

Talent management practices in Russian and foreign companies: Comparative analysis

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The study investigates talent management practices in Russian and foreign companies and the influence of talent management on company performance. In our work we defined foreign companies as foreign-owned companies (multinational or global) that operate in Russian market and their headquarters are located outside the Russian Federation. The research is based on comparative analysis of differences and peculiarities on talent practices in Russian and

foreign companies, the paper explores and provides the number of ideas and conclusions about talent management elaboration, realization and talent practices improvement in Russian context. The special attention is paid to the analysis of the factors that support talent management implementation. Our data shows that talent management practices are influenced by the number of factors that are partly different in Russian and foreign companies. Supplementary analysis also suggests that positive connection between talent management efforts and company's performance can be found.

Keywords: talent, talent management practices, Russia, company performance

1. Introduction

The talent management is gaining mainstream acceptance among academics and practitioners worldwide as one of the key management activities in recent years. It encompasses a number of practices but mainly it is “about doing positive things – doing things for some best people, investing in developing them, building on potential and, therefore, helping people” (Garrow and Herish 2008). Challenging economic situation, globalization and intensified market competition make companies rethink their general strategy and look closely on importance of talent management. At the present time the ability of company to develop and implement effective talent management strategy is becoming a crucial issue. Some researchers are speaking about the “war for talent” (Konnerth 2008) that is connected with the problem of shortage of qualified workers. Among Russian companies this problem is also important. According to the official statistics employee deficit in Russia is going to be 22 billion people to 2020 (Zinchenko 2008) and there will be the lack of talents (Grigorieva 2008).

Companies, especially multinational companies, realize that talent management deserves a serious consideration but its successful implementation is a very complicated issue. Despite the efforts of companies to spread the philosophy inside its boundaries that people are the unique source of competitive advantage and to maximize the individual inputs, their attempt to manage workforce effectively is often failed. That is why many organizations face the challenges in development and implementation of talent management. Its urgency is driven by the fact that talent can insure the success and improve the performance of f company; but there is a problem in elaborating a clear talent management system. Companies' interest expedites the development of academic research but its speed is still relatively low. A number of critical issues in talent management remain for further empirical and theoretical development. These issues encompass what is talent and talent management, what drivers companies to implement talent management system, what facilitates the process of its adoption and other questions. In addition, academic research of talent management in Russia is developing at a much lower rate than in western countries and it has not gained enough attention among scientists. Despite the certain number of researches devoted to the talent management practices, there is no deep research of the nature of talent management in Russian context. In this article we investigate the phenomenon of talent management by comparing talent management practices in Russian and foreign companies.

Talent management can be defined as a capability or mindset that help to manage “talent” or it is “simply a matter of anticipating the need for human capital and then setting out a plan to meet it” (Chhabra and Mishra 2008), or it refers to “the additional management processes and opportunities that are made available to people in the organization who are considered to be talent” (Blass 2007). The definition of talent management can vary depending on the context where it appears and it could be the reason why there is no clearly defined concept of the term. Talent management includes certain human resources practices (recruitment, development, promotion and retention) that are planned and executed in line with company's current and future goals.

More and more companies understand that talent is a good source of value creation especially

in present time that is characterized by complex and dynamic business environment because talent management is to facilitate the execution of business strategies. Moreover a good driver of talent management is the belief that the return on investments will be higher. In fact, many scientists have positively linked human resources practices to organizational performance (Boselie, Paauwe and Jansen 2001; Pfeffer 1998; Huselid1995). Human resources management includes a lot of processes and practices and its role and contribution to company performance is varied. Talent management can be called as one of human resources processes. International studies have found out the positive relations between talent management and performance (Bassi and McMurrer 2006). But in Russian context the results could be different. Talent management is believed to require a lot of investments and this can stop companies because they are afraid of profit decreasing. But if the return will be much higher (Lavrentieva 2005) it will lead to better performance and increasing profit. That is why it is necessary to make the research in this direction in Russian context to show the advantage of talent management implementation.

TM phenomenon has not been the subject for significant analysis and there has been relatively little research into the nature of talent management process. There is a range of factors that are believed to facilitate the optimization of the talent management strategy implementation and guide the success of company efforts. Some authors pointed out that to make talent management work human resources professionals have to be regarded as strategic partners within the company (Farndale, Scullion and Sparrow 2010) and CEOs should play a key role because they make the process easier and more successful (Wellins, Smith and Erker 2009). In fact it is hard to systematize all these factors that can be different in different context. There is a lack of empirical research devoted to research of this issue in Russian context as well.

As it was mentioned above talent management is rather vague area of study and what is more, there has been little empirical research regarding talent management in Russia. It seems to us that talent management has to be explored by means of foreign and Russian literature investigation and empirical research of talent management practices in Russian context. The main objective of the paper is to discover both the differences and peculiarities in talent management practices in Russian and foreign companies regarding factors influencing on talent management implementation and also find some correlations between talent management practices and company performance. With regard to the empirical study, it is necessary to define the sampling where the data was gathered: we focused upon Russian and foreign companies located in Russia. The rest of the paper is structured as follows: (2) Theoretical background of talent management; (3) Research goals and research questions; (4) Methodology; (5) Findings and discussions; (6) Conclusions.

As a phenomenon of talent management is rather new and controversial in Russian context and despite the certain number of researches devoted to the talent management practices, there is no deep research of the nature of talent management in Russian context. In our work we investigate the phenomenon of talent management by comparing talent management practices in Russian and foreign companies analyzing the factors that influence on successful practices in talent management. This research is intended to contribute to the emerging academic literature on talent management and to advance its conceptual and empirical basis in Russia.

2. Theoretical background of talent management

2.1 Talent management phenomenon

The concept of talent management gained main acceptance in the 1990s when the term “The War for Talent” was coined by McKinsey consultants (Michaels, Handfiels-Jones and Axelrod 2001). Since then, the topic of talent management has become more important and critical than ever to organizational strategic success (Boudreau 2005) and is gaining top priority for organizations across countries (Bhatnagar 2008).

The origins of talent management are rooted in the concept of human resources management . Human resources management is a process of managing people and includes a range of activities to develop personnel inside the company (Armstrong 2006), “all those activities associated with the management of people in firms” (Boxall and Purcell 2008). It is more function-oriented and the key functions are recruiting, training and development and retention. The primary task is to maintain the whole system, while talent management is responsible for one of its part. Talent management can be called “people-oriented”, it is “the additional management processes and opportunities that are made available to people in the organization who are considered to be talent” (Blass 2007). So, talent management could be included in human resource management as one of its processes. Both of them are aimed to assign “the right people to the right job at the right time” in compliance with business strategy of a company (Iles, Chuai and Preece 2010).

Talent management uses some of human resources management activities but it is more specified. It considers people as a source of company’s competitive advantage and it helps talents to reveal their potential. Human resources management is engaged in administering human resources functions and is concerned about all employees in the company, applying equal approach. Talent management is using segmentation of the workforce to find high potential employees, talents, who demonstrate great performance and is seen as having the potential to be promoted (Barron 2007; Holland et al. 2007; Cappelli 2008). Talent management is “a matter of anticipating the need for human capital, and then setting out a plan to meet it” (Chhabra and Mishra 2008), it requires more flexible work environment where human resources practitioners cooperate with middle and top managers in search for talents and this partnership brings positive results (Iles, Chuai and Preece 2010).

Despite the growing level of awareness talent management still remains a rather vague area. and there is no universal definition and concept of talent management. It can be defined as the strategic management of talent flow that is to assure the availability of talents and align the right people with the right jobs at the right time based on strategic business objectives (Duttagupta 2005; Mellahi, Collings 2010). Talent management encompasses all human resources processes (Iles et al. 2010; Schweyer 2004) and comprises of various human resources practices with careful analysis and planning as an integral part. From this point of view the main task of talent management is to develop the system of searching talent and to assign the best people in compliance with company’s business strategy (Iles, Chuai and Preece 2010). It includes typical human resource activities by managing human capital throughout the career cycle and involves recruitment, selection, identification, retention, management and development of personnel that is believed to be talents (Creelman 2004).

Thus, on the basis of literature review, in our view there are two main parts of talent management concept: talent management is *a collection of human resources management practices* and *it has special focus: talents*. Now we would like to define what is talent.

2.2 What is talent?

Talent is in the center of talent management. Talent management that is designed to know individual potential, build a plan of individual’s development with cross-functional support and increases the level of awareness of talent existence across organization’s boundaries (Pepe 2007). Nevertheless the concept is rather unclear because it seemingly rebrands human resources management by talent management (Barlow 2006) and the description of talent management focus explains the main differences. Some researchers point out that the definition of “talent” is necessary (Michaels, Handfiels-Jones and Axelrod 2001; Kesler 2002) to provide a clear talent management strategy and identify several research streams concerning talent definition. But it is not easy to define “talent” and often an organization derives its own definition and conceptualization of “talent” that is tailored to its strategy: a person who is

considered as a talent in one company may not be considered as a talent in another. There is no precise definition of “talent” that would be suitable for everyone. On the basis of literature review we tried to sum up all definitions and to categorize different “talent” concepts. We have identified several research streams:

First one is the perception of talent as giftedness. The talent is often believed to be a natural aptitude, innate outstanding capability, natural endowment, genius and gift (Naqvi 2009; Uzhakina 2007). Second category includes the description of talent as certain knowledge and high value-added skills (Lewis and Heckman 2006) that are required for a company (Ulrich 2006). At the same time talent could be defined as the sum of person’s abilities, intrinsic gift, skills, knowledge, experience, intelligence, judgment, attitude, character and drive; it also includes his or her ability to learn and grow (Michaels, Handfiels-Jones and Axelrod 2001; Beechler, Woodward 2009) including both previous notions. Some authors stress that talent is enduring and unique, it is given from the birth and it is almost impossible to teach (Buckingham and Vosburgh 2009). Other position supports the idea that talent is certain capabilities and attitudes that could be developed by acquiring experience and skills (Niesova 2009). But indeed there is a stream that combines both concepts: giftedness and knowledge. But there are more “talent” concepts in business environment. As a rule, talent is a person who, due to his/her own inner abilities and resources, is able to advance business, achieve the best results and who has a good level of current competencies (Luzkina 2007). The talent is a prominent ability to achieve outstanding results; talents are the best-performers in the company, who rank at the top in terms of capability and performance (Stahl et al. 2007). Talent is often defined as a person who demonstrates potential for further promotion, potential leaders either at present or some point in future, who is “future-oriented” (Barron 2007). What is more, there are definitions that include “potential and performance” category where talent is regarded as a person that demonstrates great performance and potential for further development at the same time, talent is a strategic balance between performance and potential (Ashton and Morton 2005; Hartmann et al. 2010). To emphasize the variety of talent definitions, we represent it according to the different research streams (Table 1).

Table 1. Talent definitions

		Research Streams
	Giftedness	<p>“Outstanding personal capabilities” (Uzhakina 2007)</p> <p>“The ability to use your innate abilities in the right direction” (Dictionary 2008)</p>
	Knowledge	<p>“Individuals have the knowledge, skills and values that are required for today and tomorrow” (Ulrich 2006)</p> <p>“Smart, sophisticated business people who are technologically literate, globally astute and operationally agile” (Michaels, Handfiels-Jones and Axelrod 2001)</p> <p>“Employees with high-value added skills who are difficult to replace” (Lewis and Heckman 2006)</p>

<i>Giftedness & Knowledge</i>		“The sum of person’s abilities, intrinsic gift, skills, knowledge, experience, intelligence, judgment, attitude, character and drive. It also includes his or her ability to learn and grow” (Michaels, Handfiels-Jones and Axelrod 2001)
	Performance	“A players [that] are the top 10% of talent available in all salary levels, best of class”(Smart 2005) Specified pool of employees who “rank at the top in terms of capability and performance (Stahl et al. 2007)
	Potential	“Potential leaders either at present or some point in future” (Makela, Bjorkman and Ehrnrooth 2010) “High-potential employees viewed as the next generation of organizational leaders” (Collings and Mellahi 2009)
<i>Performance & Potential</i>		“Talent had demonstrated great performance and is seen as having potential to be promoted at least two levels” (Barron 2007) “Interpretation of talent is inclusive, it strikes a strategic balance between performance and potential” (Ashton and Morton 2005) “A small number of high-potential, exceptional performing individuals who will in time move into key strategic roles that will determine the success, or failure, of the firm” (Stiles et al. 2006)

Source: developed by the authors

Each company defines its own talents. If talent is conceived as a person holding senior position or who could be promoted to it, thereafter organization will decide about criteria it uses for the decision and defining the right person. Orientation on talents means the transition from the traditional “equal” human resources approach to “special” approach. As not every employee is perceived as a talent, talented people should regularly demonstrate exceptional ability and achievement (Stavrou et al. 2007; Williams-Lee 2008). This implies that not all people constantly demonstrate this ability. Company segments the whole workforce into groups depending on its goals and objectives. Applying the segmentation is very popular because the organization could understand which roles are the most and the least critical to achieving business strategies (Osterman 1994; Ruse and Jansen 2008) and how many talents do they have and do they need.

According to research undertaken by McKinsey Company, talent refers to “the best and the brightest” and the top 10-20% of employees is the most valuable (Michaels, Handfiels-Jones and Axelrod 2001). This “star” approach is the most popular when it turns to talent. The challenge here is to decide who “talent” is: it could be ranged from the whole workforce to a small number of people who are critical to the success of the company. There was an attempt to develop further segmentation by this principle that 20% of employees make 80% contribution to business (Naqvi 2009). Naqvi pointed out that 20% are the “A” performers who are to be retained and promoted to higher responsibilities. “B” performers are 64% of employees and are regarded as “average performers” providing 16% of contribution to company. These people have to be further trained and developed. The “C” category is represented by 16% of

employees and their part is only 4% (Becker, Huselid and Beatty 2009; Naqvi 2009).

Taking into account the segmentation proposed by Naqvi and different concepts of talent we have elaborated the idea about the diversity of talent management concepts and that successful practices implementation may appear only in case of clear understanding of the workforce segmentation and thus appearing of *special category* of employees. The perspectives on talent management practices underline the importance of defining “talent” and “talent management” in companies, identifying the approaches towards talent management and main focus that could be, for instance, internal “talent pool” or individuals, who can affect organizational performance (Boudreau and Ramstad 2005; Bryan, Loyce and Weiss 2006; Gandz 2006; Collings and Melahi 2009; Van Dijk 2008). Organizations need to proactively anticipate future needs and create an integrated human resources architecture that enhances the motivation, commitment and development of target people (Collings and Melahi 2009; Van Dijk 2008). But the level of integration can be very different among the companies. In fact there are remarkable little research about who is considered to be a talent and what is talent management for a certain organizations in Russia; are there any differences in these notions among Russian and foreign companies and we believe it is useful to address this research gap and investigate different points of view about talent management and compare them.

2.3 Business impact of talent management and factors of success

It is widely discussed that human resources practices and organizational performance are positively linked (Boselie, Paauwe and Jansen 2001; Pfeffer 1998; Huselid 1995). The linkage between human resources management and increased productivity (Huselid, Jackson and Schuler 1997), better customer service (Ahmad and Shroeder 2003), efficiency (Becker, Huselid and Beatty 2009), greater profitability (Delery and Doty 1996) was found. All these factors can be considered as sectors where better human resources practices can add additional advantage. ***Organizations believe that people are the valuable assets of the company and talents are the most valuable assets because they possess high potential and firms concentrate on their development*** (Michaels, Handfiels-Jones and Axelrod 2001; Smart 2005). ***High-potential employee is characterized by a fast rate of movement into new positions, receive special coaching and mentoring, and are expected to deliver superior performance (Burke 1997) and such segmentation may have a*** positive relations between talent management and performance (Bassi and McMurrer 2006). According to some research, talent management is a time consuming and hard work but it is essential because it is really the hardest attribute for competitors to follow (Thorne and Pellant 2007). This supports the idea that only differentiated workforce cannot be easily copied by rivals (Becker, Huselid and Beatty 2009). Besides, all talent management practices creating the most enduring competitive advantages are often firm-specific and respond to company’s unique business and human capital context (Heinen and O’Neill 2004). For example, an IBM study revealed that public companies that have effective talent management strategy had higher numbers of financial “outperformers” than similar companies but with less effective talent management (Bassi and McMurrer 2006). Some researchers state that talent strategy has to be aligned with business strategy (Eyre 2008; Heinen and O’Neill 2004; Lattner 2007; Miller and Desmarais 2007). As talent management practices are able to create the long-lived competitive advantages (Heinen and O’Neill 2004), and help to meet revenue and sales goals, cut costs and force innovations but poor-developed talent management or the lack of it undermines company goals, has a negative impact on organizational performance and is a source of competitive disadvantage (Lattner 2007), we suppose that talent management can have an impact on company and analysis of such connection is a vital from theoretical and practical views. Basically we decided to focus on revealing this correlation because of a research gap and lack of an attention to this line of analysis in recent studies. Following this, we formulated the question *if there are any linkages between talent management and company performance* because it could help to

highlight the importance of talent management practices for organizational success.

In addition, we put the task to investigate the factors influencing on successful talent management implementation in Russian and foreign companies and to consider such factors that are believed to facilitate the optimization of the talent management strategy and guide the success of company efforts. For instance, it is believed that to make talent management work human resources professionals have to be regarded as strategic partners within the company (Farndale, Scullion and Sparrow 2010). It facilitates the overall process and helps to overcome discrepancies between elaborated business strategy and human resources strategy. But if the company is aimed at effective talent management, it has to be integrated inside the organization. The most successful initiatives are launched by human resources department with support from the chief executive officer (CEO) and other top managers who make the decisions about the resources, budget and other aspects necessary for success. Some authors state that human resources department needs to be closer to business and works closer with other managers to elaborate talent plan, analyze the current position and eliminate gaps (Heinen and O'Neill 2004; Wellins, Smith and Erker 2009). The changing business environment makes companies to consider regularly existing talent pool and acquire new talents or develop the current ones. Such talent review is a source of identification of individual and organizational capability issues. Talent management enhances an image and brand of an employer and provides additional tools to improve attraction and retention (Shanley 2008; Ready, Hill and Conger 2008). Corporate culture that is oriented at human resources and general business goals help to attract talent because they prefer to work in reliable, open and creative environment where their values and corporate values are aligned (Grigorieva 2008). Learning and development programs are necessary at relevant career stage for talent to develop potential and to achieve better results. Different proactive managerial activities that are aimed at creating performance culture inside the company provide the philosophy for individuals that they are responsible for the constant improvement of business processes and results and the development of their personnel skills and knowledge. Tracking and evaluating talents are needed to assess the return on investments and to regulate the further process. In fact it is hard to systematize all these factors that can be different in different context. There is a lack of empirical research devoted to research of this issue in Russian context and we would like to analyze *what factors do influence on successful talent management implementation?*

2.4 Talent management in Russia

Indeed, talent management in Russia is in the beginning of its development and in this paragraph we would like to analyze several tendencies of its development and compare them with foreign ones. In many Russian companies human resources management is perceived as a functional division but some of them are at the stage of transition from functional approach toward partnership with human resources department. The transition is a very hard process but market trends force them to move at this direction. The reasons are very similar to those that have led to the surge in interest in talent management: demographic crisis, increasing demand for workforce, aging skilled employees, globalization and inevitable competition with foreign companies that as a rule have well-developed talent management practices. Because the sphere of human resources in Russia is considered as having only supportive function, the attitude toward human resources practitioners as business partner is the task for future (Shahbazov 2010).

Talent management in Russia is a young concept but it becomes popular (Simonova 2010). From one hand, Russian job market situation can be characterized also by “war for talent” and the reasons are following: the increasing role of intangible assets (trade names, technologies and knowledge) influences the demand for highly competent employees; globalization and enlargement of business born the need for highly skilled leaders; the loyalty of employees becomes lower and they can easily change the job in search for better position (Simonova

2010). But it is a challenging task to find a talent but it makes sense because talent is good investments and the return will be much higher (Lavrentieva 2005). Talent can be defined as “5% of gift and 95% of efforts for its development” (Khutaeva 2008). Another definition assume that while building the talent management system it is necessary to take into account not only competency level and performance but potential for further development and professional growth as well (Kadol 2010).

But in comparison with foreign companies there is a low level of awareness and interest in talent management. In fact, foreign companies realize talent management strategy in Russia. They can adopt it from their headquarters and adapt to local context. Russian companies that are involved in talent management are often large and international: they try to find a group of talents, high potential employees and elaborate special programs for development or to form talent pool that in Russia is more known as cadre reserve (Shahbazov 2010). The main idea of “cadre reserve management” is to fill positions’ gaps as fast as possible without delays and stops in business; it is close to succession planning (Uzhakina 2007; Luzkina 2007; Sokolova 2006). Talent management’s goal is to identify talents and use cadre reserve (talent pools) for the benefit of company and to create favorable conditions for talents’ development.

The implementation of talent in Russian companies goes with delay in comparison with foreign companies due to national peculiarities. The attempts of implementing talent management can be stopped after the personnel assessment and elaboration of talent plan because of the risk to fire someone and inability to find “talent”. But foreign authors are sure that talent management is more strategic and future-oriented than human resource management and it is always in line with the overall business goals (Blackman and Kennedy 2008; Lewis and Heckman 2006; Schweyer 2004). For example, Deutsche Bank has developed Talent Management Program that is aimed at identification of talents inside the company and their rotations on that positions where they could develop their abilities better (Uzhakina 2007). The philosophy is to provide an opportunity for employees to do a job in which they are talented that benefit a company and an employee.

As both some certain peculiarities of talent management practices exist in Russian context and foreign companies have more elaborated talent management approach, we decided to investigate talent management practices in Russian organizations comparing it with talent management in foreign companies. In other words we found the research gap concerning the question if there are any differences in talent management practices in Russian and foreign companies and if such differences exist, what are they.

In contemporary world organization should grow their talents and be ready for changes. There are different approaches to talent and talent management, various talent management processes applied in companies and there exist certain peculiarities for companies operated in Russian context. It is considered that foreign companies have more elaborated talent management while among many Russian companies this idea only at the first stage of realization and even understanding. In this paper we would like to investigate in reality talent management practices on Russian market because they could vary from the aspects that we have highlighted in literature review and there could be a huge differences among Russian and foreign companies. That is why we would like to research the differences and peculiarities in talent management practices in Russian and foreign companies especially regarding factors influencing on talent management implementation

3. Research goals and research questions

The purpose of the research is to discover the differences and peculiarities in talent management practices in Russian and foreign companies regarding factors influencing on talent management implementation and find the correlation between talent management practices and company’s performance.

Three primary research questions form the basis of the study:

Research question 1. Are there any differences in talent management practices in Russian and foreign companies? If so, what are they?

Research question 2. Are there any linkages between talent management and company performance? In this section we intend to analyze the relationship between talent management and company performance and to compare the existence of these linkages in Russian and foreign companies.

Research question 3. What factors do influence on successful talent management implementation? To analyze the research question 3, we decided to determine factors that influence on the successfulness of talent management implementation in Russian and foreign companies.

4. Methodology

4.1 Design

Due to the nature of the questions outlined above, exploratory survey was conducted to augment the current understanding of talent management. Survey as the preferred type of data collection procedure for the study was chosen because of mixed methods research: open-ended questions for qualitative research for exploring and understanding the research questions were formulated and closed questions for quantitative research to examine relationships among variables were elaborated. We used multiple choices, list, ranking, dichotomous and quantity-styled questions as well as several open-ended questions were used. Most closed questions have five-point ranking system where respondents were asked to indicate the amount of agreement or disagreement or level of importance or criticality with a 1 rating generally designated as “very low”, “less important” or “a little” and a 5 rating as “very high”, “very important” or “a lot”. Open-ended questions provide no options and respondents are supposed to supply their own answers without being constrained by a fixed set of possible responses. The table 2 illustrates how the variables, the research questions and items on the questionnaire are related.

Table 2. Variables, research questions, and items on a survey

Variables, Research Questions, and Items on a Survey	
Control Variables	Questions 1.1 – 1.3: position, gender and HQ location
Contingency Variables	Questions 1.4-1.7: industry type, size of workforce, type of operations and stage of organizational life cycle and Questions 1.10 – 1.12: firm’s priorities, values and attitude to changes and innovations
RQ 1: Are there any differences in talent management practices in Russian and foreign companies? If so, what are they?	Questions 2.1 – 3.3: investigation of approaches to talent management and talent management practices applied by companies
RQ2: Are there any linkages between talent management and company performance?	Question 1.8 - 1.9 that is a measure of economic effectiveness and Question 2.5 that measures company’s ability to manage talent

RQ3: What factors do influence on successful talent management implementation?	Questions 4.1 – 4.4: insight into challenges, problems and plans of organizations concerning talent management and company perception of factors that influencing on talent management implementation
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4.2 Sample

The study was undertaken in Russia and the target companies were limited to indigenous-owned and foreign-owned companies operating in Russian market implementing different talent management practices according to our goal. We suggest that Russian companies are indigenous companies (national, multinational or global) that have been originated in Russia and their headquarters are located in Russia and foreign companies are foreign-owned companies (multinational or global) that operate in Russian market and their headquarters are located outside the Russian Federation. HR managers currently responsible for human resources management issues were invited to proceed with the survey as they possess good knowledge of existing human resources and talent management practices in a company. Respondents were contacted via email or personally and invited to complete the Internet survey, to fill in paper-based questionnaire or its electronic form. In total, 60 responses were got: 30 from Russian HR-managers and 30 from foreign ones.

There is a very heterogeneous set of industries including manufacturing, audit and consulting, baking, consumer goods, IT and high-tech industries, construction, automobile industry, health care, retailing and energy sector that were almost equally represented in the sample of the study.

4.3 Data Analysis

Data analysis was conducted in several phases. We focused on within-questionnaire analysis to research the talent management practices in Russian and foreign companies. Content analysis helped to categorize and organize data under various topics such as talent and talent management definitions and drivers of talent management adoption. We conducted cross-questionnaire analysis to detect similarities and differences in talent management practices in Russian and foreign companies and to identify factors that promote the successful talent management implementation.

The statistical package SPSS 17.0 for subsequent processing and analyzing of data was used. The comparison, correlation, regression and factor analysis was employed for processing the data. To find out the linkages between talent management and company performance we used the firm's perceived financial performance. We employed a subjective measure of performance (Bae et al 2003; Lismen, Shaffer and Snape 2004). Likert-type items measured perceived market share, profitability, revenue growth and customer satisfaction. Moreover, some leading studies of the “HR system - organizational performance” relationship have also relied on perceptual measures of performance (Delaney and Huselid 1996). HR specialists in our questionnaire were asked to assess various performance indicators, such as market share, customer satisfaction, profitability and revenue growth by measuring them also in 5-point scale.

5. Findings and discussions

5.1 Differences in talent management practices in Russian and foreign companies

Almost all definitions of “talent management” include certain human resources management practices in basic functional areas: attraction, retention, identification, management, development, motivation, engagement, assessment. But the focus is rather vague. As the review of talent management literature revealed the lack of clarity regarding the definition of talent, we found that it was also the case with Russian and foreign companies. All answers were divided into six categories. The first one defined talent as a gift, innate ability given from the birth. Russian companies are most likely to fall into this group (23 %) than foreign companies (10 %).

The second category is considered talent as “knowledge”, something that could be developed with a lapse of time and acquired with experience. 17 % foreign and 27 % Russian managers made stress on these traits.

The third category includes both definitions simultaneously. It implies that companies define talent as natural ability that is inherent and as a capability that can be developed. Some respondents in both groups believed talent was “a set of professional knowledge, skills and experience that help to accomplish tasks on higher level than it was expected from his/her position”.

The forth category of talent definitions is the performance. 10 % of Russian and 13 % of foreign companies indicated talent as an ability to achieve highest possible results, with minimum efforts and time, maximal effectiveness by minimal costs or capabilities and skills that help to achieve needed results (and higher) by minimum efforts and resources. 7% of Russian and 10% of foreign companies also stressed the importance of talent potential (the fifth group). Foreign companies underline that talent shows not only high results and demonstrates rich knowledge but it also possessed a huge potential (27 %), some of them pointed out that talent should be best-performer and have leadership potential. Only 7% of Russian managers made the stress on potential and performance (the sixth category).

In Russian companies managers more often define talent as giftedness and knowledge while in foreign organizations talent is described by potential and performance and knowledge. It can be explained that Russian companies are not “talent-oriented” because they do not consider this sphere as an important one. Perception of talent as a combination of performance and potential is more realistic and can be applied in the company to find talents. It can be seen that *in Russian context* most companies said that talent is 1) knowledge (44%); 2) performance and potential (34%); and 3) giftedness (33%). Other important result is that the peculiarities (skills, capabilities, experience, etc.) included in talent definition are firm-specific. One of the reasons of more specified focus of talent management in foreign companies is that they have more serious attitude and more developed system of talent management. Russian companies possess the knowledge about talent management but the talent management itself is less developed.

According to our collected data, 86 % of Russian companies and 50 % of foreign companies mark that they do not have an agreed-on definition of talent management (the definition that is understandable for everyone in the company). The Independent sample T-test has showed that the sample mean of the group with the agreed-on definition is more than another group. So, the companies that have an agreed-on definition of talent management are more likely to show the higher ability to manage talents.

The existence of consistent and clear talent management programs adds a meaningful advantage for any company in its strategy implementation. We have analyzed the degree of the emphasis on talent management and we have found out that Russian companies (50 %) tend to individual approach in talent management (they do not have formal talent management strategy but provide additional opportunities for individuals who are considered to be talents) while foreign companies elaborate general talent management strategy (37 % stress that their talent management strategy is worked out for different levels of employees and they even use customized programs for each level (in comparison with 10 % of Russian companies doing the same)). That demonstrates the different levels of talent management perception and development between two groups and shows that talent management is not very popular concept in Russian organizations. It is noteworthy that almost one forth of Russian companies evaluated their ability to manage talent above average while among foreign companies it came up to 62%. So, foreign companies with their approaches demonstrate better results in talent management than Russian ones: the more elaborated talent management strategy, the higher organizational ability to manage talent.

We also asked respondent to identify to what extent their talent management is integrated with

other HR practices and strategy. 40 % of foreign and 34 % of Russian companies marked that it is important to integrate talent management with other human resources processes and strategy. In fact it is not done to a high extent because 53 % of foreign and 27 % of Russian companies marked average degree of integration and 7 and 40 % respectively said their talent management is poorly integrated with other human resources processes.

In terms of comparing talent management practices in Russian and foreign companies it is worth to understand why do they intend to implement them? What drives the need to manage talent in organizations we have asked them to evaluate different challenges such as talents and skills shortage, need for innovations, global marketplace and some others. We have found out that there is a range of organizational drivers that force the companies to turn into talent management (table 3).

Table 3. Talent management drivers

Challenges & Drivers			
Russian Companies		Foreign Companies	
Business competition	70%	Retention and retention issues	83%
Need for customer service	67%	Corporate culture	83%
Talent and skills shortage	63%	Need for innovations	70%
Need to execute strategy	53%	Business competition	67%
Need for innovations	50%	Need for customer service	67%
New technologies	47%	New technologies	63%
Retention and retention issues	43%	Need to execute strategy	60%
Corporate culture	33%	Global marketplace	60%
Cost of human capital	33%	Talent and skills shortage	47%
Global marketplace	23%	Cost of human capital	47%

Russian companies have faced the need for customer service and innovations (67%), the shortage of talents (63%) and the need to execute business strategy. Foreign companies has to address retention and corporate culture issues (83%), implement innovations' process (70%), provide customer services (67%), address the changes in technologies (63%), execute business strategy and ensure the better performance at global marketplace (60%). All these challenges drive the need to manage talent. Talent management in both groups of companies is supposed to resolve a variety of significant challenges of our contemporary business environment.

The low popularity of talent management in Russian companies is confirmed: about 56% of respondents consider that talent management has a low priority in their companies. We can assume that this is the central reason why companies have the shortage in talent: low attention to talent management brings negative tendency in the situation with workforce and the challenge is to address this problem as soon as possible for the benefit of companies. Common understanding of talent and talent management concept in one company lead to higher ability to manage talents and higher effectiveness. Different level of talent management perception and development between two groups shows the lower development of talent management in Russian organizations. Moreover we have identified that the foreign companies demonstrate better results in talent management than Russian ones and that elaborated talent management improves the organizational ability to manage talent.

5.2 Talent management and company's performance

Previous empirical researches have mostly investigated the effect of human resources practices in general on company performance and there are few studies that have examined the impact of talent management practices on performance measures of the company, especially in Russian context). In our research we would like to take into consideration such measures of economic effectiveness as market share, customer satisfaction, profitability and revenue growth. These

dependent variables are seemed to be inherent for the examining our research question that supposes that there is an impacts of talent management on the performance of the company. We have performed factor analysis to check if these four measures of economic effectiveness form different groups or not. The factor analysis has revealed that they present one factor (Kaiser-Meyer-Olkin Measure of Sampling Adequacy is .721). The reliability analysis of these measures has showed the value of Cronbach's alpha of .835, justifying the sum-up of them to form a single economic effectiveness index (eceff). Inter-Item relations have showed the acceptable variance in the diapason of 0.3 - 0.85. This new variable is a company's aggregate achievement on all four measures for the last five years (table 4-5).

Table 4. Factor analysis. KMO and Bartlett's test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.721
Bartlett's Test of Sphericity	Approx. Chi-Square	117,391
	df	6
	Sig.	.000

Table 5. Reliability statistics

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.835	.831	4

Inter-Item Correlation Matrix				
	market share	customer satisf	profitability	revenue growth
market share	1,000	.423	.659	.591
customer satisf	.423	1,000	.460	.336
profitability	.659	.460	1,000	.836
revenue growth	.591	.336	.836	1,000

Our assumption is that the linkage between company performance and talent management exists. The independent variable is the ability to manage talent (TM ability), the dependent variable is company performance measured as economic effectiveness (eceff). We use linear regression analysis to test our hypothesis concerning the relationships between two variables and estimate the specific nature of these relationships. We have provided the combining analysis for both groups of companies (Russian and foreign) and for each group separately.

First, we have conducted the regression for both groups. In the "ANOVA" table (table 10) we can see a level of statistical significant of p-value=0.000. This p-value provides an insight into the need to reject or accept the null hypothesis that there is no linkage between talent management and company performance. We know if the p-value is greater than 0.05, then the null hypothesis is valid, resulting in the model not being meaningful. In our case p-value=0,000 that means the opposite and we reject the null hypothesis. The "Model Summary" table (table 7) indicates that 24.5 % of the variation in the dependent variable (company performance) may be explained by the variation in the independent variable (talent management) including in the model (see "R-square"). It is believed that it is better to look at the "Adjusted R Square" because this statistic corrects for the number of independent variables in the regression model. But in our case we have only one independent variable because in terms of our research we want only to make a first step, to make a trial in this direction and reveal the linkage between talent management and company performance. We do not have a goal to analyze this linkage by, for instance, different components that can be included into talent management. It can be the direction for further research. In our case the result of "R-square" of 24.5% is good enough.

Table 6. Regression

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,495 ^a	,245	,232	,60755
a. Predictors: (Constant), ability to TM				

ANOVA ^b						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	6,944	1	6,944	18,812	,000 ^a
	Residual	21,409	58	,369		
	Total	28,353	59			
a. Predictors: (Constant), ability to TM						
b. Dependent Variable: eceff						

Coefficients ^a						
Model	Unstandardized Coefficients	Standardized Coefficients	t		Sig.	
	B	Std. Error	Beta			
1	(Constant)	2,382	,278		8,573	,000
	ability to TM	,350	,081	,495	4,337	,000
a. Dependent Variable: eceff						

The coefficient is positive and we can conclude that there is a positive linkage between the ability to manage talent and company performance. The regression coefficient of the variable “talent management” (ability to manage talents) indicates that an increase in the ability to manage talents with one unit leads to an increase in the company performance with 0.350 units. We have used supporting technique to test the normality of the residuals in our regression to check the relevance of our transformations. It has been tested on the basis of a non-parametric test: the Kolmogorov-Smirnov test and the Shapiro-Wilk’s test. In the output obtained (table 7), it is primarily the values in the column “Sig” which are important, and this applies to the both tests. These values are respectively: 0.060 and 0.312. Since these values are greater than 0.05, the null hypothesis which corresponds to a normal distribution of the variable is accepted, the standardized residuals are normally distributed and our regression analysis is relevant.

Table 7. Non-parametric test

Tests of Normality						
			Kolmogorov-Smirnov ^a		Shapiro-Wilk	
	Statistic	df	Sig.	Statistic	df	Sig.
Standardized Residual	,112	60	,060	,977	60	,312
a. Lilliefors Significance Correction						

After conducting the regression for Russian companies and foreign companies separately we have received similar results: the p-value in Russian companies and p-value in foreign companies are less than 0.05 that our model is meaningful.

5.3 Factors of successful talent management implementation

In the survey analysis have analyzed all responses about factors of success and identified that they are very similar in both groups of companies and all of them can be combined into five main steps: 1) analysis; 2) understanding; 3) involvement; 4) support; 5) elaboration (table 8).

Table 8. Factors of successful talent management implementation

Factors of Success

1	Analysis	external environment - <i>industry and its prospects</i> - <i>labor market conditions, etc.</i> internal environment - <i>business goals & prospects</i> - <i>corporate culture</i> - <i>life cycle stage</i> - <i>workforce policy, etc.</i>
2	Understanding	- why TM is importance - why TM is needed for your company
3	Involvement	- CEO - management team - loyalty & motivation of employees
4	Support	- sufficient resources for TM realization
5	Elaboration	TM system - <i>clear</i> - <i>integrated</i> - <i>thoroughly elaborated, step-by step</i> - <i>transparent</i> - <i>with equal conditions and opportunities for employees</i> - <i>objective</i> - <i>consistent</i> - <i>efficient</i> - <i>smoothly running</i> - <i>with individual approach</i> - <i>based on competency analysis</i>

The factors that we have combined as five major steps for success can be regarded as a broad plan for talent management implementation and companies can follow it in their practices during the whole process of realization. The fact that the factors are so similar among Russian and foreign companies afford us to conclude that every company in Russia regardless its origins can use these practices and be guided by these factors.

6. Managerial relevance and conclusions

The comparative analysis of practices of Russian and foreign has helped us to conclude the main ideas about talent management practices effectiveness for companies in Russia. Talent management has not gained universal application and many organizations do not have talent management system and cannot effectively identify, develop and manage talents across their border that can be a huge disadvantage for some companies in comparison with companies who possess developed talent management strategy. Our research can help them to elaborate effective talent management, it can be used as a guide that prove certain tips about factors that make the implementation successful. Moreover, factors that have been identified as factors of successful talent management implementation can be regarded as a broad plan with certain steps that should be considered during the whole talent management process.

To conclude the analysis it is necessary to point out several reasons for differences and similarities among Russian and foreign companies: as a rule foreign companies transfer their talent management practices from their headquarters to the foreign subsidiaries and these

practices are more elaborated because of being applicable in other countries and discovering best practices; Russian companies, especially national ones, do not have this advantage and these national differences should be taken into account; foreign companies transfer standardized practices but they typically need to respond to local needs that can be another possible reason for similarities in both groups because they operate in Russian market; Russian companies demonstrate the awareness about talent management but low level of interest in it while foreign companies show more “mature” approach and serious attitude to it; talent management is not enough developed practice in Russian context even in foreign companies and there are elements that need to be improved to make talent management work efficient; the reasons for differences and similarities are not only the adherence to country but also the type of operations and a size of workforce. The general tendency in both groups of companies is approximate but Russian companies follow foreign companies with their more mature attitude and experience but the speed of talent management development in Russia is lower.

The research can also allow companies to benchmark their existing practices against analyzed practices in Russian and foreign companies and to compare their process of talent management with factors influencing on talent management implementation including factors that are considered to be the prerequisites for successfulness. This study suggests that it is quite relevant to reconsider the existing system in line with these factors. We have discovered that the practices of foreign companies are more developed and they can be taken into account by Russian companies. We suppose that talent-oriented approach in organizations will lead to better performance and by thoroughly elaborated talent management system companies are likely to be better in identifying talents and evaluating employees with potential inside and outside the company for existing and future benefits. Our research has been done in Russia and it reflects the main tendencies and specifics of local context, that is why mainly companies in Russia (Russian and foreign) are the target of our recommendations and they can be guided by the factors revealed in the paper in their practices.

The positive relationships between well-developed talent management and company performance confirm the relevance of talent management implementation. The early stage of talent management development in Russian companies opens a number of ways for further steps. We believe that our findings on how organizations define talent and talent management, the differences in practices between indigenous-owned and foreign-owned companies and what contribute to successful talent management implementation can partly reflect the current opinion of companies and existing situation in Russian market.

7. Limitations and further research suggestions

This paper contributes to the existing literature on talent management, especially in Russia. However it is not without limitations. First one is rather limited sample. The structured survey approach allowed us to obtain necessary data from HR managers and we received 60 responses. We were able to analyze the talent management practices in companies but further research with larger sample is needed to check the relevance of results. We focused on investigation of talent management processes in Russia by HR managers. Further research can explore the models held by other stakeholders including line and senior managers and employees. We paid attention to the comparison of practices between Russian and foreign companies in Russian market but not across industries and sectors that could provide the addition useful information and it requires bigger sample. The second limitation concerns the measurement of relationships between talent management and company performance. We have made first step in this direction. Working with more independent variables that can form talent management and other measures of company performance would be valuable for the future study. We believe that our findings on how organizations define talent and talent management, the differences in practices between indigenous-owned and foreign-owned companies and what contribute to successful talent management implementation can partly reflect the current opinion

of companies and existing situation in Russian market. Further study in these areas is required. Russian labor market is in the process of active development and thus HR practices can experience multiple changes, including the growing interest to talent management – thus the future studies in this direction could contribute to the development of this process.

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