Evolving talent management patterns and challenges in Russia and Kazakhstan: Investigating employer perspective

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EVOLVING TALENT MANAGEMENT PATTERNS AND CHALLENGES IN RUSSIA AND KAZAKHSTAN: INVESTIGATING EMPLOYER PERSPECTIVE

Abstract

Purpose. We investigate the evolving patterns and challenges of talent management (TM) in the emerging markets of Russia and Kazakhstan from the employer perspective. Increasing our understanding of how TM is recognized from the employer perspective may better equip us to address how to effectively manage and lead the available talents in these and other emerging markets.

Design. We conducted a qualitative study comprising 50 semi-structured interviews, with 37 business leaders from Russian subsidiaries, and 13 from Kazakh subsidiaries, in all cases of Nordic Multinational enterprises (MNEs).

Findings. Our study supports the object approach to TM in the emerging markets of Russia and Kazakhstan. We reveal that the exclusive and developable talent philosophy is predominant in these emerging markets, where TM faces the challenges of fierce competition for talents and an insufficient supply, so business leaders tend to be reluctant to inform employees of their talent pool membership. Our results demonstrate that MNEs do not act independently of context, thus supporting calls for consideration of the local institutional context.

Originality. TM is still a somewhat novel idea in many emerging economies, and challenges related to managing talents are believed to be far more complex in such settings. Furthermore, to the best of our knowledge, no studies have investigated the notion of talent and TM conceptualization in the emerging markets from an employer perspective.

Introduction

Talents: the hardest to get, the hardest to keep. Certainly, talent management (TM) research has attracted a remarkable degree of academic and practitioner interest (Cascio and Boudreau, 2016; Collings and Isichei, 2018; Gallardo-Gallardo and Thunnissen, 2016; Krishnan and Scullion, 2017; McDonnell *et al.*, 2017; Vaiman *et al.*, 2017; Van den Broek *et al.*, 2018). TM has become a vital component of the world's most influential academic and practitioner-oriented conferences (e.g., Academy of Management Annual Meeting). Furthermore, several prominent academic journals have devoted special issues to this research domain (e.g., Employee Relations in 2016). TM also continues to be a priority for companies worldwide (Cascio and Boudreau, 2016; Meyers and van Woerkom, 2014). Some actors say they bet on people, not strategies, i.e. the strategy has little value to it unless executed through people. Indeed, companies are fully aware they need to attract, develop and retain talents to succeed in the current hyper-competitive and increasingly complex global economy.

TM has become one of the fastest growing areas of academic work in the management field over recent decades (Collings *et al.,* 2015; Sidani and Al Ariss, 2014). In terms of theory, the emerging body of literature has a distinctly Westernized perspective (Schuler *et al.,* 2011), with research mostly conducted in the context of developed countries (Björkman *et al.,* 2013; Gooderham and Nordhaug, 2011; Skuza *et al.,* 2013). For instance, Al Ariss *et al.* (2013) suggest that greater sensitiveness to societal contexts would enable a better understanding of TM dynamics. Academics have recently started to contextualize TM by investigating it in specific business sectors, small and medium-sized companies (Festing *et al.,* 2013; Krishnan and Scullion, 2017), as well as emerging markets (Ahammad *et al.,* 2018; Ambrosius, 2018; Cui *et al.,* 2018; Latukha, 2018; Nayak *et al.,* 2018; Tansley and Kirk, 2018), demonstrating that "context is everything" (Sparrow and Makram, 2015, p. 249). TM is still a somewhat novel idea in many emerging economies, and it is believed that challenges related to managing talents

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are far more involved in such settings (Sparrow *et al.,* 2014). Furthermore, to the best of our knowledge, no studies have investigated the notion of talent and the TM conceptualization in the emerging markets from an employer perspective. This is critical since failing to understand the *employer* perspective in the emerging markets can lead to a breakdown in the implementation of recommended TM practices in these markets (Khilji *et al.,* 2015; Sidani and Al Ariss, 2014). Notably, the rapid economic, social and political transformation in Russia and Kazakhstan has led to the need for more updated knowledge of TM in these markets, since most of the existing evidence is based on anecdotal or limited information from organizational reports (Latukha, 2018).

Guided by these observations, we consider it timely to investigate from the employer perspective the evolving patterns and challenges of TM in the emerging markets of Russia and Kazakhstan. We believe this research gap merits further attention and can offer a platform for future conceptual and empirical studies. By increasing our understanding of how TM is recognized from the employer perspective in Russia and Kazakhstan, we may be better equipped to address how to effectively manage and lead the talents available in these and other emerging markets. In addition, many TM studies have targeted HR practitioners as their key respondents (Jones *et al.,* 2012). Although they may have a profound understanding of the HR strategy and TM practices in place, they embody mainly the interpretations of HR professionals, which may be different to those of organizational decision makers. To fulfil our objectives, we conducted a qualitative study comprising 50 semi-structured interviews, with 37 business leaders from Russian subsidiaries, and 13 from Kazakh subsidiaries, in all cases of Nordic Multinational enterprises (MNEs).

We offer the following contributions to the current TM research. First, we explore the voices of business leaders who are believed to be the most knowledgeable about their employees, particularly talents, and whose perspective might be distinct from the opinions of the talents

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themselves. Second, in choosing an inductive inquiry and retrospectively interpreting the data, we identify evolving patterns and challenges of TM in the emerging markets of Russia and Kazakhstan.

Conceptual background

This section brings together several streams of the TM literature and paves the way for the empirical study. First, we review the recent TM approaches and philosophies. Second, we investigate the recent TM literature related to the talent identification process and its evaluation criteria. Finally, drawing on the social exchange perspective, we discuss the concept of talent identification transparency.

Talent and Talent Management Approaches

In exploring the broader literature on TM, a separate line of research has reviewed who is regarded as a talent (Gallardo-Gallardo *et al.,* 2013; Meyers *et al.*, 2013). Talent can be considered in terms of being an object or a subject alongside the extent to which an inclusive or exclusive perspective is adopted (Gallardo-Gallardo *et al.*, 2013). The subject approach sees all employees as talents (inclusive), whereby organisations should utilise every employee's strengths for the organisation's benefit (e.g., Becker *et al.*, 2009; Dries and Pepermans, 2008; Silzer and Church, 2010). The object or elite approach sees a subset of the workforce as somewhat more vital than everyone else concerning the value those employees add to organizational performance. The object approach highlights individual characteristics of talents such as ability, competence, performance, and behaviour (e.g., Hough and Oswald, 2000; Ulrich and Smallwood, 2012). From this perspective, talent can refer to natural ability or innateness, the mastery of particular competencies, possessing the organizational commitment and fit to the specific context, as an employee may not perform in the same way across every situation or context (Gallardo-Gallardo e*t al.,* 2013).

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Talent Management Definition and Talent Identification Process

The most cited definition to date of TM relates to an object, or in other words the elite approach to TM with a focus on particular segments of the workforce. Thus, Collings and Mellahi (2009, p. 304) define TM as "activities and processes that involve the systematic identification of key positions which differentially contribute to the organization's sustainable competitive advantage, the development of a talent pool of high potential and high performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents and to ensure their continued commitment to the organization". Collings and Mellahi (2009) emphasize that the focus of TM should be on the identification of key roles (or positions) that add to the organization's competitive advantage. Therefore, before focusing on talents, organizations need to establish where those personnel can have the greatest impact on organizational outcomes. A key challenge for organizations is then to identify the pivotal or strategic roles, which are often located outside senior leadership (which are key by nature) (Huselid and Becker, 2011; McDonnell *et al.*, 2016). Performance management and appraisal commonly play a crucial function in these decisions. However, many HR practitioners continue to struggle with constructing an effective performance management process. For example, during 2015, more than 50 major US employers including Netflix, Microsoft, Accenture, and Deloitte, revealed that they rigorously update their performance management processes, including in many cases removing the traditional annual performance "rating" (Buckingham and Goodall, 2015). Nonetheless, while researchers have long acknowledged the challenges surrounding the accuracy of performance evaluations, a shift away from the use of formal performance evaluations in the talent identification process raises essential concerns for TM.

Talent Identification Transparency

Once the organization identifies critical roles that add to its competitive advantage, and 'spots' the talents best suited to those roles, the question arises as to whether or not the management should inform employees of their talent pool membership. This dilemma, or better yet, concept, has been entitled talent identification transparency, and is defined as the practice of informing employees of their talent pool membership (Khoreva *et al.,* 2018).

Several studies have investigated attitudinal and behavioural outcomes of employees being informed of their talent pool membership (Björkman *et al.,* 2013; King, 2016; Marescaux *et al.,* 2013; Swailes and Blackburn, 2016). They tend to react by displaying, for instance, enhanced commitment, job satisfaction, and organizational citizenship behaviour (Anand *et al.,* 2010; Hornung *et al.,* 2010), increased performance, and reduced turnover intentions (Björkman *et al.,* 2013). Besides, the differential treatment of employees based on their talent potential creates a 'continuous tournament', where employees are motivated to develop and apply the skills and qualities the organization requires (Höglund, 2012).

Talent identification transparency may be reasonable from a strategic perspective, since it reflects positive organizational expectations of employee capability to achieve future performance and advancement. However, many organizations consider this transparency risky because today's employer-employee relationship is supposedly less about loyalty and long tenure, and more about self-managed careers and finding a better deal (Dries, 2013). Besides, talent identification transparency may promote inequality among employees, making it a sensitive matter (Gelens *et al.,* 2013). Human resources are, after all, human beings, who may react emotionally, both cognitively and behaviourally, when treated differently from others (Paauwe, 2004).

In line with the social exchange perspective, Khoreva *et al*. (2018) argued that talents informed of their talent pool membership may view the acquired rank as an indication of the employer's higher expectations of them, which may, in turn, raise their hopes and ambitions. If these aspirations are not fulfilled promptly, the newly appointed talents may face stress, job dissatisfaction, and anxiety, and consequently may start seeking job opportunities elsewhere. Furthermore, the scholars argued that once organizations inform the talents of their membership, those talents may closely monitor how the employer delivers on its promises. If the employer does not precisely fulfil all its promises, the psychological contract is likely to be violated, which may subsequently lead to various adverse attitudinal and behavioural outcomes. Next, the scholars discussed the negative consequences of talent identification transparency for those employees not identified as talents. Reportedly, there can be negative consequences attached to designating someone a talent, because other employees may interpret that to mean everyone else is talentless, which can, in turn, promote feelings of unfairness. As noted by Larsen *et al*. (1998), the more attention and resources top managers invest in talents, the more others become jealous. Following the social exchange perspective, Khoreva *et al*. (2018) thus proposed that those not identified as talents may suffer from demotivation and dissatisfaction, and view their 'non-talent status' negatively, not feeling appreciated by the employer. As such, it can cause increased stress levels, frustration, lower confidence and self-esteem, resulting in poorer performance and increased turnover intentions.

Talent management in Russia and Kazakhstan

Who do employers see as talents in the emerging markets of Russia and Kazakhstan? Do employers favour mostly a subject or object oriented approach to TM in these markets? How do they spot talents? Is it all about talents' high performance, level of seniority, or something else? Do employers inform talents of their talent pool membership to boost the talents' well-being and productivity? What about those employees not identified as talents, are they

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informed of their 'non-talent' status or do they remain ignorant of the fact? It is crucial to review the current literature on Russia and Kazakhstan to depict the current TM patterns and challenges in these markets.

Both Russia and Kazakhstan are members of the Commonwealth of Independent States and both countries are characterised by a dynamic, turbulent, highly competitive and extremely volatile environment. For instance, Ralston *et al.* stated that "Russia, once the heart of the superpower USSR, is a prime example of a socialistic Western culture that is showing great potential – as well as growing pains – in its quest to become once again a global economic power" (2008, p. 14). Kazakhstan is also developing a transparent and effective business culture that is attractive to foreign investment (Mouraviev and Kakabadse, 2017). Its authorities realize the need to implement economic reforms; however, new laws and regulations that should improve the business environment are often incorrectly applied at the local level.

Both countries have benefitted from the institutional transition from a highly centralized planned economy to a market-oriented system. The latter expands the efficiency of resource allocation and enhances the productivity concealed in the former. Yet, foreign investors and local organizations criticize the burdensome regulations that often reflect a way of doing business that is reminiscent of the Soviet Union. Challenges remain in Russia and Kazakhstan in terms of addressing issues related to competitiveness and economic diversification, over-reliance on the extractive industries sector, continued corruption, the need for the increased rule of law, and concentration of political power (Mouraviev and Kakabadse, 2017).

The growth of former Soviet countries has created excessive demand for a distinctive type of managerial talent that can operate successfully in culturally complex and geographically distant markets (Latukha, 2017). This has, in turn, activated the development of uniquely qualified human resources in Russia and Kazakhstan, initiating increasing competition for talents.

Organizations in Russia conduct TM mostly on an individual basis; companies tend not to have any formalized policies or procedures (Latukha, 2018). Furthermore, although Russian organizations aim to adopt a strategic approach to TM, the HR department's role is still lacking a strategic focus on TM, assigning priority to short-term planning (Latukha, 2015). To date, six prominent factors that provide Russian style TM with its distinctive character have been identified: Russia's authoritarian rule, a mistrust of institutions, rooted 'bossiness', the persistence of 'Soviet mental software', negative selection, and a limited tradition of empowerment (Holden and Vaiman, 2013).

Overall, even though there is a high demand for talents in both Russia and Kazakhstan, the lack of managerial education decelerates the development of strategic TM in the two countries. At the same time, expanding career opportunities and a growing number of MNEs create retention issues among talents in both Russia and Kazakhstan.

Due to the limited number of empirical studies on TM in Russia and Kazakhstan (with the notable exceptions of Holden and Vaiman, 2013; and, Latukha, 2015-2018), we followed the principles of grounded theory (Beyer and Hannah, 2002), which falls within the constructivist paradigm (Yazan, 2015). Thus, we decided not to put forward any propositions related to the TM approach, talent identification process, or talent identification transparency, in the emerging markets of Russia and Kazakhstan. Instead, we chose to follow a constructivist variant of grounded theory analysis, to ensure methodological congruence and leave enough space to discuss the evolving patterns and challenges of TM in the emerging markets of Russia and Kazakhstan.

Methodology

Data Collection

Due to the limited number of both conceptual and empirical studies on TM in Russia and Kazakhstan, we decided not to make any propositions related to the TM approach. A qualitative method was deemed most appropriate to examine the opinions and experiences of the business leaders of the Russian and Kazakh subsidiaries of Nordic MNEs, who might, on the one hand, be the most knowledgeable about their talents, and, on the other, about the global TM strategies in place in the MNEs. By selecting an inductive inquiry and retrospectively interpreting the data, our intention was to explore the voices of business leaders and identify emerging TM patterns and challenges, as well as their likely consequences.

Data for this study were collected through in-depth semi-structured interviews[1] within a large-scale project addressing international HRM. The initial stage of data collection was to identify the largest Finnish and Swedish MNEs that had subsidiaries in Russia and/or Kazakhstan, and adhered to corporate TM practices. The project comprised 47 MNEs (three had subsidiaries in both Russia and Kazakhstan) representing a variety of industries and ranging in size from 2,750 to 58,411 employees. According to the interviewed business leaders, all of the MNEs sought to realise a corporate-wide TM system, though none had an explicit policy of informing talents about their status. While access to research in Russia and Kazakhstan may be difficult to secure without a prior relationship, the participants of this study proved to be very open and thorough

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[1] The primary goal of the project was business-oriented. Particularly, the examined MNEs collaborated with Hanken & Stockholm School of Economics Executive Education with the intention to receive corporate reports from both their own enterprises and their countries in general (i.e. 'Talent Management 2020 in Kazakhstan'). Therefore, while some project members participated in data collection, others performed data analysis. The lead author of this study was a member of the corporate project and granted permission to utilize the data for academic purposes.

in their responses. This is perhaps due to their prior experience of cooperating with Hanken & Stockholm School of Economics Executive Education.

37 business leaders from the Russian subsidiaries, and 13 from the Kazakh subsidiaries, chose to participate in the project. Thus, we collected, recorded (except one interview) and transcribed 50 semi-structured interviews (see Table 1). To assure anonymity, we refer to our respondents later in the study by the respective labels: 'Russia' and 'Kazakhstan'. The respondents were asked to address the following questions during the interviews: What are the specific patterns of TM in your company and in your country? How do you spot talents? How does your company minimise the biases and challenges of traditional performance evaluation systems? How does your company communicate TM decisions to employees? What are the challenges of TM in your company and in your country? During the interviews, the respondents were able to illustrate, expand or digress from the interview guide questions.

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Table 1. Interviewee profile

Category	%
Country	
Russia	74
Kazakhstan	26
Organization size	
< 5,000 employees	32
5-20,000 employees	44
>20,000 employees	24
Industry	
Construction	8
Consumer products	16
Engineering	16
Industrial machinery and services	24
IT/telecommunications	8
Logistics	8
Manufacturing	4
Retail	16
Gender	
Male	92
Female	8

We conducted interviews in four languages – English (37), Finnish (1), Swedish (1), and

Russian (11). Later, we translated all the collected interviews into English. To ensure accuracy

(Yin, 2016), we performed a back translation to check the adequacy of the translation process

Data Analysis

Our analytical procedure started with an examination of the raw data and resulted in theoretical

interpretations. We employed coding to develop a template through which to interpret the

textual data set. Next, we divided the detailed encoding into two iterative stages, starting with

the interview questions. These served as higher-order codes (King, 2004) and comprised three

broad categories: perceptions of who a talent is, opinions on how to spot a talent, and

perceptions of how companies communicate TM decisions. In the second stage, we developed

more interpretative second-level codes based on a detailed reading of interview transcripts.

We included several kinds of quality check to advance the quality and reliability of the results (Yin, 2016). First, one of the project members coded the data sample, then another member reviewed the coding template, after which the project team adjusted the initial template. We repeated this iterative process several times and the project team re-read the interviews many times to confirm the analysis was free of any misinterpretation of the interview content. Finally, once all the transcripts were coded, the whole process was repeated to avoid potential overlaps and excessive usage of codes (Yin, 2016).

Our approach also incorporates the principles of reflexivity so that the researcher evaluates his/her interpretations of the research questions, and the research theme and how it influences the findings (Yin, 2016). The nature of the research theme can be personal and a profound individual engagement may bias research statements and conclusions. It is impossible to achieve total objectivity in qualitative studies because our experiences may affect the investigation. It is thus crucial to be aware of your values and ensure they do not permeate and control the study performance (Bryman and Bell, 2011). In addition to considering interview credibility, it is vital to consider their authenticity. Consequently, to avoid any bias and provide an adequate, fair and most accurate picture of what we examined, the research team reviewed the coding process, template building, and theme development, all independently of each other.

Findings

We now present an overview of the study results in line with the primary research objectives.

Who is a talent?

All the respondents were aware of the 'talents' concept and mentioned outstandingly high performance as an essential differentiating trait of talents:

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> *"Talents are the ones who perform better than the rest and show more potential ... they are exceptionally well-performing individuals who will in time move to key strategic positions that will determine the course of action for the whole company." [Russia 1]*

> *"A talent is the one who reaches his goals and immediately finds other goals… he's a model for his colleagues and subordinates. He has high ethical standards. He makes the world even better." [Kazakhstan 1]*

Besides high performance, the respondents defined talents in terms of intelligence, personality, cognitive abilities, and motivation. They frequently mentioned personality traits such as sociability, dominance, emotional stability, and career ambition:

> *"Talent is not only about a set of KPIs ... talent is a generator of ideas." [Kazakhstan 2]*

> *"Talents are simultaneously skilful and ambitious people." [Kazakhstan 3]*

> *"Talents are the ones who are international, communicative, ready to make big changes, good with languages, good at making decisions, team players and professional experts in some area." [Russia 2]*

> *"Talents are the ones who are ready to take on new challenges. For instance, during the interview, if someone demands a clear view and description of what the job looks like then he's not the right talent ... a degree of novelty and risk-taking is needed." [Russia 3]*

The respondents argued that talents are not necessarily successful leaders, for which you need the relevant expertise, skills and abilities to become influential. So, according to our respondents, although talent is a stable unit, it could also be developed:

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> *"Not all talents become leaders. In order to become a leader, you need to possess charisma and not all talents have charisma. It's impossible to create charisma in yourself, you can change yourself a bit with the help of additional knowledge, self-control, you can increase willpower, but you're either charismatic or not."* *[Kazakhstan 4]*
>
> *"A talented manager is not always a leader. Something serious has to happen for a talented manager to become a leader, like losing your job or some other critical situation." [Russia 4]*
>
> *"You need to develop employees with potential." [Russia 5]*

The majority of the respondents considered talents a rarity in their subsidiary, and not everyone possessed talent. The respondents advocated the object TM approach, directed at only a limited, elitist share of employees, the so-called A-players, high potentials or strategically important employees (Collings & Mellahi, 2009):

> *"A company has a natural desire to find talents, or stars, those people who are capable of managing a business. Therefore, those who know how to do their job will reveal themselves as talents, so HR's function in identifying talents is of no use. If an employee is a talent, he will be noticed, because he wants to be seen … talent emerges just as a natural issue." [Kazakhstan 3]*

The respondents classified as talents those employees they expected to occupy top management positions in the long term. This TM approach had a strong strategic focus, since companies offered the identified talents developmental opportunities to prepare them for further responsibilities within the subsidiaries:

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> *"Our talents are further developed to fill strategically important organizational*
>
> *positions as well as mission-critical positions." [Russia 3]*

None of the respondents prevented talents from being promoted or intended to 'get rid of' them as was mentioned in an empirical study of talents in Poland (Skuza *et al.,* 2013, p. 463).

On the contrary, most of the respondents expressed positive attitudes regarding the value of developing the 'soft' skills of talents through training, that talents demand flexibility, challenging duties and opportunities for development. They appreciated career advancement based on performance rather than seniority and the number of personal networks. We thus noticed a distinct shift away from the practices of the communist era:

> *"Those employees classified as talents are put through a program (educational*
>
> *training, workshop) to acquire new skills. Others who are not classified as talents*
>
> *don't know about those who are." [Kazakhstan 1]*

> *"Talent management is a part of our leadership program. Everyone within this*
>
> *program has a career plan." [Russia 3]*

How to spot a talent?

Irrespective of the definition of talent and TM approaches, scholars advocate that MNEs should identify key positions within their enterprise (Collings & Mellahi, 2009). Researchers have recognized talent identification as crucial to ensuring that the 'right' employees are placed in strategically pivotal positions (McDonnell, 2011). Studies perceive talent identification as an investment in a long-term and stable relationship with an employee. Scholars tend to agree that talents should know they have been identified by their company as 'talent' (Björkman *et al.*, 2013). The favoured employees recognize an investment in the development of their talent and career, and receive an indication that their contributions are valued (Festing & Schäfer, 2014).

In return for the investment made in talents, and the trust given by their enterprises, talents may wish to stay with the company and try to give something in return (Mayo, 2003). Talent identification may thus assist in retaining talents and reducing staff turnover. Furthermore, talent identification has been found to be associated with attitudinal outcomes, such as identification with the enterprise, and increased motivation and satisfaction, as well as organizational outcomes such as higher performance and greater support for strategic priorities (Björkman *et al.*, 2013).

Most of the respondents were positive about the process of talent identification:

> *"Of course, talented people have to be identified. You can identify them when you allow them to be in a non-standard situation, and you can then see how they behave and decide on who is a talent and who's not." [Russia 1]*

> *"We have already noticed our talents. We are observing them." [Russia 7]*

The interviewees mentioned they had programs specifically designed to train and develop talents. Since most of the examined Russian and Kazakh subsidiaries followed the exclusive and developable talent philosophy (Meyers and van Woerkom, 2014), companies provided training and developmental opportunities only for those employees who showed potential:

> *"We identify talents and set the guidelines for how they should develop towards becoming successful leaders through participation in leadership programs, competence development, screening …."[Kazakhstan 1]*

There were several differences in the criteria applied by subsidiaries in Russia and Kazakhstan in selecting employees for talent pool membership. First, the respondents tended to rely on performance appraisals as the basic criterion for talent identification:

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> *"We have a clear process of talent identification based on performance evaluations. We follow the corporate system in spotting talents. Those selected are not informed, only the CEO and the HR director know." [Russia 1]*

> *"Figures never lie. We thus believe in performance evaluation." [Russia 3]*

According to Western standards, talent identification should be based not only on performance appraisals, but also on the assessment of personal skills such as the ability to learn, communication skills, flexibility, adaptability to change, and entrepreneurship (Björkman *et al.*, 2013; Skuza *et al.*, 2013). Our respondents repeatedly noticed that to be identified as talents, employees needed to be capable of assembling teams around them, be inspiring and encouraging towards others. Overall, in identifying talents in both Russian and Kazakh subsidiaries, personal and leadership skills were given priority over experience and expertise:

> *"Intuition is important in spotting a talent. Does chemistry occur?" [Russia 4]*

> *"Managers in Russia are afraid of making mistakes and this paralyses them ... the best way to spot a talent is to look for managers who are not afraid to think, make their own decisions and take responsibility for them." [Russia 4]*

> *"Talent does not equate to high performer, so performance evaluation is not the only criterion ... Talent means a person is able to demonstrate himself today very well in terms of performance, attitude and approach." [Kazakhstan 2]*

Remarkably, with a few exceptions, most of the respondents mentioned that the talent identification process in their subsidiary was informal:

> *"The talent identification process is not a formalized process. It's more of an open discussion." [Russia 1]*

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> *"Talent management is somewhat chaotic ... We have a list of high potentials. People know if they are on the list ... and then we look to see whether or not they are trying to develop and push further .... It's evident when a person wants to move up." [Russia 5]*

How to communicate talent management decisions?

Only a few of the respondents were transparent with all personnel in their TM decisions:

> *"Our talent management system is transparent, so we explain to personnel why one is part of a future management program and another isn't." [Kazakhstan 6]*

In fact, the majority of respondents were rather sceptical about the positive impact of talent identification transparency on various employee attitudinal and organizational outcomes. The respondents reported that talents, whether or not informed of their talent pool membership, were less committed to their enterprise than expected. Furthermore, according to the respondents, both the informed and uninformed talents were largely more concerned about their social status and monetary rewards than about the status of being a talent pool member:

> *"People's stupidity makes me nervous, so I won't say they're talents unless it's true." [Russia 6]*

> *"We identify as talents those who are also interested in something other than money." [Russia 1]*

> *"It's hard to find a talented, motivated person. Everyone just wants to get their salary and do only their own duties." [Russia 5]*

Interestingly, even though our interviewees did not express any immense problems in spotting talents, many felt uncomfortable communicating to employees that they were not part of the

enterprise's talent pool. The respondents felt it would have a negative impact on the motivation of those not in the pool:

> *"Others, those who are not identified as talents, don't know about those who are." [Kazakhstan 1]*

> *"We value equality, respect and modesty. We don't say to some that they are a talent and then to the rest that they are nothing." [Kazakhstan 5]*

Some of the respondents mentioned that they did not inform talents of their talent pool membership, in order not to boost their confidence in finding job opportunities elsewhere. Companies reported high annual turnover rates among talents as a major challenge in Russian and Kazakh units. The interviewees continually mentioned the overheated talents' market in both countries. They found it difficult to retain talents within the enterprises:

> *"Russians are fatalists, they don't make long-term plans. Key personnel are thus continually leaving." [Russia 1]*

Discussion

Research in the TM domain has been criticized for its lack of attention to contextual factors (Gallardo-Gallardo *et al.,* 2017; Thunnissen, 2016). Indeed, considering environmental, organizational and cultural traits is crucial to designing and implementing an appropriate TM system (Collings, 2014; Gallardo-Gallardo and Thunnissen, 2016). In this study, we looked to fill that research gap by investigating from the employer perspective the evolving patterns and challenges of TM in the emerging markets of Russia and Kazakhstan. We contributed to the research on TM internationally and provided evidence from contexts unfamiliar to the well-researched Western setting.

Our study supports the object approach to TM in the emerging markets of Russia and Kazakhstan. This approach states that a subset of the workforce is comparatively more important than everyone else with regard to the value they add to organizational performance (Gallardo-Gallardo *et al.,* 2013; Meyers *et al.,* 2013). In the emerging markets of Russia and Kazakhstan, companies characterize talents by the following characteristics. First, outstanding performance is the prerogative of talents. Next, respondents emphasized talents' individual attributes, such as charisma, sociability, dominance, emotional stability, career ambition, and drive. Finally, companies expect to see an interest in something other than purely financial security as an essential criterion to consider employees as talents.

Next, our study reveals that the exclusive and developable talent philosophy is predominant in the emerging markets of Russia and Kazakhstan. According to this philosophy (Meyers and van Woerkom, 2014), talent is conceptualized as a potential, implying that it represents the possibility that individuals can become something more than what they currently are' (Silzer and Church, 2009, p. 379). Hence, talents are not directly equivalent to successful leaders, but may become so in due course. In line with this philosophy, our study highlights the idea that talents can become successful front-runners only when they develop. Our research, thus, supports theories on person-environment interactions, which posit that an optimal fit between initial conditions (individual potential) and stimulating environmental factors (training and developmental opportunities) produces a chain of synergistic or multiplicative person-environment interactions that lead to disproportionate gains in a given skill or ability (Meyers and van Woerkom, 2014).

Furthermore, our study does not provide any empirical evidence that organizations depart from performance management ratings when identifying talents. Even though the companies in the emerging markets of Russia and Kazakhstan recognize the challenges surrounding the accuracy of performance evaluations, the intuition of business leaders and personal chemistry between

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the leaders and talents continue to go hand-in-hand with the performance management systems when identifying talents.

Finally, our study reveals the fierce competition for and insufficient supply of talents as the evolving challenges of TM in the emerging markets of Russia and Kazakhstan, and this is why business leaders tend to be reluctant to inform employees of their talent pool membership. In not telling talents of their membership, the employers are looking to prevent arrogance and higher expectations of the employers themselves, and avoid feeding motivation to look for a job elsewhere. Overall, even though most of the employers are positive about the talent identification process, the process itself is somewhat informal and unclear, in order not to precipitate an atmosphere of destructive internal competition that could, in turn, demotivate those employees not identified as talents, and discourage the development of overall organizational spirit. Thus, we reason that the positive side of talent identification transparency is relevant only from the employee perspective, and especially in the case of those identified as talents.

Since our study investigated local Russian and Kazakh subsidiaries of Nordic MNEs, it is relevant to discuss global TM matters. While there is some evidence of common global TM tendencies, we find no evidence of the dominance of a coherent universal TM system reflecting the global distribution of best practices. Our study highlights the fact that both Russia and Kazakhstan continue to share a distinctive feature, namely the capacity to survive and control inconsistencies. The subsidiaries' business leaders seem to unite a range of practices adjusted by institutionally embedded opportunities and pressures operating in the host country. Our results demonstrate that MNEs do not act independently of context. This is in line with the suggestion of Brewster *et al.* that "the strength of the duality thesis which reflects the persistent effects of institutional realities: the fact that regulations specific to country of origin or domicile do not have a dominant effect would underscore the nested nature of institutions, moulding the

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practices of firms at supra-national, national and sub-national levels" (2008: 335). We reason that what Nordic MNEs do in Russia and Kazakhstan characterizes not just the product of a local context, but trade-offs and compromises between competing pressures and influences. Thus, our study supports sceptical voices pointing out the limitations of a universal approach to TM, and calls for attention to the critical role played by the local institutional context.

Limitations and Suggestions for Further Research

Like all research, this study is not free from limitations. First, we do not focus on identifying the differences in TM between the Russian and Kazakh markets. While each business market is indeed unique, instead of differentiating the two markets we looked to identify emerging TM patterns and challenges in both Russia and Kazakhstan. Future research may build on our study and concentrate on each market separately.

Second, our study focused on the perceptions of business leaders of Russian and Kazakh subsidiaries of Nordic MNEs. These business leaders were selected because they were willing to participate in the project. However, line managers, HR managers, business leaders at HQ, and the talents themselves might have different perspectives on TM. Furthermore, the story may look different for local private companies and companies operating in the public sector. Thus, we call for future studies employing larger and more representative samples, incorporating multi-level and multi-actor analyses. It would also be of value to study and compare TM practices of MNEs and local companies.

Finally, it is important to note that these emerging countries have different institutional, cultural, and educational characteristics (Tymon *et al.*, 2010). Hence, the data we collected and discussion we presented are not intended to deliver generalizable conclusions but to develop an evidence base to support further theorizing in the field of TM in emerging markets.

Longitudinal studies on how TM evolves in an emerging market context would be particularly welcome to examine the links between strategy, corporate culture, and TM practices.

Managerial Relevance

The results of this study should be of interest to practitioners. First, we identified two significant TM challenges in Russia and Kazakhstan – the overheated market for talents and low commitment among the talents themselves. These challenges need to be addressed by MNEs and local companies operating in the markets, specifically those that aim to advance their competitive advantage by leveraging talents. It seems these challenges will remain in place in the immediate and near future. Hence, companies that do not have systems to identify, develop, and retain talents might be at a clear disadvantage compared to those with well-established transparent TM systems. Companies should, thus, continue to promote the commitment of talents, and build reliable, stable long-term employment relationships with them. That involves long-term investment through offering talents participation in decision-making, empowerment, career development, mentoring and coaching programs, as well as extensive 360-degree feedback. By investing in talents, MNEs enhance their commitment and motivation, and reduce the likelihood of them leaving the enterprise.

We found MNEs vary in how they define talents, and recommend companies communicate clearly and effectively with all the employees they consider talents. Irrespective of whatever definition of talent MNEs may apply, agreement and clarity are needed on who is considered a talent. We found evidence of a relatively large number of MNEs informally identifying their talents, but strongly encourage a more formalized system of talent identification. This would enable the proper application of key talent throughout company operations and assist in allocating resources to the best-performing, highest-potential employees.

Additionally, we suggest that MNEs should not underestimate the importance of local contexts, since they exercise a strong influence on business development. We advocate that due to the changing global situation over time, MNEs should be flexible in their talent strategies, processes, and practices, to be able to adapt to the evolving TM patterns and challenges.

Finally, while both Russian and Kazakh business markets are unique in cultural dimensions, institutional settings, and legal environments, this study may be relevant to other emerging markets. As MNEs from developed economies view emerging markets as arenas for economic development, and MNEs from the emerging markets have been expanding of late, business leaders and HR professionals should recognize that TM systems must fit the local contexts, which tend to be more complex and multidimensional than assumed. MNEs need to move away from an ethnocentric, headquarters mindset. The polycentric approach should not be taken too seriously by the subsidiaries, either. Undertaking TM locally is likely to lead to a silo mentality, with local units working too strictly towards their agendas. Focusing on recognizing and harmonizing the different cultural values would be a far more favourable strategy than struggling to force-fit them into a universal global TM system.

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