TALENT MANAGEMENT PRACTICES IN EMERGING MARKET FIRMS: RESEARCH AGENDA

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Abstract: This paper reviews researches in talent management (TM) field and its implications for emerging markets’ context. We argue that there is necessity to investigate the extent to which multinational corporations from BRIC countries adopt TM practices and identifies factors influencing TM in Russia, China, India and Brazil. The paper aims to analyze theoretical background for TM to reveal the main directions of a comparative analysis of differences and peculiarities in talent practices in BRIC multinationals, the paper explores and provides a number of ideas and conclusions about TM challenges and talent practices in different emerging market contexts as a direction for further research.

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Talent Management Practices in Emerging Market Firms: Research Agenda

Introduction

A number of studies already consider the importance of TM (Mäkelä et al., 2010; Mellahi & Collings, 2010; Skuzu et al., 2013) and its contribution to sustainable competitive advantage (SCA) (Beechler & Woodward, 2009; Farndale et al., 2010). From all the intangible resources a firm may possess, develop and, thereby, create competitive advantage (CA), talented employees and a system of practices and instruments to manage them are the most valuable (Khatri, 2000; Ashton & Morton, 2005; Scholz, 2012; Dewhurst et al., 2013). The employment of talent and the high demand for it became a subject of discussion after the work published by the McKinsey specialists who declared “a war for talent” in 1997. Attention on the topic has been growing since, and both business theorists and practitioners accept its importance. The correlation between TM and a firm’s performance has been analyzed (Chintalapati & Gopinathan, 2009; Fey et al., 2009; Muratovic, 2013; Latukha, 2015) and a positive relation has been found, and researchers tend to pay more attention to the creation and retention of CAs via TM practices because “the war for talent is over and talent won”: 2014 has been declared to be “the year of the employee” (Bersin, 2013).

Firms from emerging markets have become strong rivals and have changed the competitive landscape in the international business arena but still need to have more developed managerial practices (Aulakh, 2007; BCG, 2011; Panibratov, 2012). Nowadays companies are in search of advantages which could become sustainable, bring better financial results, keep a company competitive in a market, and provide ways for their effective usage (Chintalapati, 2013; Goldsmith, 2013; Muratovic, 2013). Some emerging economies (India, China) are extensively researched while other countries still lack proper empirical study and analysis (Iles et al., 2010; Cooke et al., 2014), moreover cross-countries comparison is out of any research agenda nowadays. Generalization of the results received from several companies in various developing countries is impossible due to the specific identity of each country and economy (Khanna & Palepu, 2010; Peng, 2012). There is scope for comparative studies which consider how TM systems operate in different national contexts, especially in emerging market firms (Lewis & Heckman, 2006; Collings et al., 2011; Puffer & McCarthy, 2011; Skuzu et al., 2013; Latukha, 2015). Most studies on TM in MNCs focused “on the extent to which the employment practices of MNCs from developed economies have been transferred and received in their new host environments” (Aguzzoli & Geary, 2014) but limited studies focused on how these practices expand in developed markets and on how “they have been able to ‘capture’ and assimilate new practices into the wider company” (Aguzzoli & Geary, 2014), leaving aside the question of the potential emergence of BRIC-specific TM patterns (Ferner, 2009; Aguzzoli & Geary, 2014). We state that there is a necessity for analysis of TM practices in emerging multinationals to see how talent practices help them to create CAs in global international environment.

Talent management background

TM is gaining mainstream acceptance among academics and practitioners worldwide as one of the key management activities in recent years (Garrow & Herish, 2008). Some researchers point out that a definition of “talent” is necessary (Michaels et al., 2001; Kesler, 2002; Barlow, 2006; Pepe, 2007) to provide a clear TM strategy and to identify several research streams concerning talent definition. The first one is the perception of talent as giftedness. Talent is often believed to be natural aptitude, innate outstanding capability, natural endowment, genius and gift (Uzhakina, 2007; Naqvi, 2009). The second category includes a description of talent as certain knowledge and a high degree of value-added skills (Lewis & Heckman, 2006) that are required for a company (Ulrich, 2006). At the same time talent could be defined as the sum of a person’s abilities, an intrinsic gift, skills, knowledge,
experience, intelligence, judgment, attitude, character and drive; it also includes a person’s ability to learn and grow (Michaels et al., 2001; Beechler & Woodward, 2009; Niesova, 2009) including both previous notions. Talent is a prominent ability to achieve outstanding results; talented employees are the best-performers in the company, who rank at the top in terms of capability and performance (Stahl et al., 2007). Some authors stress that talent is enduring and unique, it is given from the birth and it is almost impossible to teach (Buckingham & Vosburgh, 2009). Moreover, a talented employee is also often defined as one who demonstrates potential for further promotion, a potential leader either at present or some point in future, who is “future-oriented” (Barron, 2007). What is more, there are definitions that include a “potential and performance” category in which a talented person is regarded as one who demonstrates great performance and potential for further development simultaneously: talent is a strategic balance between performance and potential (Ashton & Morton, 2005; Hartmann et al., 2010).

To suggest the essential differentiation between TM in a global context and international human resource management (IHRM), Tarique & Schuler (2010) in comparison with Lewis & Heckman (2006), suggest three main discrepancies. The first one states that TM envelops most significantly just two stakeholders – a company and an employee, while human resource management (HRM) comprises the impact on many more stakeholders: society, a company, customers, employees, and investors. The second distinction is that as a result of including fewer stakeholders, TM embraces narrower scope and concerns. The third idea is that TM concentrates mainly on planning, staffing, appraising, compensating, and training, while HRM practices are more diversified, numerous, and extensive (Tarique & Schuler, 2010). Therefore, by comparing TM and HRM, Tarique & Schuler (2010) separated TM from HRM, but at the same time admitted that TM is a segment of HRM and has an impact on HRM activities. To contribute to the given characteristics, a fourth discrepancy was added: defining the most valuable positions that influence CAs (Vance & Vaiman, 2008; Collings & Mellahi, 2009; Shipton et al., 2012; Holden & Vaiman, 2013).

In the 20th century SCA was discussed as a dominant feature in the field of strategic management. Porter (2005) gave “birth” to the term SCA having presented generic strategies to achieve SCA: low cost, differentiation and focus. The analysis of sources of SCA has become one the most important issues of strategic management (Coyne, 1986; Barney, 1991; Foss & Knudsen, 2003). In the 1990s traditional sources of SCA were recognized as access to natural and financial resources, technology, and economy of scale. Barney (1991) proposed that resources can be the SCA of the company.

Emerging companies possess specific CAs: the ability to survive in difficult market and economic environments; creativity in overcoming bureaucracy; production at a low cost; highly technically educated and talented people (Ramamurti, 2012; Cooke et al., 2014); networks as an inevitable part of doing business in unstable and volatile environment (Manolova et al., 2010); culturally-rooted negotiating skills (Contractor, 2013); source and structure of ownership - family and government (Luo & Tung, 2007); similarity to a partner’s language (Musteen et al., 2010); ethnic identities and the associated ties (Miller et al., 2008); state support (mostly in the cases of Russia and China) (Contractor, 2013); and finally a greater adaptability to market instabilities by companies as an advantage over developed counterparts in emerging markets (Cuervo-Cazurra & Genc, 2008). They may either compete through resources they already possess (Mathews, 2006) or upgrade them for the demands of the international market.

Cappelli (2000) sees a TM as an enduring process to achieve the needs and goals of a company. Collings & Mellahi (2009) expand the definition further with additional details: the influence on SCA, the recruitment of the most talented candidates, and the creation of an inside HRM system to develop and motivate these candidates at work. Moreover, TM is seen to contribute more to the strategic goals of a company rather than just filling positions with the right people (Lewis & Heckman, 2006; Farndale et al., 2010), and is seen as a set of
instruments to create a firm’s CA. On a global scale, TM practices consist of all the activities to identify, recruit, develop, motivate, and retain the best people to achieve strategic goals and strongly facilitate the SCA of a company with a focus on key positions (Collings et al., 2009; Scullion & Collings, 2011).

The resource-based view (RBV), the concept which focuses on the determination of resources available for an organization (Penrose, 1959; Wernerfelt, 1984; Pfeffer, 1994), is now playing one of the crucial roles in explaining how human capital can influence the CA of a company. The importance of intangible resources and an interest in social issues are making HRM one of the central elements in a company’s strategy. It is relevant to mention that “strategic” now means the difference between functional and strategic orientation. The RBV is focused primarily on internal processes of obtainment and usage of resources in an organization (Khatri, 2000) and premises the heterogeneity of companies based on their different histories, experiences, acquired competences, and organizational cultures. From this perspective, a company gets CAs as a result of the deliberate decisions and activities of managers and employees in a company (Oliver, 1997).

While the RBV emphasizes the internal forces of a company to generate CAs, the institutional theory stems from both external impact (macro level) and internal (micro level) due to the fact that a company’s success and gain on the market depends on the institutional environment and context within which it operates (Oliver, 1997; Peng et al., 2008): a firm cannot be analyzed removed from its context (Peng, 2002). One of the key growth opportunities for a company in gaining the SCA is attracting and attaining highly potential employees, as well as developing their qualifications and attitudes towards the job and the company in which they work (Aradhara & Anuradha, 2005). Companies try to provoke innovativeness in their cultures and production/operations and, as a result, remain unique. Innovative ideas and products may be created only by people. Therefore, human resources (HR) and their management are to become a strategic instrument for a company’s performance (Beatty & Schneier, 1997) and an instrument of creation of the SCA (Lado & Wilson, 1994; Hughes & Rog, 2008) but talented and qualified employees become a source of SCA itself only when effectively managed (Kazlauskaite & Buciuniene, 2008; Pfeffer, 1995).

Based on the researches of Wright et al., (1994), Lado & Wilson (1994), Huselid (1995), Koch & McGrath (1996), Pfeffer (1994), Chintalapati & Gopinathan (2009), Muratovic (2013) on the influence of HRs and practices on a company’s performance, competitiveness and organizational success, a positive correlation effect has been found. An increasing attention to scarce talented HRs and the integrated HR activities to manage them has also been detected (Ashton & Morton, 2005; Conaty & Charan, 2010; Lawler, 2009; Cappelli, 2008; Farndale et al., 2010; Skuza et al., 2013).

Even though academic TM literature does not have clarity and homogeneity in explaining definitions and scopes of affiliation, TM itself has gained popularity in practice among emerging market firms (Iles et al., 2010; Collings et al., 2009). Four dimensions of importance of TM for emerging firms MNEs have been identified. First, is a demand for qualified and professional leaders, managers and experts for the successful implementation of international strategies and growth (Scullion & Collings, 2006c). Second, is the fact that staffing in an international context is a lot more complex, demanding and idiosyncratic than in domestic markets (Sparrow et al., 2004). Next is the probability of failure as well as the costs of this are a lot higher in an international environment/context (Dowling et al., 2008). The last one is a lack of managerial talent in emerging markets due to the globalization of business and emerging markets growth (Collings et al., 2007). Research in both developed and developing countries show that aligning HRM practices to the strategy and goals of a company, results in its better performance (Khavul et al., 2010) and if applied properly, positively affects and increases a company’s competitiveness. Moreover, according to Khavul et al. (2010), the successful internationalization process of emerging firms is related to and dependent on investments and development of HRM practices. Further, if various studies were to be done
on the other types of sources of SCAs in emerging firms, there is still little analysis performed on HRM, and TM in particular, in emerging markets context. However, it is stressed in a number of sources that TM plays a significant role in shaping a firm’s SCAs and tends to become one of the main sources of this due to its uniqueness and the difficulty of it being imitated or replicated and also due to its influence on strategically important resources – namely talented people in emerging market firms and in turn this influences a firm’s results (Khavul et al., 2010; Khatri, 2000; Dewhurst et al., 2013; Lawler, 2009; Hatch & Dyer, 2004). For China and India there is such a relationship, and affects and outcomes have been found and analyzed (Saini & Budhwar, 2008; Khanna & Palepu, 2010; Peng, 2012), however in the case of Russia, there is still a large gap in the research (Latukha, 2015).

**Emerging markets’ context for talent management**

Countries from emerging markets have recently been attracting a fair amount of attention in a range of fields and sectors. This is partly due to the fact that a growing percentage of the FDI is coming from emerging markets (Hitt et al., 2005). Moreover, the workforce in many emerging economies is huge and some of them possess inimitable skillsets (such as India and Russia in terms of IT, for example) (Dunnagan et al., 2013). An important factor is the potential that emerging markets have for future development. Therefore we state that Russian companies need to achieve a greater amount of analysis in the TM field (Mills, 1998; Zupan & Kase, 2005; Latukha, 2015).

Emerging markets are usually attractive to MNCs for several sets of reasons, one of which concerns talent pools. Talent is known to be a driver of CA in developing markets (Richman & Wiggenhorn, 2005). Moreover, growth of emerging markets leads to the need for talent that can successfully manage both geographically and culturally distant markets (Li & Scullion, 2006). And although emerging markets offer immense possibilities for MNCs they can’t avoid the challenges and risks that await them (Richman & Wiggenhorn, 2005; Hitt et al., 2005; Dunnagan et al., 2013; Cooke et al., 2014). One of the challenges, relevant to the current research is the challenge of finding talent.

**Country-specific approach to TM: Brazil, Russia, India and China**

**China**

TM in China began to rise up as a hot topic only at the very end of the 1990s and during early 2000s with the emergence of private enterprises, the multiplication of limited liability and share-holding corporations (Cooke, 2008b) and following concept importation through rapid growth in the number of foreign-funded units –a consequence of the “open door” policy- (e.g. one of the first studies of development TM practices in private sector in China being the one led by Björkman & Lu (1999a)), which stated that nearly half of the investigated foreign-invested firms had adapted their performance appraisal systems to suit the Chinese culture). The present period of HRM and TM development in China is characterized by the gradual implementation and integration of western HR practices especially by enterprises that expand internationally or are joint ventures with western capital. Nevertheless, Chinese characteristic still remain in the companies mostly due to institutional and cultural factors. HRM policies and processes that may appear to be similar to western ones are in fact applied with a distinct Chinese approach. In fact Chinese corporations tend not to replicate western HR practices but develop a hybrid management style with the focus on traditional cultural concerns.

The impressive development of «western-alike» TM practices in Chinese large firms and especially MNCs might be the result of a greater acceptability of these practices for Chinese employees (e.g. (Lindholm, 1999) concluded from his survey of c.600 employees of MNCs in China that they were satisfied with western-alike performance management systems –among others, evaluation, identification of training needs and rewards- adopted in their
company). Besides, (Cooke, 2008b) notes that the developmental approach of foreign MNCs make them very attractive for potential, ambitious talent, forcing Chinese multinationals to adapt to this new competition in the war for talent, all the more that the same author pointed out that the majority of Chinese firms lack a strategic approach to TM in employees’ training and development (Cooke, 2008a), hence the interest of our study to study the spearheads of Chinese economies. In addition, Cooke (2008) pointed that yearly performance assessments were often perceived as purely formal obligation and a loss of time but we observed throughout our research that some Chinese firms dedicated growing and significant effort in building unified and comprehensive performance appraisal. Regarding talent evaluation in China, evaluation of employees is often more related to talent promotion and rewards than to identification of training needs (Cooke, 2012). Besides, the implementation of 360-degree evaluation in Chinese firms remains extremely scarce as this process implies that managers have to be assessed not only by referents and peers, but also by their subordinates, which directly conflicts both the primacy of hierarchy and the reluctance to non-courteous relationships in Chinese organizations. Though forms of collective peer appraisal were implemented under the Maoist regime, which branded them as “democratic life meetings”, the open assessment of managers by subordinates can only lead to superficial criticism as it is assimilated to a dead-end for individual careers (fear of revenge from the superior) (Cooke, 2008b). When it comes to talent motivation, searchers have established a rather egalitarian approach to profit sharing in China. For example, Takahara (1992) and Yu (1998) stated that seniority was the main determinant in remuneration, whilst managers were much more prone to ground their evaluation on behavior rather than performance (Snape et al., 1998). However, these sources begin to be old and can’t fairly deal with the dramatic economic changes observed in China over the last 20 years, especially if we consider that other authors like (Ding et al., 2000) described the end of the so-called “Iron rice bowl” through the spreading of performance-based remuneration mechanisms (the performance-based bonuses became legal only at the end of the 1970s, first in the newly established free-trade zones according to Takahara (1992)). In Lenovo employees may find many continuous professional development programs and career maps, but it has a special focus on retention activities. It has an employee compensation package (fixed compensation, performance bonus and long-term incentive program), reward management, retirement benefits, social protection and promotion of health and safety. The validity of the convergence theory for recruitment practices was studied on certain types of Chinese firms (e.g. SMEs (Cunningham, 2010) or family-owned businesses where there is an increasing pressure for conversion to “external recruitment [channels], performance management and employer-sponsored training and development” (Youngok & Fey, 2010, 2109-2110)) but not especially on MNCs –to the best of our knowledge- though we can reasonably think that the same movement exists and is even more advanced in larger firms exposed to global competition. Since the early 2000s, an increasing number of Chinese firms have embraced TM concept and practices; in particular, Chinese managers are more and more receptive to performance-based reward mechanisms, to the profiling of some individuals as talented and to the resulting need to offer fast career development opportunities for those individuals traditionally focusing more on people than on organization, leading to an emphasis on interpersonal relations, loyalty, and motivation.

India

Though some premises of TM practices have been observed in India as soon as the 1950s, the main requirement towards public sector and state-owned enterprises’ employees was subordination to hierarchy (Sharma et al., 2008), even if some organizations already adopted personality and trait-based evaluation systems before the independence (showing the influence of British colonization on this greater sensitivity to TM topics than other BRIC countries).
As for other BRIC countries, HRM in India is subject to drastic changes under the combined effect of the integration of Indian economy into the global economy and ensuing economic changes, of the cultural diversity of a multi-religious, multicultural and multilingual country (according to Chhokar et al. (2007), it is hard to find a cultural common point to the whole country without exception) and of the on-going technology revolution. Moreover, as India’s catch-up dynamic is not as advanced as in other BRIC countries, we may assume these changes are more spectacular in India. Among TM challenges identified in Indian organizations by Sharma et al. (2008) are the lack of transparency of talent identification, selection and evaluation processes, the lack of clear linkages between performance and rewards and a multitude of—sometimes quite archaic labor laws.

In India TM has started to grow after independence and government legislation played an important role in it. However economic conditions, business awareness and social environment also formed the TM practices. One of the problems with searching talents in India is a HR-competition between Indian corporations and multinational corporations (MNCs) that are drawn to India for lucrative opportunities. Secondary, an extraordinary growth in every sector of Indian economy has led to the shortage of qualified and employable individuals. That’s why employees who are skilled enough have unrealistic expectations about the salary and work conditions. Moreover, young people prefer not to stay on the one position for a long time as they know that there are a lot of job offers on the market. Among Indian companies like among researchers there is no unanimous perception of TM. This variety of understanding of TM concept can cause difficulties in development of its practices in the country as it limits proper its implementation. According to the survey of 137 Indian companies, the majority of them had no proper TM scheme (Cooke et al., 2014). It indicates that still there is lack of development of TM concept in Indian companies. Moreover, the survey demonstrated that the perception of what ‘talent’ is for the organization also differs among Indian companies. The majority of companies (45%) defined ‘talent’ as high achievers/ best performers of the organization; and about 21% of companies defined ‘talent’ as core personnel creating the main value of the company. And the very small number of respondents connected ‘talent’ with all employees of organization (Cooke et al., 2014). Therefore, among Indian MNCs universalist approach to TM is not widespread; companies differentiate TM from HRM and tend to focus on special groups of employees. However, here the problem can be identified: the companies lack strategic vision on talent, they pay attention to best performing employees and at the same time don’t have employee development orientation. Thus they are more concerned with current results than with long-term performance in terms of TM and it can affect their competitiveness in growing emerging economy in the future. Analysis of TM in Indian context is impossible without consideration of institutional and cultural context. There are several significant factors influencing TM in India (Vorhauser-Smith, 2012). The current workforce with valued skills provokes significant competition on the market. According to the recent Mercer survey, Indian employees want career advancement, base pay, training opportunities, working for a respectable organization, retirement savings plan and flexible work arrangements. One of the issues on labor market in India is high turnover, along with it, the level of employee engagement is low. This is linked to few factors that influence labor market and Indian society as a whole. Firstly, the employees are continuously looking for better opportunities and thus they are not were loyal to their current employer. Secondly, however the quantity of the workforce is high; its quality remains relatively low. The factor of competition for better experts put employees in the state of waiting as well as the first one. The third reason for low level of engagement is low caliber management capabilities. Half of the employees is satisfied with their current manager (Nancherla, 2009). This is a common problem not only for India but also for the whole world, which contributes to dissatisfaction among employees and consequent turnover. The employee attrition affects Indian TM negatively. The high level of turnover creates a culture of low commitment and may slow down the labor productivity.
Brazil

Brazil is undoubtedly the least covered one in TM literature however, Brazil can offer interesting case studies, as several of its MNCs, using those significant resources provided by country’s size and economic peculiarities, have expanded overseas whether by acquisition or by establishing new operations and may try to transplant their heavy hierarchical practices in countries whose culture is hardly compatible with paternalist and authoritarian leadership, tough practices and rather favors consensus, especially in HRs matters (Aguzzoli & Geary, 2014). Regarding talent attraction, the increasing need of business-friendly and English-speaking profiles consecutive to globalization has been described by Newbury et al. (2014) and Mattioli (2011). The correlate of this long-term engagement should normally be the employees’ sense of loyalty; however this general commitment would have been affected by the labor market deregulation that occurred in the 1990s and led to frequent workforce downsizing at this time and later in the second half of the 2000s (Boulhol, 2009). As a consequence, many Brazilian workers, including the most qualified ones, felt that their employers had broken the terms of the implicit psychological contract (Appelbaum, 1999; Greenhalgh & Rosenblatt, 2010), which would have led to a shift from the “one career, one single company” (Candida Baumer Azevedo, 2014, 127) to an itinerant work life (Klehe et al., 2011) and a multiplication of “protean” (Hall, 2004; 1976) and boundaryless careers in Brazil (Candida Baumer Azevedo, 2014). In Brazil, the paternalist management framework makes performance appraisal systems like e.g. 360-degree feedback non-evident, all the more that performance evaluation has been described as rather unpopular by authors like Garibaldi de Hilal (2006) who witnessed, through a survey (on a quite limited sample), that statements like “correct procedures are more important than results” (Garibaldi De Hilal, 2006, 152) were widely endorsed by Brazilian managers. A correlate of this cultural distance with performance assessment is that fixed remuneration remains prevalent in Brazilian enterprises according to several studies (e.g. Rodriguez, 2008; Elvira & Davila, 2005b; Tanure & Duarte, 2005). This might be all the more difficult given the Brazilian “relationist” (Elvira & Davila, 2005b) model of work relationships and the lifelong-employment tradition: internal promotion for managerial positions would often work as a reward for subordinates’ loyalty and professional behavior (Elvira & Davila, 2005b). However, the progressive ramp-down of lifelong employment practices identified here above led to a higher mobility of workers, and then, subsequently to rising hiring costs for talented professionals, whilst in parallel –and for the same reason- employability and job security gained momentum as they were no longer as ensured as they used to be (Hay, 2002; Nilsson & Ellström, 2012). For some authors, there followed a lesser importance of superior remuneration packages as retention tools (Earle, 2003). Culturally, performance management is unpopular, although this is changing. Performance management and appraisal should be linked firmly to learning and development to equip employees with the skills they need to perform and to help business manage talent adequately. The rigidity of the labor law environment means that HR needs to play a very active role in developing and nurturing available talent and monitoring and risk-managing the legal situation.

To put it in a nutshell, research on TM practices in Brazilian companies is almost a blue-sky research, whatever the considered TM component: talent attraction, training and development as well as rewards practices of Brazilian EMFs deserve to be put in the spotlight. There are some clear trends, which can be observed on the labor market, namely reduction of the number of children and young people, who abandon schools to start working; people leave their position in the agricultural sector moving to services and manufacturing; educational premium grows every year, making educated specialists to be really expensive; minimum salaries grow constantly; unemployment rate used to decrease (until the beginning of 2015).

Brazilian-based authors that analyze links between HRM and organizational performance consider HRs as a source of CA that need to be measured in order to identify
their contribution to such organizational performance (e.g. Coda et al., 2009; Lacombe & Albuquerque, 2008). On this theme, some views also detail the creation and validation of instruments to measure the effectiveness and relevance of strategic HRM policies, and the use of a „Balanced Scorecard” to measure the performance of HRs more generally (like Fernandes et al. (2006)). In overall observation of TM issues in Brazilian companies, we may suggest that in Brazil the key issues are managing talent through performance management, securing skilled and capable people, dealing with the deficiencies of the education system, and higher education sector is not well developed, therefore problems of training and skills arise.

**Russia**

In Russia competitive strategies of enterprises have undergone dramatic changes due to rapid changes in market conditions, ownership structure and sector breakdown of the economy (like in no other emerging economies). The resulting new economic environment is characterized by stiff competition for both markets and capital, and particularly, human capital (Russell, 2002), having significant room for analysis of HRM and TM issues in this new context. As still Russian companies are affected by historical patterns of growth and organizational features from the past, we argue that some of the important characteristics of Soviet management system were lack of attention to HRM as a special activity let along absence of understanding of TM concept in general (Michailova, 2002), limitation of participative management (when employees are involved in decision-making process) and short-term versus long-term orientation in planning and vision (Skuza et al., 2013). As it was lack of attention to HRM, some important activities that stimulate organizational development were lost, namely employee training practices, leadership development, organizational culture issues and knowledge management (Holden & Vaiman, 2013). In this sense, former Soviet companies did not invest in employees’ development, career planning and managerial education (Fey et al., 2000; Holden & Vaiman, 2013). It is important to notice that many Russian companies used to have authoritarian and bureaucratic leadership styles, those ways of doing business actually limit the responsibility of decision making, employee involvement in decision making processes, orientation for short-term vs long-term thinking that affect the strategic orientation in organizational development, a low pace for innovations and limited initiative (Skuza et al., 2013). The lack of managerial competencies that were not widely developed in the Soviet time also significantly limits the possibility of HR specialists’ use of effective TM practices and can be considered as a significant barrier for TM come from the past. This can be explained by previous experience during the Soviet era when managerial and business education did not have high priority (Holden & Vaiman, 2013). Formerly, Soviet administration allocated workforce to companies: after being trained at government-owned institutions, potential employees were dispatched by government regulators. The only way for companies to develop qualitatively their workforce was to internally train those employees - especially the ones being promoted or changing positions- or encourage them to get additional degrees through government-owned educational institutions (Ardichvili & Gasparishvili, 2001). The role of managerial education increased in mid of 90s, early 2000, with the appearance of business schools and different training programs for CEOs and middle managers but has no long historical roots in the Russian context.

We see that such factors have two implications for Russian companies that also form particular interest for our research by confirming special «Russian» background: first, there was no active collaboration with Western companies (as we can observe nowadays due to globalization of economic markets), so «foreign» HRM and TM practices were adopted in Russian context much later then by other companies from emerging markets; second, due to specific features discussed above, adaptation of managerial practices from foreign companies took quite long time overcoming lack of business and managerial education and specific of leadership style, as well as low attention of top managers to HRM issues in general.
We state that TM in Russia is still a young concept but it has become increasingly popular (Simonova, 2010). In the Russian context talent is defined more closely as being “effort” rather than “gift” (Khutaeva, 2008). Another definition assumes that while building the TM system it is necessary to take into account not only competency level and performance but also potential for further development and professional growth (Kadol, 2010). In many Russian companies HRM is perceived as a functional area but some of these companies are at the stage of transition from a functional approach towards partnership with HR departments. The transition is a very hard process but market trends force them to move in this direction. The reasons are very similar to those that have led to the surge in interest in TM: demographic crisis, an increasing demand for workforce, aging skilled employees, globalization and inevitable competition with foreign companies that as a rule have well-developed TM practices. Because the sphere of HRs in Russia is considered as having only a supportive function, the attitude towards HR practitioners as business partners is a task for the future (Shahbazov, 2010). Most extant academic work concentrates on either case studies of foreign firms’ subsidiaries or general descriptions of HRM and its practices in specific central and eastern European countries, sometimes just briefly mentioning TM issues (Holden & Vaiman, 2013). Although previous studies proved the importance of HRM in Russia (Puffer, 1993; Shekshnia, 1994; Fey at al., 2000), no specific analysis of concrete practices such as recruiting, training, developing, rewarding, and retaining was made properly.

TM in Russia is influenced by a number of institutional and cultural factors. A low degree of integration of top management in the development and implementation of a TM system in Russia neither provides essential support nor investments (the top management of a Russian industrial company refused to cover costs to design a talent development plan for high-potential employees, indicating that there would be visible outcomes; this is a good illustration of executives’ roles). Some experts note that most Russians nowadays still lack high-class business experience, which in part may be explained by the relatively young age of Russian business culture and the educational system (Puffer & McCarthy, 2011; Fey & Shekshnia, 2011).

The multinational environment provides complexity in developing TM practices in Russian companies, since complexities related to each cultural setting strongly affect its landscape and make it increasingly challenging to capture both theory and practice (Holden & Vaiman, 2013). The problem connected to this fact is that in most cases practices of foreign companies were copied and implemented in the Russian context without any serious adaptation, which does not lead to the success of managerial outcomes. Thus the implementation of talent in Russian companies has been delayed in comparison with foreign companies due to national peculiarities. Foreign firms tend to pay much more attention to strategic HRM issues as a whole and TM in particular than companies, for example, from eastern and central Europe (Mills, 1998; Zupan & Kase, 2005). For a long period of time managerial practices in Russia were affected by a post-Soviet way of doing business (such as lack of knowledge creation, career planning, predominance of control functions etc.). This fact significantly affected the speed of development of Russian firms and their managerial practices including TM and can still be considered as an important factor influencing the successful implementation of this system.

TM is an important discussion topic at the moment, but TM theory is under-developed and there is a deficiency of empirical research (Lewis & Heckman, 2006), which may be explained by the fact that only recently the companies began to be interested in individual professionals and practitioners, and admit that there is a shortage of highly talented people in the labor market. There is also scope for comparative studies that consider how TM systems operate in different national contexts (Lewis & Heckman, 2006; Collings et al., 2011; Latukha, 2015). As a phenomenon TM is rather new and controversial in the Russian context and despite a certain amount of research devoted to TM practices, there is no deep research on the nature of TM in the Russian context.
Necessity for further research

As the global economy develops, TM needs to play an increasing role, especially in the BRIC countries, where the need to attract, develop and retain talent are the key challenges. In emerging market firms managers in the field of TM face the same challenges: the shortage of qualified people, legacy problems, and cultural aspects influencing a firm’s efficiency. Overall attitude towards TM practices differs from country to country, while findings on TM in emerging market firms show that at different levels TM challenges in all of these countries are heavily influenced by cultural, organizational, institutional, industrial and individual factors (Cooke et al., 2014). Moreover, effective implementation of TM practices in organizations has a number of country-level consequences that can be measured by different economic development or competitiveness indicators (Schuler, 2015). Based on some theoretical analysis, we formulate the following research questions that may guide us in our empirical research:

1. What specific practices are used by emerging MNCs to manage talented employees and which are more important in achieving firms’ results?
2. What are the main differences in TM in different emerging MNCs? What are the reasons for these differences?
3. What factors affect TM implementation in different MNCs from emerging markets?

References


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