\chi^2 [396] = 667.6, p < 0.01$; CFI = 0.83; TLI = 0.81; SRMR = 0.08; and RMSEA = 0.08). To examine the presence of common method variance, we compared the baseline model with a one-factor model in which all variables were attributed to common method variance (Podsakoff et al., 2003). The one-factor model showed a poor fit with the data ($\chi^2 [405] = 950.8, p < 0.01$; CFI = 0.66; TLI = 0.63; SRMR = 0.10; and RMSEA = 0.12). The five-factor model exhibited a significantly better fit ($\Delta\chi^2 [9] = 283.2, p < 0.01$), suggesting a low likelihood of common method bias in the data.

RESULTS

Based on the aforementioned results, we performed a regression-based analysis using the PROCESS macro in SPSS to examine the relationships among our variables as hypothesized in the theoretical framework. Table 2 presents the descriptive statistics and correlations among the variables in this study. These statistics also demonstrate sufficient variation across regions, industries, and organizational sizes, offsetting potential concerns about sample representativeness raised by the low response rate.

[Table 2 goes about here]

Figure 2 presents the results of the regression-based analysis using the PROCESS macro and the hierarchical multiple regression analysis.

[Figure 2 goes about here]

The outcome variable for the analysis was lateral knowledge transfer from the focal subsidiary. The predictor variables were HQ attention, socialization mechanisms, GTM practices, and performance evaluation criterion. The results (Figure 2) indicate that HQ attention had a

significant positive effect on GTM practices ($B = 0.34, p < 0.01$), supporting Hypothesis 1. Furthermore, Hypotheses 2 and 3 were supported: HQ attention was positively related to socialization mechanisms ($B = 0.50, p < 0.01$), and socialization mechanisms were positively related to GTM practices ($B = 0.38, p < 0.01$). Regarding Hypothesis 4, GTM practices had a significant positive effect on lateral knowledge transfer ($B = 0.64, p < 0.01$). With regard to Hypothesis 5, the indirect effect of GTM practices on the pathway from HQ attention to lateral knowledge transfer was significant (indirect effect = 0.22, 95% CI [0.10, 0.37]). In contrast, the pathway through socialization mechanisms alone was not significant (indirect effect = 0.03, 95% CI [-0.09, 0.16]). However, the serial mediation path through both socialization mechanisms and GTM practices was significant (indirect effect = 0.12, 95% CI [0.04, 0.26]), supporting Hypothesis 5. To enhance the reliability of these findings and ensure the accuracy of the estimated CIs, we employed the bootstrap method, with 5000 resamples, and the results confirmed the significance of Hypotheses 1, 2, 3, and 4 ($B = 0.34, 95\% \text{ CI } [0.16, 0.51]$; $B = 0.50, 95\% \text{ CI } [0.30, 0.71]$; $B = 0.38, 95\% \text{ CI } [0.22, 0.53]$; and $B = 0.64, 95\% \text{ CI } [0.35, 0.94]$, respectively).

To test the relationship in Hypothesis 6, we conducted a hierarchical multiple regression analysis. In the first step, we entered the control variables, followed by performance evaluation criterion as the key predictor. The results showed that performance evaluation criterion had a positive effect on lateral knowledge transfer ($B = 0.42, p < 0.01$). To strengthen the reliability of the results and ensure that the confidence intervals were accurately estimated, we employed the bootstrap method, with 5000 resamples, and the results confirmed that performance evaluation criterion was significant ($B = 0.42, p < 0.01, 95\% \text{ CI } [0.27, 0.56]$). Thus, Hypothesis 6 was supported.

To assess the robustness of our findings, we conducted several supplementary analyses, including models without control variables, subgroup analyses (e.g., European and manufacturing subsidiaries), and tests for reverse causality. We re-estimated the mediation paths using PROCESS Model 6 (Hayes, 2018) to verify whether the the total, direct, and indirect effects remained stable. Across all analyses, the key indirect effects of HQ attention on lateral knowledge transfer through GTM practices remained significant. Furthermore, the reversed models did not show significant effects. These results align with methodological best practices and demonstrate that our findings are robust despite the low response rate (Aguinis & Vandenberg, 2014; Baruch & Holtom, 2008; König & Sakshaug, 2023; Si et al., 2022).

Finally, we also considered the potential impact of nonresponse bias. Subsidiaries with more advanced GTM practices and stronger HQ involvement might have been more inclined to respond, potentially leading to an overestimation of positive effects. For similar reasons, subsidiaries with weaker GTM implementation might be underrepresented in our sample, as they might have felt less confident or motivated about participating in the research. These patterns may contribute to an overestimation of the average effect size. Although such bias cannot be fully ruled out, prior methodological research has shown that explicitly acknowledging potential nonresponse patterns and conducting robustness checks helps mitigate these concerns (Aguinis & Vandenberg, 2014; Baruch & Holtom, 2008; König & Sakshaug, 2023). Therefore, our robustness analyses provide reassurance regarding the credibility of our conclusions.

DISCUSSION

GTM is not merely a more intense version of HRM. Rather, it is a distinct, HQ-led, and selective system. This unique nature of GTM enables lateral knowledge transfer among foreign subsidiaries. By integrating macro-level (attention-based view) and micro-level (social exchange

theory) perspectives with Collings et al.'s (2019) cross-level GTM framework, this study provides a theoretical explanation that positions GTM practices as a mediating mechanism bridging these two levels. Furthermore, we identified HQ attention and socialization mechanisms as key instruments of HQ involvement that support GTM implementation. These instruments may play critical roles in enabling more effective lateral knowledge transfer across foreign subsidiaries. In addition, the performance evaluation criterion had a direct impact on lateral knowledge transfer. Notably, our findings indicate that while GTM serves as the principal mediating mechanism facilitating lateral knowledge transfer, the performance evaluation criterion functions as a complementary, independent HQ instrument that further reinforces the effectiveness of GTM in promoting such transfer.

Our empirical results confirmed the hypothesized serial mediation model: HQ attention was associated with stronger socialization mechanisms, which in turn appeared to facilitate GTM implementation, potentially enabling local talent to contribute to lateral knowledge transfer. Notably, GTM was shown to serve as a cross-level mediator that bridges macro-level HQ involvement with micro-level social exchange processes and, through the aggregation of these micro-level mechanisms, enables knowledge transfer at the subsidiary level. Although socialization mechanisms alone did not significantly mediate the relationship, they likely provide foundational support for effective GTM implementation.

Previous research has largely examined HQ involvement, GTM, and knowledge transfer separately. This study bridges these gaps by offering a combined perspective that positions GTM as a key cross-level mechanism mediating the effects of HQ attention on subsidiary knowledge outcomes, especially within the context of Japanese MNCs operating in Asia and Europe. Prior studies have typically focused on control or socialization mechanisms (e.g., Ambos &

Birkinshaw, 2010; Decreton et al., 2019) or on talent development/retention in Western contexts (Collings & Mellahi, 2009; Li et al., 2023). In contrast, our research shows how HQ-driven GTM practices, enabled by HQ attention and socialization mechanisms, may help facilitate lateral knowledge transfer across borders and how the performance evaluation criterion, serving as an independent instrument of HQ involvement, directly facilitates such knowledge transfer.

This contribution is particularly salient for MNCs in which global coordination through talent is difficult, as is the case with Japanese firms. Many MNCs operating under unique institutional and cultural constraints face persistent barriers to effective GTM and lateral knowledge transfer. Our findings empirically demonstrate that globally standardized GTM practices, enabled by HQ attention and socialization mechanisms, can help overcome these barriers and facilitate lateral knowledge transfer. In addition, we also show that the performance evaluation criterion can support such transfer. This underscores the complementary role of the performance evaluation criterion in enhancing the lateral knowledge transfer generated by GTM practices. These findings provide valuable insights for MNCs seeking to achieve more effective GTM. Moreover, we confirmed the robustness of our findings through a series of supplementary analyses, including checks for reverse causality and alternative model specifications. None of these alternative models provided significant support for competing explanations, further reinforcing the credibility of our conclusions and the mediating role of GTM in enabling lateral knowledge transfer.

Finally, it should be noted that the dynamics between GTM and knowledge transfer identified in this study may not generalize to all institutional and cultural contexts. For example, U.S. MNCs often emphasize individual performance and market-oriented HRM practices. By contrast, Korean MNCs employ more competitive and performance-based HRM practices than

Japanese firms, while still retaining strong collectivist traditions; these MNCs may implement exclusive GTM differently and experience different patterns of knowledge transfer compared to Japanese MNCs, which have more ethnocentric and opaque HRM traditions (Froese et al., 2020). Therefore, future research should further explore how varying institutional logics shape GTM and its impact on knowledge transfer in diverse settings.

Theoretical contributions

This study offers five key theoretical contributions to the literature on GTM, HQ involvement, and knowledge transfer in MNCs, particularly in institutionally and culturally diverse contexts. First, we propose and empirically test a cross-level model that bridges the macro-level attention-based view (Ambos & Ambos, 2009; Ambos & Birkinshaw, 2010; Ocasio, 1997) and the micro-level social exchange theory (Blau, 1964; Cropanzano & Mitchell, 2005), integrating them with Collings et al.'s (2019) cross-level GTM framework. The attention-based view explains how HQs selectively direct attention to specific subsidiaries, and social exchange theory accounts for how subsidiary-level reciprocal engagement processes are generated through GTM practices. However, as prior studies have largely examined these perspectives in isolation, the cross-level mechanisms of knowledge transfer and the role of GTM have received limited attention. Our model uniquely specifies the core organizational mechanisms through which HQ involvement influences lateral knowledge transfer among subsidiaries. Specifically, we identify (1) HQ attention and socialization mechanisms as key instruments for enhancing GTM implementation at the subsidiary level and (2) the performance evaluation criterion as an additional HQ involvement mechanism that complements and reinforces the effects of GTM by further supporting subsidiary-level lateral knowledge transfer, which may extend the awareness of knowledge transfer beyond those designated as talent. By combining these elements within a

unified cross-level framework, our study provides a more comprehensive understanding of how HQ's strategic intent is translated into subsidiary knowledge outcomes in MNCs.

Second, we elucidate the specific process through which HQ involvement facilitates lateral knowledge transfer within MNCs. Our findings demonstrate that HQ attention triggers socialization mechanisms that enable effective GTM implementation at the subsidiary level, thereby fostering lateral knowledge transfer among subsidiaries. This study thus clarifies how perceived HQ involvement is translated into subsidiary-level knowledge outcomes via organizational practices. By theorizing exchange processes not only between individuals but also between organizational entities engaged in complex resource and expectation flows, our research extends the application of social exchange theory. Furthermore, it advances the literature on HQ–subsidiary interaction (e.g., Ahlvik & Björkman, 2015; Ambos & Birkinshaw, 2010) by delineating the relational mechanisms through which HQ engagement shapes subsidiary behavior. Although prior research has highlighted the significance of HQ attention, our study provides more granular insights into how such engagement leads to the adoption of HQ-driven GTM practices, which subsequently promote knowledge sharing and transfer at the subsidiary level. This process-oriented perspective contributes to the existing literature (e.g., Collings & Mellahi, 2009; Minbaeva et al., 2013) by revealing the underlying mechanisms through which HQs' strategic intent is enacted in subsidiaries' social dynamics and cross-unit knowledge sharing, thereby moving beyond prior studies' emphases on unidirectional knowledge flows or talent development alone.

Third, we reconceptualize GTM as a cross-level strategic vehicle for facilitating lateral knowledge transfer within MNCs, as opposed to merely a system for talent development. By emphasizing the role of HQ attention and socialization mechanisms, we demonstrate that GTM

functions as an organizational conduit between global strategy formulation and local execution, enabling knowledge, skills, and best practices to flow laterally across dispersed subsidiaries. This highlights a shift from the traditional view of GTM as exclusively upward (talent pipeline) or downward (HQ-driven control) to one where it actively facilitates peer-to-peer knowledge transfer, thereby contributing to the dynamic capabilities of the entire MNC network. Our findings extend prior research, which has largely focused on the role of GTM in talent development or retention (e.g., Collings & Mellahi, 2009), by empirically demonstrating how GTM mechanisms also underpin knowledge integration and sharing between subsidiary units. GTM thus emerges as a cross-level mechanism that not only supports individual career advancement but also serves as a structural foundation for network-wide learning and capability building.

Fourth, we provide empirical evidence of the institutional adaptability of GTM, which has been primarily developed in Western contexts. Prior research has shown that Japanese firms tend to be characterized by ethnocentric and opaque HRM environments (Froese et al., 2020; Ishiyama & Tanaka, 2024; Sekiguchi et al., 2016). Although our study does not directly measure the ethnocentrism level of GTM in Japanese firms, it does analyze the implementation and effects of GTM practices in the subsidiaries of Japanese MNCs. The results showed that even within such institutionally and culturally embedded environments, HQ attention and socialization mechanisms (which facilitate GTM implementation) as well as the performance evaluation criterion (which directly promotes knowledge transfer) were positively associated with lateral knowledge transfer among local talent. This suggests that GTM can maintain its strategic functionality even under cultural norms of ambiguity and exclusivity if it is perceived as a sign of long-term support and developmental commitment. Thus, our findings offer empirical

evidence supporting the institutional adaptability of the GTM framework, in addition to underscoring the importance of theorizing how global systems operate within locally embedded GTM logics. Although our analysis focused on Japanese MNCs as a representative case, our results suggest that this model is also applicable to other MNCs operating under similar institutional and cultural constraints that complicate GTM.

Finally, these findings contribute to the ongoing debate in IHRM regarding the standardization versus localization of management practices in MNCs. Although GTM is typically designed as a globally standardized system, our study highlights that its effectiveness ultimately depends on how it is interpreted and enacted in specific subsidiary contexts. Owing to its selective and targeted nature, GTM may provide MNCs—especially those facing strong institutional and cultural constraints—with a practical tool to balance global alignment and local responsiveness (Caligiuri, et al., 2024; Collings & Mellahi, 2009). Furthermore, our results indicate that this dynamic may be relevant not only for Japanese MNCs but also for other organizations operating in similarly challenging environments. Even in contexts characterized by ethnocentric and ambiguous HRM practices, GTM was found to be associated with lateral knowledge transfer when it was perceived as a sign of organizational support and when knowledge transfer was explicitly emphasized in the performance evaluation criterion. Thus, as opposed to representing a binary choice, GTM may be orchestrated centrally but reinterpreted locally, underscoring the institutional adaptability of global HR practices.

Managerial implications

Our study offers two managerial implications. First, for HQs of MNCs, directing attention to specific foreign subsidiaries and employing a clear performance evaluation criterion can encourage lateral knowledge transfer by eliciting reciprocal behaviors from local talent. For

subsidiary managers, gaining HQ attention and aligning subsidiary behavior with HQ goals can attract increased resource allocation. This, in turn, signals to talented individuals that their contributions are valued, motivating them to engage in reciprocal behaviors, such as promoting lateral knowledge transfer from the focal foreign subsidiaries. Therefore, MNCs and their global managers should recognize the distinct roles of HQ involvement mechanisms: HQ attention and socialization mechanisms can help support GTM implementation at foreign subsidiaries, whereas the performance evaluation criterion, set by HQs, appears to be associated with increased lateral knowledge transfer.

Second, while HQ-driven GTM practices can enhance global coordination, they may also engender tensions concerning subsidiary autonomy and talent retention. Prior studies have highlighted that highly standardized or exclusive GTM can generate perceptions of exclusion or undermine local HR legitimacy if not adapted to local contexts (Collings et al., 2011; Dries & Pepermans, 2008; Meyers & van Woerkom, 2014). Such perceptions can weaken trust and increase turnover intentions among those who are not identified as “talent.” To mitigate these risks, MNCs should strike a balance between global standardization and local responsiveness.

Previous research has emphasized the importance of local responsiveness in GTM design, as it increases the acceptance and effectiveness of talent initiatives (Farndale et al., 2010; Mäkelä et al., 2010; Schuler et al., 2011). Therefore, involving local HR teams in customizing GTM criteria can ensure contextual fit and mitigate perceptions of arbitrariness. For instance, HQs can establish broad global criteria for talent identification but allow subsidiaries to nominate locally recognized high-potential individuals who best fit their contextual needs. Similarly, HQs can provide standardized global leadership development programs while granting subsidiaries the discretion to adapt program modules to reflect local market or cultural challenges. Such

approaches illustrate how HQ-driven GTM can combine strategic consistency with subsidiary-level autonomy, thereby promoting both global alignment and local acceptance.

Limitations and future research

Methodological limitations

Although our study provides valuable insights, several limitations should be considered. One important limitation is the cross-sectional nature of our data, which restricts the ability to draw definitive causal inferences among the variables in our theoretical model. To address this, future research should adopt a longitudinal design to better understand the effects of HQ involvement on GTM and the subsequent impact of GTM on knowledge transfer within MNCs.

Another limitation arises from our use of company-level data to assess HQ involvement, GTM, and knowledge transfer. To gain a deeper understanding of the related microfoundations—including how local talent responds to GTM and how this affects outcomes such as knowledge transfer—future research should incorporate individual-level analyses (Jooss et al., 2021; Tysjö & Wikhamn, 2023). Expanding the theoretical framework to include individual reactions to GTM would offer valuable insights, particularly considering the impact of differing talent status, such as talent versus non-talent. Exclusive GTM practices may lead to negative reactions or reduced motivation among non-talented individuals (Deboeck et al., 2018; Jooss & Krebs, 2024; Swailes, 2013). As this could potentially impede knowledge transfer, it remains an important limitation of our research design. Future studies should directly examine how non-talented individuals' responses influence the effectiveness of GTM and knowledge transfer within MNCs. Moreover, our study did not directly capture the potential gaps between HQ-intended GTM practices and subsidiary- or individual-level experiences of these practices. Future research could employ multisource data collected simultaneously from HQ, subsidiary, and individual levels to

directly assess vertical fit and discrepancies between intended, implemented, and perceived GTM practices. This approach would provide a more fine-grained understanding of how alignment or misalignment across levels shapes knowledge transfer in MNCs.

It is also important to acknowledge that our dataset was derived from Japanese companies' foreign subsidiaries in Asia and Europe. Japanese MNCs are known to have distinctive HRM practices (e.g., Froese et al., 2020). Consequently, direct comparisons with the GTM practices of Western MNCs are challenging. Future studies should take cultural and structural variations into account when interpreting our results and aim to incorporate diverse MNCs from different countries and regions to enhance generalizability.

Furthermore, the relatively small sample size in our study—likely resulting from survey challenges during the COVID-19 pandemic—raises concerns regarding the robustness and generalizability of our findings. In particular, although we made efforts to assess the representativeness of our sample across key organizational attributes, we acknowledge differences in the distributions of company size, firm age, and subsidiary functions: A one-sample chi-square test for industry classification showed no significant deviation from the expected even split (Binomial Test, n.s.), but one-sample Kolmogorov–Smirnov tests revealed significant differences from the expected uniform distributions for some variables ($p < 0.05$ for all), suggesting possible sampling bias despite substantial sample diversity. Although our supplementary analyses (including subgroup analyses and robustness checks) indicated that our main findings remained stable across key sample attributes, we cannot entirely rule out the risk of nonresponse bias or sampling limitations. Replicating and extending this research with larger and more diverse samples—potentially using improved sampling methods, follow-up surveys, or

weighting adjustments—will be necessary to further strengthen the reliability and generalizability of our results.

Theoretical limitations and future directions

Although our study highlights the role of HQ-driven GTM practices in promoting lateral knowledge transfer, it does not fully account for the contextual contingencies potentially moderating these effects. Prior research has shown that the success of GTM implementation is often contingent on subsidiary-level conditions, such as the quality of HQ–subsidiary relationships (e.g., Koeppe et al., 2024), the cultural intelligence of expatriate managers (e.g., Vlačić et al., 2019), institutional alignment, and the presence of intermediary actors such as regional HQs (e.g., Kasahara, 2020). These studies indicate that the effectiveness of GTM is not determined solely by top–down systems but is also affected by how such systems are interpreted and enacted through local relational and institutional structures.

Building on these methodological and theoretical limitations, we suggest several concrete directions for future research. First, adopting longitudinal designs could allow researchers to test the causal effects of HQ involvement on GTM implementation and the subsequent impact of GTM on knowledge transfer across subsidiaries over time. Second, incorporating multilevel and multisource data—collected simultaneously from HQ, subsidiary, and individual levels—would enable a direct assessment of the alignment between intended, implemented, and perceived GTM practices, clarifying how vertical fit influences knowledge transfer outcomes. Third, conducting individual-level analyses that include both talent and non-talent would provide insights into how different employee responses affect GTM effectiveness and cross-unit knowledge flows. Finally, by extending the model to diverse MNCs operating in different cultural and institutional contexts, future studies could test the generalizability of our findings and examine how cultural

and structural variations moderate the relationships among HQ involvement, GTM, and knowledge transfer.

These research directions would not only respond to the methodological and theoretical limitations of this study but also contribute to a more refined and generalizable understanding of GTM.

Disclosure Statement

During the preparation of this manuscript, ChatGPT (OpenAI, GPT-4, accessed June 2025) was used for preliminary grammar and language suggestions. Final editing was performed by a professional English editing service. All content was reviewed and confirmed by the authors.

Data Availability Statement

Although the data were collected anonymously, they are not publicly available owing to privacy and ethical restrictions.

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Table 1. Structural overview of GTM research: foundational studies and recent.

Category	Authors (Year)	Main theory/framework used	Key concepts / model proposed	Method	Sample size	Country / Region	Main contributions
Theoretical Foundation	Collings & Mellahi (2009)	Strategic HRM, Resource-based view	Differentiation of pivotal positions, talent pool, HR architecture	Review paper	N/A	N/A	Provided the first clear definition and theoretical model of strategic talent management; clarified conceptual boundaries and the concept of 'key positions'
Theoretical Foundation	Mellahi & Collings (2010)	Agency theory, Bounded rationality theory	Barriers to effective GTM in MNEs; obstacles in identifying/promoting talent at subsidiaries due to distance and information asymmetry	Conceptual paper	N/A	N/A	Identified theoretical barriers—rooted in agency theory and bounded rationality—that prevent headquarters from effectively identifying and promoting local talent at distant subsidiaries due to distance and information asymmetry.
Theoretical Foundation	Caligiuri et al. (2024)	Critical review; macro external/contextual factors.	Global Talent Management, global mobility, external macro-environmental factors	Review paper	N/A	N/A	Conceptualized GTM as a strategic activity for MNEs, emphasizing the integration of global mobility and the influence of macro-environmental factors on GTM effectiveness
Theoretical Foundation	Collings et al. (2019)	RBV, Human capital theory, Dynamic capabilities	Multi-level GTM-performance model; alignment across HQ, subsidiary, and individual levels, an integrative routines-based framework	Conceptual paper	N/A	N/A	Proposed a multi-level theoretical model linking GTM and performance in MNEs; introduced alignment as a key moderator and developed an integrative framework combining strategic, structural, and human capital perspectives
Theoretical Foundation	Minbaeva (2013)	Microfoundations perspective, knowledge-based view, strategic HRM	Microfoundations of knowledge-based performance, AMO (Ability, Motivation, Opportunity) as mechanism, SHRM practices for knowledge sharing	Conceptual paper	N/A	N/A	Advanced microfoundations of SHRM; theorized links between human capital, knowledge sharing, and performance
Empirical/Application	Björkman et al. (2004)	Agency theory, Socialization theory	HQ control mechanisms, corporate socialization, knowledge transfer	Quantitative	134 subsidiaries	Finland & China	Explored impact of HQ control and corporate socialization on knowledge transfer in MNCs
Empirical/Application	Björkman et al. (2013)	Social exchange theory	Talent identification, organizational identification, turnover intention	Quantitative	769 managers	Nordic countries	Showed motivational effects of talent identification on commitment and turnover intentions; transparency enhances satisfaction
Empirical/Application	Demirbag et al. (2024)	Institutional theory, resource dependence theory, network theory	Talent management in emerging markets, formal network ties, institutional constraints and uncertainty	Quantitative	238 firms	Turkey	Demonstrated that formal network ties enhance TM effectiveness in emerging markets, while regulatory instability constrains this relationship.

Category	Authors (Year)	Main theory/framework used	Key concepts / model proposed	Method	Sample size	Country / Region	Main contributions
Empirical/Application	Ishiyama & Tanaka (2024)	Social exchange theory, organizational justice theory, strategic TM	Self-perceived talent status, organizational justice, strategic ambiguity, talent perception incongruence	Quantitative	879 employees	Japan	Demonstrated that self-perceived talent status enhances work engagement and organizational commitment, mediated by organizational justice (distributive in learning orgs, procedural in non-learning orgs); developed SPTS scale; clarified the role of strategic ambiguity in TM
Empirical/Application	Jooss et al. (2021)	Human capital theory; high potential & performance framework	Talent designation in practice; high potential vs high performers distinction, mobility as contextual factor	Qualitative	26 interviews	International hotel chain (multi-country)	Provided an in-depth empirical analysis of talent designation processes and criteria; highlighted the ambiguity in distinguishing high potentials from high performers; identified mobility as critical in talent status
Theoretical Foundation	Jooss et al. (2024)	Social comparison theory	Non-talent designation; employee reactions (exclusion, motivation, commitment); attainability of talent status; transparency; social comparison processes	Conceptual paper	N/A	N/A	Developed a conceptual model of employee reactions to non-talent designation based on social comparison theory; extended the self-evaluation maintenance model with attainability; challenged the assumption that non-talent designation always leads to negative responses; and highlighted the importance of contextual factors and dynamic talent designation practices.
Empirical/Application	Jooss et al. (2024)	Paradox theory, strategic talent management	Middle managers as key TM stakeholders; short-term–long-term paradox; function–organisation paradox; defensive vs proactive responses; typology of approaches	Qualitative	147 interviews	Poland (26 MNC organizations)	Identified and theorized two key paradoxes faced by middle managers in TM; developed a typology of responses; demonstrated how these responses shape TM effectiveness and talent outcomes
Theoretical Foundation	Sousa et al. (2024)	Systematic review; integrative GTM framework (global work experiences, TM approaches, GTM)	Integrative GTM framework; talents, mobility, global experiences, interdependence among GTM, TM, and mobility	Review paper	105 articles	N/A	Conducted a systematic review and proposed an integrative GTM framework; highlighted interconnectedness of talents, mobility, and global experiences; set future research agenda
Theoretical Foundation	Tahmasebi & Nijs (2024)	Paradox theory	Multi-level framework of paradoxes in TM (intrapersonal, interpersonal, organizational); paradox responses (active/passive)	Conceptual paper	N/A	N/A	Proposed a comprehensive multi-level framework for understanding paradoxes in TM; systematically reviewed paradoxes and response mechanisms; advanced both/and perspective in TM research
Empirical/Application	Van Zelderen et al. (2024)	Social comparison theory	Genius effect, paradox of inclusion, talent status awareness (secrecy vs transparency)	Quantitative	1,679 participants	Belgium / Europe	Demonstrated that inclusive TM can cause negative reactions among non-talents, while exclusive and secretive TM can mitigate these via the genius effect; showed talent status awareness amplifies negative responses, while secrecy buffers them

Figure 1. Conceptual model in this study.

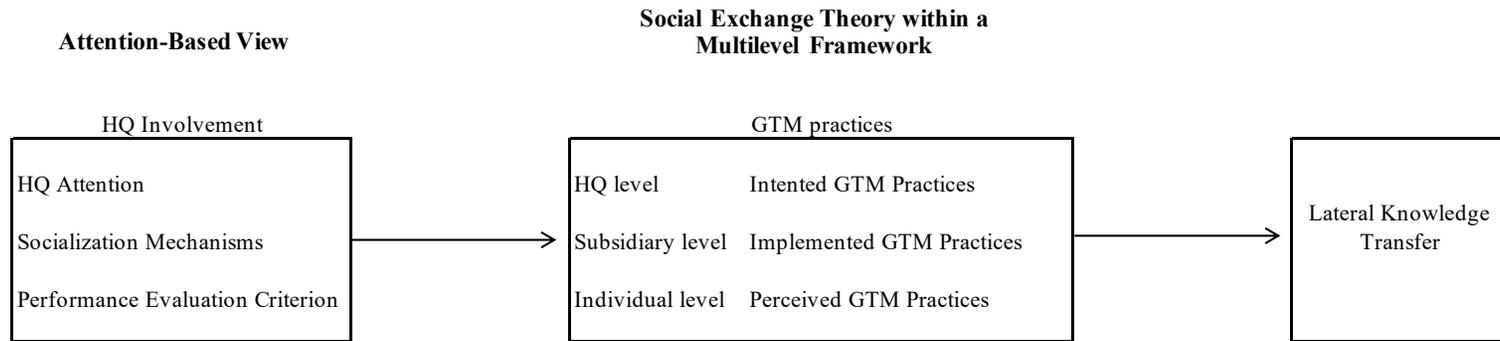
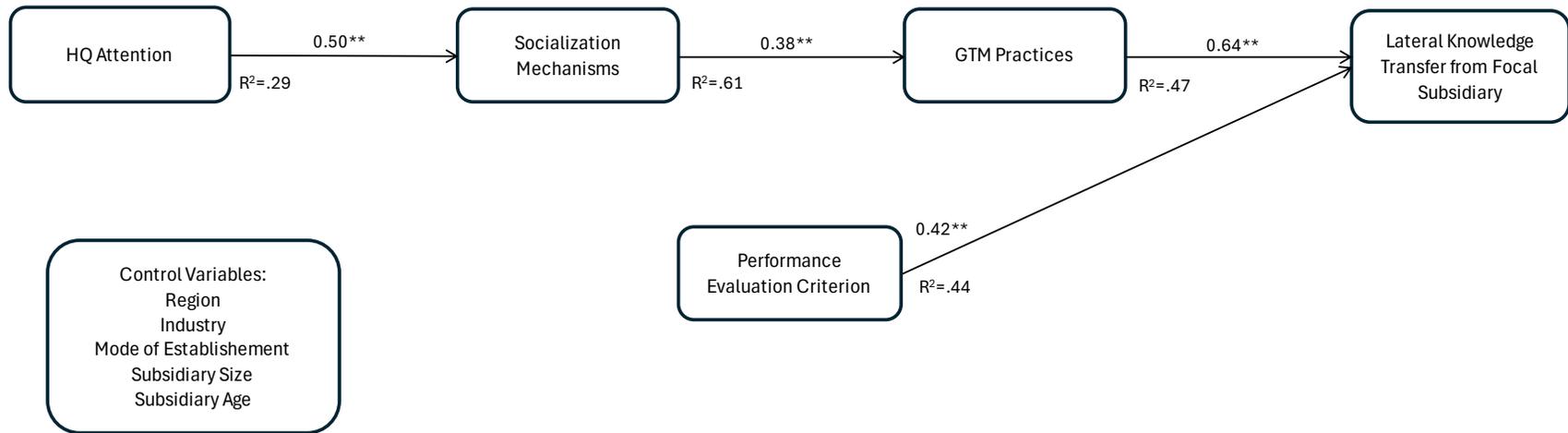


Table 2. Descriptive statistics and correlations of key variables in this study.

Variable	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1 Region	0.74	0.44														
2 Industry	0.51	0.50	0.01													
3 Mode of Establishment	1.15	0.76	-0.46 **	-0.01												
4 Subsidiary Size	472.86	1275.7	0.04	-0.18	0.09											
5 Subsidiary Age	29.47	26.49	0.13	-0.27 **	-0.14	0.34										
6 No of Expatriates	2.38	2.41	-0.11	-0.20 *	-0.08	0.21	0.04									
7 Subsidiary Function: Manufacturing	0.65	0.99	-0.21 *	-0.11	0.12	0.09	0.05	0.28								
8 Subsidiary Function: Marketing and Sales	0.68	0.47	0.10	-0.04 **	-0.27 **	0.07	0.09	0.10	0.04							
9 Subsidiary Function: Service	0.69	0.47	0.03	0.29	-0.02	-0.06	0.00	-0.05	-0.29 **	0.32 **						
10 Subsidiary Function: R&D	0.35	0.48	0.24 **	-0.02	-0.07	0.07	0.15	-0.05	0.28 **	0.22 *	0.17					
11 GTM	3.56	1.29	0.09	-0.08	-0.31 **	0.14 **	0.29	0.09 **	-0.03	0.14 *	0.10	0.30 **				
12 HQ Attention	4.20	1.12	-0.12	0.05	0.08	0.08	0.07	0.02	0.22 *	0.20 *	0.04	0.16	0.44 **			
13 Socialization Mechanisms	3.41	1.42	-0.05	-0.05	-0.11	0.12	0.02	0.17	0.10	-0.02	0.01	0.01	0.53 **	0.40 **		
14 Subsidiary Knowledge Transfer as a Performance Evaluation Criterion	3.49	1.87	0.14	-0.07	-0.20 *	0.00	0.02	-0.02	-0.11	-0.01	-0.06	0.15	0.51 **	0.30 **	0.40 **	
15 Lateral Knowledge Transfer	3.68	1.43	0.00	-0.05	-0.17	0.09	0.09	0.01	0.04	0.18	0.10	0.31 **	0.62 **	0.47 **	0.41 **	0.57 **

Note. $N = 116$. ** $p < 0.01$, * $p < 0.05$. Region was coded as 0 and 1, wherein 0 = “Asia” and 1 = “Europe.” Industry was coded as 0 and 1, wherein 0 = “manufacturing” and 1 = “service.” Mode of establishment was coded 0 and 1, wherein 0 = “not acquired” and 1 = “acquired.” Subsidiary function was coded 0 and 1, wherein 0 = “does not have” and 1 = “has.”

Figure 2. Results of the regression-based analysis using the PROCESS macro and a hierarchical multiple regression.



Note: $N = 116$. ** $p < .01$, * $p < .05$. Control variables were included in the PROCESS macro analyses—for the paths from HQ attention to socialization mechanisms, from socialization mechanisms to GTM practices, and from GTM practices to lateral knowledge transfer—as well as in the hierarchical multiple regression analysis for the path from performance evaluation criteria to lateral knowledge transfer.