

MARINA LATUKHA

Talent Management in Emerging Market Firms

Global Strategy and
Local Challenges



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To my beloved parents, Irina and Oleg

Preface

This book is the first attempt to show how emerging market firms use talent management practices to create and extend their competitive advantage in a global environment. It results from extensive research in the fields of strategic and international human resource management. Talent management in emerging market firms was investigated in multiple studies conducted or supervised by the author. Those studies aimed to build a deep understanding of how companies from emerging economies create and support their competitiveness using human resources as a main asset. The research focuses on the four BRIC countries: Brazil, Russia, India and China.

Countries from emerging markets have been attracting much attention in a range of fields and sectors recently. One reason for this is the fact that a growing percentage of foreign direct investment is coming from emerging markets. Moreover, the labor markets in many emerging countries are big, and most of them possess unique competencies that nowadays may be considered as competitive advantages for achieving strategic results. That explains why talent management in emerging markets has recently come under scrutiny from international business scholars.

This book investigates talent management strategies and practices in firms from emerging markets (BRIC countries provide the background for analysis) and explores and provides a number of ideas, examples, discussions and conclusions about the elaboration, realization and specifics

of talent management practices in the emerging market context. The first important purpose of this book is to compare differences and specificities of talent management practices in companies from BRIC countries.

Research proves that talent management can be considered as a serious driver of corporate performance and can provide sustainable competitive advantages for emerging multinationals. This book extends the existing view of talent management by developing the links between talent practices and organizational competitiveness using emerging economies as case studies.

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I would like to express my appreciation to Andrei Panibratov, whose book about Russian multinationals served as an outstanding example of hard work and motivation, and inspired me to contribute seriously to the theoretical development and practical implementation of my particular research field.

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1

Introduction: The Next Wave of Emerging Talent

Growing Importance of Talent Management

At the beginning of the twentieth century, firms started to realize that international markets could provide an additional source of competitive advantage. By competing in both domestic and international markets, these multinational corporations (MNCs) could expect greater results, keeping shareholders content. Because of this trend to globalization, talent management is gaining mainstream acceptance worldwide as a key management area, thus adding new knowledge and innovation in the field of human resource management. With growing private-sector competition, the issue of identifying, attracting, developing and retaining talented individuals has become essential for sustainable corporate growth in the competitive and volatile markets. With human talent a resource not easily replicated by competitors, attracting and retaining talented people is becoming increasingly difficult due to specific demographical and psychological trends. Recent economic crises and globalization make the problem even more urgent today. Among arguments for the “strong” globalization thesis are increasing global competition, dominance of the new global economic system and the rapidly increasing number of multinational

enterprises which operate not only in their home market but also in foreign countries, grabbing market share. This inevitably carries consequences for the talent management strategies of MNCs, including issues such as cross-border knowledge sharing, managing global virtual teams and much more.

Much discussion focuses on a range of factors associated with the growing importance of talent management. First, the shortages of managerial and professional talent have emerged as the key human resource challenge facing the majority of companies in both developed and emerging markets. Another very important issue is that the growth of emerging markets has resulted in further demand for special competencies to operate effectively in culturally complex and geographically distant markets. It has sometimes been argued that companies are frequently unable to identify their most talented employees, especially in an international context.¹

Talent management is definitely not a new topic for discussion among analysts of different spheres (management, sociology, human resources, business and psychology); nevertheless, it's still a subject for hot debate and even more so now than ten years ago. Since 2000, the number of academic articles on the topic has grown dramatically. As the lack of managers with exceptional knowledge and abilities widens, researchers are deepening their investigation of global talent management. There is also scope for comparative studies to analyze how talent management practices are implemented in different national contexts.^{2,3,4} Moreover, market internationalization requires versatile, nimble companies capable of evolving new forms of organizational culture to allow them to become transnational. The approaches which MNCs choose for managing their employees on local and international scales are more and more crucial to the success of their strategies as they become multinational while implementing their globalization strategies. Firms from emerging markets are developing into strong rivals and have changed the competitive landscape in the international business arena, yet they still require better managerial practices.

The globalized world imposes its strategic character on talent management practices within MNCs nowadays. Yet many studies on international human resource management cover questions of developing

international management systems within developed-country MNCs rather than paying attention to strategic globalization implications for emerging MNCs. Nowhere have MNCs been asleep. Both developed and emerging MNCs grew healthily throughout the 1980s, the 1990s and in the past decade. MNCs now have diversified operational activities in a large number of countries.⁵ This internationalization has forced companies to restructure their operational activities into diverse transnational forms of management organization. The question now is how emerging markets affect the rise of new MNCs and what innovative competitive advantages such companies should create to compete globally. More and more often, the low-cost manufacturing or service advantage is proving short-lived.

The Rise of Emerging Economies and Evidence for Talent Management in Emerging Market Firms

“We aspire to be more than just a leading personal technology company, but to be a company that is known, admired and respected around the world,” said Lenovo.⁶ Beyond the shift to knowledge-based economies, another feature of globalization is a move from a global economy centered on North America, Europe and Japan towards a multipolar world. Among the new centres of the global economy are four continent-size countries with a decisive demographic weight and sustained economic growth, namely Brazil, Russia, India and China (BRIC). The growing role played by these four national economies in international commerce (of goods and services, people and capital) led to the formulation of the BRIC acronym in 2001. Goldman Sachs chief economist Jim O’Neill, in a paper entitled “Building Better Global Economic BRIC⁷” designed the quartet of these four emerging nations (in terms of area, population or potential market). In 2003 Goldman Sachs prepared a report, “Dreaming with BRICs: the path to 2050”, in which the rising importance of newly developing BRIC economies was emphasized.

In parallel to the four BRIC markets, emerging markets are countries or markets that are not well established economically and financially but are making progress in that direction. Emerging MNCs originate from such emerging markets and excel and achieve highly effective results using creativity to face traditional problems for these economies. Even today, although the BRIC and emerging markets concepts have become mainstream, most of the research and discussion on companies in emerging markets relates to inbound expansion by developed-country MNCs into emerging economies. Yet the Fortune 500 ranking demonstrates the rise of emerging market MNCs, a rise that in fact far exceeds the growth rate of developed-country MNCs.

It is claimed that within the next 15 years approximately 70 % of the worldwide GDP will be produced by emerging markets.⁸ Such rapid development means that developed countries are expected to be surpassed by countries with emerging economies. Moreover, emerging market competition is increasing faster than anticipated, and not only among BRIC countries. Recently emerging market firms become competitive by integrated innovative technological processes or customizing value chains pioneered by developed countries. These and other factors (e.g. access to natural resources) are considered to be important in the emerging market firms' success. But nowadays it is crucial to create additional competitive advantage in order to be able to retain and further develop market leadership. In this case, cultural and talent issues are among their most serious concerns.

Beyond that, the bulk of the world population is living in developing countries, implying that developing countries present significant potentialities: significant consumption demand; an important supply of different resources (both natural and human) to industrialized nations; competitors to developed countries with lower labour costs; strategic regional centres for corporate expansion; production sites; and capital sources and uses, for example, from private creditors such as international banks, foreign direct investments (FDI), and foreign official governmental assistance.⁹ For the past 20 years these markets have developed, thanks to reduced government economic regulations aimed at boosting economic growth and the development of trade activities. Eased foreign investment restrictions and reduced income tax rates in India, lowered trade tariffs

and systematized tax and trade laws in China, elimination of non-tariff trade barriers in Brazil, reduced foreign exchange controls in South Korea and privatized public companies in Argentina are all examples of such growth-inducing governmental economic policies. These markets also offer great opportunity in terms of the potential talent pool. Such a palette of benefits has fostered emerging MNCs.

When expanding beyond their home borders, MNCs have to give serious thought to their organization of labour and production. Corporations worldwide are impacted by ten global mega-trends relating to the sustainability of the environment (climate change, water scarcity, ecosystem decline), of economic inputs (energy and fuel, wealth, material resources scarcity) and of social concerns (population growth, urbanization, food security). Emerging MNCs also face some additional challenges: unestablished reputations due to their country of origin, knowledge gaps with respect to developed-country MNCs, poor image in terms of corporate social responsibility and sometimes controversial political relations and agendas in developed markets (e.g. China and human rights). Moreover, emerging MNCs can find it challenging to balance globalization and local tasks, recruitment and retention of employees, various cross-border financial and legal issues and host economy impact.

Emerging markets now are engaged in a changing global labour market context. Nowadays around 80 % of the labour force worldwide is employed in developing and emerging markets.¹⁰ Companies from emerging economies need to manage large numbers of workers properly, with a constant view to competitive advantage. This requirement underlines the importance of talent management among emerging market firms.^{11,12} Several important pillars of talent management for emerging MNCs have been recently identified.¹³ The first is a demand for competencies and the ability of leaders and managers to contribute significantly to the successful implementation of business goals, international strategies and organizational development; the second is the fact that employee attraction in a global environment becomes more complex and challenging; and finally, a lot of discussions are related to a lack of managerial talent in emerging markets due to the globalization of business and the intensive development of emerging markets.¹⁴

Research in both developed and emerging economies shows that linkage between human resource and talent management practices and organizational strategic objectives appears to be the background for a firm's success. When applied properly, this alignment increases a company's competitiveness. Moreover, talent management plays a significant role in shaping a firm's sustainable competitive advantage and fends off competitors due to difficult imitation or replication.

Globalization is changing the distribution of world jobs to reflect stronger emerging market economic growth and new business opportunities. How companies recruit, retain and manage people within certain internal and external environments often determines their success or failure in emerging countries. Talent management, which appeared along with emerging MNCs in the late 1990s, is now said to be critical to organizational success, because it gives a competitive edge through the identification, development and redeployment of talented employees.^{15,16}

Talent management plays an extraordinarily important role in emerging MNCs for several reasons. As talent is key to a firm's success outside its home turf, the first consequence of that international growth is increased demand for talent. Thus, talent management for emerging MNCs is becoming more complex and challenging. According to the universalist theory of convergence between human resource and talent management, the international competition between firms—especially MNCs—sharpened by globalization, will progressively erase differences between national models up to the point where only the most successful model will prevail.¹⁷ The main empirical support for this theory is the radical shift from centrally planned to open-market economies in Russia (and to a lesser extent in China), where human resource management, including talent management practices, have radically changed over the last decades. A similar evolution towards more market-oriented human resource and talent practices has been observed in India following the economic liberalization in the 1990s.¹⁸

Many emerging market firms are facing increasing difficulties in recruiting and retaining managerial talent and fish in the same global talent pool. Yet given the recent economic climate, 'it may no longer be appropriate to talk about a "war" for talent'.¹⁹ The reason for that was growing unemployment in East Asia (including China) and South Asia

(including India). However, even though some specialists may become available on the labour market, this does not necessarily mean that companies can find the level of skilled managers and professionals they are looking for in the worldwide context. The growing scarcity of high-level knowledge talent in these countries has been pointed out.²⁰ For example, in many leading European firms, talent shortage has been shown to be a significant constraint on the successful implementation of global strategies. Such a shortage can be considered as a major obstacle that many companies face as they seek to operate on a global scale. Moreover, as the combination of outsourcing, increasing mobility and declining job security changes labour market characteristics, there is an increasing need for firms to secure the long-term provision of labour.

From an emerging markets perspective, demand and competition for highly skilled labour is intensifying on a global level, making it crucial for firms to develop extensive talent management practices. This is particularly true because the increasing mobility of employees despite geographical and cultural barriers, sometimes termed the brain drain, has been noted as a key organizational challenge.

Talent Management in Emerging Market Firms: The Necessity to Be Realized

Although studies about talent management and its role in emerging markets have been published, with the recent exception of India and China, they still do not reflect the growing strategic importance of the four BRIC markets. Despite a few exceptions, even the Indian and Chinese studies have been relatively small in terms of scope (focused on very specific issues) and scale (sample size). Meanwhile, research on talent management in Russia and Central Europe is particularly sparse, whereas Brazil is often handled in the wider Latin American context. The novelty of the topic is all the more pertinent now that emerging giants like China and India are not only popular destinations for foreign direct investment but are also becoming major investors in other less-developed countries in Asia and Africa and testing the waters in developed countries. The commodities boom has propelled many Brazilian and Russian natural

resource MNCs, giving them the financial power for large acquisitions in foreign markets. The capacity of such MNCs to successfully develop in culturally diverse markets (e.g. Western countries) must not be taken for granted (e.g. the social unrest that followed the acquisition of Canadian Inco by Brazilian Vale in 2006).

International MNCs have been identified as a key vector in the convergence of talent management practices by many scholars,^{21,22} with numerous comparisons of India and China on this topic. Indeed, the prevalence of imported talent management practices varies considerably by sector and reflects the degree of integration of emerging MNCs in the global game. It is therefore interesting to identify the sources of talent management success in emerging MNCs and to understand which of these managerial practices are yielding greater competitive advantage.

Talent management becomes critical because it is impossible for firms to leverage assets they did not know they possessed. In the emerging market context, a number of factors influence talent management and interact: the shortage of needed competencies, evolving changes in employment relationships and the necessity of talent retention in international strategic alliances, just to name a few. Properly elaborated human resource programs can prove critical to company performance. Talent management, as a part of the human resource toolkit, can increase the success of MNCs by improving decisions that impact or involve talent assets.

The Organization of the Book

The book combines the theoretical view on talent management and the analysis of the BRIC context in the beginning (Part I, Chaps. 2 and 3) with the case study approach (Part II, Chaps. 4, 5, 6, 7, 8, and 9).

Chapter 2 provides the main theory of talent management and discusses its connection with a firm's competitive advantage and performance. Chapter 2 also explains the main issues of talent management in emerging market firms and discusses the main approaches and challenges while implementing talent management practices. The theory is provided as background to further practical analysis. Chapter 3 consists of two different pillars: first a description of the economic situations in

Russia, Brazil, India and China in order to understand the impact of labour and economic conditions on managing talent; secondly, a description of talent management practices in each country and an overview of cross-cultural perspectives, focusing on talent management approaches in the BRIC economies.

In Part II of the book, the cases of multinational companies from Brazil, Russia, India and China serve as illustrative material for the talent management theories. Each chapter in Part II includes three or four cases of emerging market firms that highlight a specific main theme. We organize the presentation of cases following the order of the BRIC acronym, as we do not want to put priority to any company to be the first or the last in each chapter.

Chapter 4 highlights strategic issues of talent management, using case studies from JBS (Brazil), Sberbank and Yandex (Russia) and Air China to show how talent management is connected with a firm's performance and contributes to a company's competitive advantage. Chapters 5, 6, 7, 8 and 9 each focus on the main talent management practices: talent attraction, evaluation, training and development, and motivation. Once again, case studies are used. Chapter 5 discusses how Vale in Brazil, Russian Railways and Lenovo in China use different talent management practices to attract the best talent. Regarding talent evaluation, Chapter 6 portrays the experience of Embraer in Brazil, Indian Gail, MTS in Russia and Chinese Geely. By showcasing training and development, Chapter 7 shows how talent organizations were developed at Severstal in Russia, Wipro in India and PetroChina. Chapter 8 discusses corporate universities as a tool for talent development in emerging environments, using the examples of Banco do Brazil, Ilim in Russia and Infosys in India. Finally, Chapter 9 deals with reward strategies and explains how Petrobras in Brazil, Rakurs in Russia and Tata Group in India create and support talent motivation.

Taken together, all eight chapters examine the main parts of the talent management process to finally provide insight on how emerging MNCs use managerial practices to manage talented employees (see Chaps. 2, 3, 4, 5, 6, 7, 8, and 9). These case studies are all the more relevant now that companies from Brazil, Russia, India and China are considered to be innovative, results-oriented and truly developed organizations from emerging markets, which makes their talent management practices of great interest worldwide.

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Part I

**Global Talent Management for
Emerging Economies: New
Challenges or Old Strategies?**

2

The Nature of Talent Management and Its Role in Modern Organizations

Understanding the Talent Management Phenomenon

The concept of talent management gained main acceptance in 1997 when the term ‘war for talent’ was coined by a team of McKinsey & Company consultants. Since then, the topic of talent management has become critical for organizational strategic success¹ and is becoming a top priority for organizations worldwide.²

The importance of intangible assets and the growing interest in social issues are making talent management one of the central tenets of corporate strategy. Both human resource management and talent management are linked to internal processes for obtaining and using resources in an organization. Both are subject to the heterogeneity of staffing, based on different histories, experiences, acquired competences and organizational cultures. One of the key growth opportunities for a company is attracting and retaining high-potential employees and then developing their qualifications and motivation. Academic research^{3,4} has proven a positive correlation between human resource and talent management practices and a company’s performance, competitiveness and organizational

success. Increasing attention to scarce talented human resources and the integrated human resource activities to manage them has also been detected.^{5,6} Therefore, talent management is becoming a strategic instrument for corporate performance and an instrument for the creation of sustainable competitive advantage. Yet the talent pool only becomes a source of such advantage when effectively managed.

For talent management to find sustenance, one must first define who has talent and who does not. Several research streams have sought to define talent. The first stream perceives talent as giftedness. For this school of thought, talent is often believed to be a natural aptitude, an innate outstanding capability, a natural endowment, or genius and gift.^{7,8} The second stream tends to describe talent as certain knowledge and high value-added skills that are required for a company.^{9,10} At the same time, talent could be defined as the sum of a person's abilities, an intrinsic gift, skills, knowledge, experience, intelligence, judgment, attitude, character and drive;¹¹ it also includes a person's ability to learn and grow.¹² Talent is a prominent ability to achieve outstanding results; talented employees are the best performers in the company who rank at the top in terms of capability and performance.¹³ Some authors stress that talent is enduring and unique, that it is provided from birth and is virtually impossible to teach.¹⁴ Moreover, talent also often includes the demonstrated potential for further promotion, a potential leader either at present or some point in future, who is 'future-oriented'.¹⁵ Here talent becomes a strategic balance between performance and potential.^{16,17}

The definition of talent management can be expanded with additional details: the influence on sustainable competitive advantage, the recruitment of the most talented candidates, and the creation of an inside human resource management system to develop and motivate these candidates at work.¹⁸ Moreover, talent management is seen to contribute more to the strategic goals of a company rather than just filling positions with the right people, and is seen as a set of instruments to create a firm's competitive advantage. Talent management practices are performed by talent attraction, training and development, and talent retention with the aim to achieve strategic organizational goals and contribute to a company's performance. Moreover, talent management can also be perceived as an integrated pool of corporate culture norms and value chain activities that

help a company to follow its strategic path,¹⁹ and activities aiming at the systematic identification of key positions that differentially contribute to the organization's competitive advantage.²⁰

To separate the wheat from the chaff, talent management relies on segmentation: the triage of selected staff into the talent pool. By necessity, since talent cannot be measured on some objective scale, reliance on segmentation of employees is a key approach in differentiating personnel into 'A, B and C players', where A signifies top, high-potential players. The actual definition of high-potential tends to vary from company to company, but many companies factor in an employee's cultural fit and values.²¹ For the McKinsey researchers, talent refers to the 'best and the brightest', with the top 10–20 % of employees being classified as the most valuable.²² This 'star' approach is often the most popular when it comes to defining talent. Another segmentation definition states that 20 % of employees make 80 % of the contribution to a business.²³ It was postulated that the top 20 % constitute the A performers, who are to be retained and promoted to higher responsibilities. As for the lower-ranked B performers, these represent 64 % of employees and are regarded as 'average performers' who provide only 16 % of a company's value.²⁴ Even so, these employees should be further trained and developed. The C-ranked category holds 16 % of employees, and their contribution amounts to only 4 %.^{25,26} Another approach is the inclusive approach which argues that every employee may be considered as talented depending on his or her contribution to the success of the organization. From this point of view, an employee is evaluated according to the value that individual may bring to a company.

The segmentation of the workforce identifies the high-performance and high-potential employees, the talent pool, who are deemed to have the potential to be promoted. Talent management is also felt to be 'a matter of anticipating the need for human capital, and then setting out a plan to meet it'.²⁷ Good talent management requires a flexible work environment in which human resource practitioners cooperate with middle and top managers in the search for talent.²⁸ Although many scholars develop the approach to focus exclusively on the small number of employees considered to be high value A players, other researchers have developed concepts embracing all of the work force. For example, Buckingham

and Vosburgh (2001) have disdained the narrow-focused practices and instead recommend human resource practice that offers constant staff development and experience gathering.²⁹

Talent management is originally rooted in the field of human resource management but has a more specialized focus. If human resource management can be defined as all those activities associated with the management of people, then talent management is a subset of human resource management that addresses management processes and opportunities for people considered to be talented employees. Talent management aims to assign the right people to the right job at the right time in compliance with the business strategy of a company, a similar approach to that of human resource management.³⁰ Lewis and Hackman (2006) argue that talent management is a means for more efficient and better aligned strategic human resource processes.³¹ While the majority of authors refer to talent management as a part of general human resource management strategy, some see it more as a characteristic of the whole company and, therefore, part of the corporate culture.

To conclude, one could state that talent management, from one side, is considered to simply be a substitute label for human resource management. Another view places emphasis on the development of talent pools, by focusing on projecting staffing needs and managing the progression of employees through positions. Based on this notion, talented employees are the suitable, skilled people who are available to be chosen to do a particular type of job. Finally, we link talent management with high-performing and high-potential talent. Following this idea, it is clearly seen that firms have some convergent, but also divergent, talent management practices.³² A performance-driven vision of talent management is a very common view. Some firms struggle to fill key strategic roles within their organizations because of an insufficient pool of high-potential employees. Other companies need to pay more attention to internal talent, since the employees working their way up through the ranks may just include sufficient managerial talent, in fact, frequently better talent than outside recruits.

As talent management in modern organizations is primarily concerned with hiring, training, motivating and rewarding a company's talented employees, the core objective of management is to enhance staff

performance on both the individual and organizational levels. On an individual level, performance is affected by several factors, namely the ability ('I can do'), the motivation ('I will do'), and the opportunity to perform ('I am assigned to do'). On the organizational level, managers need to understand the importance of talent management in building appropriate work systems, in fostering collaboration across different teams (including so-called 'virtual teams'), in enhancing workforce capabilities, and, finally, in creating an atmosphere of trust and mutual respect. These two levels of performance are inevitably connected; therefore, the goal of human resource managers is to build and develop both human capital and social capital.

There are four main processes through which talent management affects corporate performance: selection (search of the suitable human resources for job), performance appraisal (evaluation of the performance), rewards (for both short-term and long-term staff performance) and development (developing professional and interpersonal skills). The operational tasks within the realm of talent management include recruitment, selection, employee training and development, performance appraisal and compensation, and labour relations. Talent management done internationally also includes expatriate management (such issues as choice among domestic, expatriate or third-country employees); training, support and repatriation of such employees; local talent management (including local talent identification and retention); and transfer of home-country training methods, rewards and career development). The expatriation of home-country nationals also has legal, human and monetary costs, as well as local labour market considerations.

For purely domestic companies, talent management does not include an expatriate component. Yet talent management for multinationals includes that important dimension. Indeed, talent management and expatriation overlap significantly within the field of global talent management. Talent mobility and expatriation are a key aspect of talent management for multinational corporations (MNCs), since their competitive advantage might be severely impacted, at least according to research by Aguzzoli and Geary (2014).³³ To illustrate, they quote the example of managers in foreign subsidiaries who are assessed according to the subsidiary's performance. For the mother company, what is its best interest?

Keep the best talent in place, or rotate it to headquarters or to another less performing subsidiary? This so-called agency problem can be all the more complex in East Asia, where cultural reasons may prevent talent from reporting their feelings regarding job mobility to higher levels. In turn, this can lead to underperformance or ultimately departure (succession planning is key here). Expatriates take on additional importance since they should be considered within the talent pool that constitutes the focus group of 'high-potential' candidates. Another obstacle to effective talent mobility in MNCs is that managers are more likely to scour their own business unit for talent to fill vacant positions. Prior working relationships and the certitude that a manager will be up to the task are important factors here. Because it is more difficult to seek the most talented people across a large MNC, one can lose the advantage of access to an extensive workforce, thus making a non-optimal decision yet saving time and effort.³⁴

Of particular interest is the role of expatriates' managers in knowledge transfer (generally top-down from headquarters to subsidiaries, but also sideways within subsidiaries). Expatriation can be viewed as a critical issue for many companies that want to expand their talent pools beyond their employees working at headquarters.³⁵ Sometimes the management of expatriation remains a weak point and is treated outside of the organization's generic human resource and talent management strategies (expatriates being mostly selected by line managers and not human resource managers).^{36,37,38}

Talent management relies on motivation and performance-based remuneration. Of particular interest is the indexation of remuneration, at least partially, on individual performance. This key issue is all the more interesting because it is culturally sensitive, with different approaches in different countries. Academic research shows that such performance-oriented pay packages are more widespread in Organization for Economic Co-operation and Development (OECD)³⁹ countries than elsewhere, even though remuneration is sometimes uncorrelated to job title and seniority.⁴⁰ In non-OECD countries, loyalty or corporate social status are key factors in the work environment and professional relationships, with individual pay often more linked to factors such as seniority, position or social connections. Performance-based pay is rather unusual in cultures

characterized by low individualism and high power distance. Thus, emerging MNCs from China, India and Brazil can be reticent to the shift towards performance-oriented pay systems, or at least slow in adoption of the system. However, thankfully, some emerging MNCs are more susceptible to implement innovative talent management practices (including in terms of remuneration), particularly those related to talent identification and retention, in order to compete globally. As for Russian companies, though research shows that they are more prone to index remuneration on performance, it is interesting to assess the scope of employees concerned by such performance-based compensation plans. For several researchers in the field, the remuneration practices of Brazilian, Indian and Chinese MNCs are on a path to convergence due to the pressure of market mechanisms.^{41,42} Local reward practices are no longer that different in subsidiaries of global companies, no matter whether they originate in emerging or OECD-based markets.

With staffing of key positions being a source of competitive advantage, the role of succession planning within talent management has also been identified as crucial. Undoubtedly the development of high-potential talent also needs to include the constitution and prioritization of succession planning programs. Yet the lack of any analysis of existing succession planning at emerging MNCs is an obvious gap in existing research. Even though the constitution of talent pools can help alleviate or solve succession crises, this is not self-evident in the cross-cultural contexts encountered by MNCs. Beyond the design of succession planning, there is a relative scarcity of literature on the broader issue of talent pool constitution in emerging market firms. This can be a problematic issue for these fast-evolving firms insofar as 'employees in the home country are more likely to be identified as high potentials than those in foreign subsidiaries'⁴³ and 'the higher the cultural distance between the employee and his or her manager, the lower the likelihood for the employee to be identified in the high potential category'.⁴⁴ This gap is all the more paradoxical now that many studies have stressed the assumed advantage of MNCs over single-country firms in their ability to tap into multiple culturally diverse talent pools.⁴⁵

As mentioned before, talent is subjective, implying that the constitution of a talent pool is also subject to political or managerial whims,⁴⁶ yet it

seems crucial to describe and analyze how emerging MNCs create their talent pools, given the broader framework of the war for talent. This is all the more important since several studies point out that global companies fail to feed their talent pipelines and fill key positions, which impacts their growth potential^{47,48} and that ‘if global talent management systems were truly effective then, *ceteris paribus*, such systems should facilitate the promotion of talent from around the global network to take key positions within a company including being part of the upper echelon management team’.⁴⁹

The Fast-Evolving Talent Management Context and Its Challenges for Emerging Market Firms

Since the early 2000s, studies⁵⁰ on human resource and talent management have outlined a ‘significant capital city effect’.⁵¹ For example, since Moscow has the largest concentration of subsidiaries of MNCs in Russia, Moscow-based companies are more likely to be influenced by western talent management practices, and thus are more likely to adopt them. More generally, since emerging multinationals are mostly headquartered in capital cities and more exposed to competition from western counterparts, they tend to adopt new talent management practices at a faster pace, thus catching up with their Western competitors.

Talent management is at the forefront of human resource research, and as such it is evolving rapidly. Understanding talent management within emerging MNCs is all the more critical now that ‘our understanding of the dynamics of the transfer of managerial practices in multinational companies from emerging economies with subsidiaries in advanced economies is found wanting’.⁵² It was suggested some time ago that many practices in the human resource and talent management field might be sourced from elsewhere, hinting at the attraction of developed economies in this field.⁵³ Yet due to their increasing weight in the global economy via foreign direct investment, the reverse question also needs attention: Can emerging MNCs impose new talent management practices? One angle of study for this is the case studies of emerging MNCs going abroad. The acquisition of the Canadian company Inco by Brazilian mining

MNC Vale indeed suggests that difficulties can be legion for emerging market firms in a foreign context.⁵⁴ Seeing a firm from the emerging world trying to impose new human resource management norms can create social unrest in subsidiaries in developed countries: Local workers, including talented ones, may want some traditional practices respected simply because that is the 'way things are done here',⁵⁵ and are ready to use their bargaining power (e.g. through trade unions) to protect this. Although the 'war for talent' may no longer be considered appropriate due to globalization of labour markets, the demand for talent in the field certainly remains significant.

For talent management to be effective, a company must first commit to building its ability to lead and guide its talent pool. Some firms fail to capitalize on the opportunity for strategic success that proper talent management can bring and never set up their talent guidance team. Talent management should be an integral part of the firm's strategy, so top management must build and sustain talent so as to make them key assets. A supportive corporate culture provides a sense of cohesion and deepens the understanding of the corporate strategic targets.⁵⁶ Another key dimension is the perception by employees of these talent management practices.⁵⁷ It is key here for staff to see the talent pool as an attainable target and not an elite squadron out of their reach. By using psychological contract theory, employee perceptions of the extent to which talent qualities are rewarded and the effect of such perceptions on employee-felt obligations to develop skills were assessed. Managers have to honour the psychological contract with their employees, meaning they must not breach their trust, fail to meet their expectations and thus risk losing valuable employees.

Furthermore, there is widespread agreement on some of the important underpinnings of talent management, namely:

- putting attraction, development and retention in the appropriate place within organizational strategic objectives is necessary;
- talent planning that aims to identify talent gaps according to a firm's operational and strategic tasks is very important;
- talent attraction means an effective recruitment strategy;
- talent development is crucial for organizational development and a company's growth;

- talent retention should be based on proper motivation, ‘corporate culture’ values shared by different employees, a performance management system for talent evaluation, training and development practices, and employee loyalty and encouragement.

We argue that current challenges for modern companies nowadays are connected with the great range of social, economic, cultural and political factors affecting organizational ‘life’ locally⁵⁸ that also can be found in the emerging market context. Talent management in emerging market firms should be a top priority for all managers, whereas talent management practices are performed as a system with top- and middle-management involvement.⁵⁹

Talent management convergence between developed and emerging markets seems to be on its way. Many examples give us the chance to see that aligning talent management practices to the strategy and goals of a company serves as the background for a company’s competitive advantage, leading market positions, employer brand effectiveness, and performance results in both domestic and international environments. A number of sources point out that good talent management can create a strong competitive advantage, one that cannot easily be replicated or copied by competitors. For China and India, there is such a relationship, and its effects and benefits have been found and analyzed. However, for other emerging markets, there is still a large gap in the research.^{60,61} Let’s now examine how some of the emerging market MNCs actually handle their talent management duties.

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3

Cross-Country Perspectives of Management of Talented Employees in the Emerging World

Over the last decades, developed countries striving for economic growth found themselves joined by emerging countries that were ready to enter the globally competitive fray. Recently, countries such as Brazil, Russia, India and China have shown impressive performance in a macroeconomic sense. The BRIC quartet also has demonstrated their potential as good opportunities for international investors, with vast amounts of foreign direct investments flowing into industrial and infrastructure projects. 'Living and working in an emerging market opens the door to new ways of working and new possibilities as resource constraints demand flexibility and openness to change', it was recently argued by PwC.¹

The way companies recruit, manage, develop and retain employees across their operations is one of the deciding factors for success or failure. Furthermore, culture is a crucial constituent of how organizations are designed and structured. Cross-country perspectives of talent management need to be investigated in order to see how cultural complexities and dissimilarities affect the various talent management activities in emerging market firms.

To understand the background for talent management challenges and tasks in Brazil, Russia, India and China, the first part of this chapter

discusses peculiarities and specifics of talent management in the BRIC countries on an overall basis so as to depict trends and perspectives for talent management in the emerging market context.

Talent Management in Brazilian Companies: Does It Really Exist?

The Brazilian economy is characterized by large and well-developed agricultural, manufacturing and service sectors; a rapidly expanding middle class; and an expanding presence in world markets. Brazil's demographic structure is similar to the other developing regions of Latin America: extremely rapid population growth, very young population, preponderance of agricultural population living in precarious health and productivity conditions, migration of unskilled rural inhabitants to urban centres, large proportion of young persons in the labour force and high rate of illiteracy and low average rate of school attendance. Moreover, Brazil has its own special characteristics, such as a high rate of cultural variations and social and economic contrasts.

Although starting alphabetically with Brazil for talent management, the first impression is that Brazil is undoubtedly the least covered in the area. Yet Brazil offers interesting case studies, since several of its multinational corporations (MNCs), leveraging the country's significant natural resource wealth, have expanded overseas—whether by acquisition or by greenfield expansion. These companies have transplanted their heavy hierarchical practices into countries whose cultures are mostly incompatible with Brazil's paternalistic and authoritarian leadership and tough practices; those countries instead favour consensus, especially in human resources matters.² Regarding talent attraction, the increasing need of business-friendly and English-speaking profiles has been described recently.^{3,4} It can be observed that the heavy hierarchical structure of society leads to an elitist selection process in companies like Banco do Brasil (the largest Brazilian bank) or Petrobras (oil & gas),⁵ which makes it all the more surprising that in the wider paternalist management pattern, lifelong employment has for many years been the norm, making most components of talent management (e.g. mobility, reward and retention) less crucial, but not talent attraction,

as recruitment choices performed by companies are often binding over the long term.⁶ In terms of talent attraction, the recruitment process at Petrobras is considered one of the most selective in Brazil, leading to a so-called *esprit de corps*⁷ and a two-tier elitist system between young talent and other hires. Its extensive workforce needs led Petrobras to develop pre-recruitment channels through scholarships, internships, apprenticeships, all the more so that younger employees with higher levels of education are much more mobile between firms. The process of talent management at Vale (the Brazilian multinational diversified metals and mining corporation) starts with reviewing the business strategy of the company. Based on the strategy, talent management elaborates detailed and accurate plans for the company's segmented talent needs, including the number of individuals, the timing and the hiring qualifications. In stage two of attracting and recruiting, Vale's Employer Value Proposition is articulated to ensure effective attraction and recruiting of critical talent. Stage three implies that the talent identified throughout the organization receives fair and regular feedback. The results of assessment are imported to the nine-box matrix that divides employees into specific categories. For each category, human resource managers develop a special plan that aims at improving weak areas of performance.

The consequence of this long-term engagement should normally be a heightened sense of employee loyalty in Brazil; however, this general commitment was affected by the labour market deregulation that occurred in the 1990s and led to frequent workforce downsizing then and in the second half of the 2000s.⁸ As a consequence, many Brazilian workers, including the most qualified ones, felt that their employers had broken the terms of the implicit psychological contract, which would have led to a shift from the 'one career, one single company'^{9,10} to an itinerant work life and a multiplication of boundaryless careers in Brazil companies. In Brazil, the paternalist management framework makes performance appraisal systems like 360-degree feedback ineffective, all the more so because performance evaluations have been revealed as rather unpopular. A feeling that 'correct procedures are more important than results' is widespread among Brazilian managers. The generous and extensive policies implemented by some companies in Brazil towards young and promising employees or high potentials let us conclude that talent attraction is a most important issue for these organizations that

hire promising employees with a long-term view, which is coherent with lifelong employment. Examples of this abound:

- Banco do Brasil finances studies and proposes work-study programs to attract promising students;
- Petrobras offers scholarships or apprenticeships;
- Itaú Unibanco Holding (one of the largest banks in Latin America) finances international exchange programs or proposes selective trainee programs—including rotation, mentoring and a long-term development plan within the organization—to attract them upon completion of studies).

The fact that it is difficult to be hired for full-time positions without having first been assessed by trainee and internship programs—for example, at Vale, Itaú Unibanco Holding and Ultrapar Holdings (Brazilian multinational conglomerate, engaged in specialized distribution and retail, specialty chemicals and storage for liquid bulk segment)—reinforces the emphasis on tight talent selection criteria.

The Brazilian scepticism of performance assessment means that fixed remuneration remains prevalent in Brazilian enterprises, according to several studies.^{11,12,13} However, the existence of performance-based schemes in certain companies like Embraer and Vale also suggests that companies competing in global markets and striving for highly skilled workers might have to align with global best practices (in an employee-centric conception) and thereby reward best performers and high potentials with visible short-term incentives, even if based on companywide performance rather than individual appraisal (e.g. Itaú Unibanco Holding and Ultrapar Holdings).

The lifelong employment tradition affects talent management practices heavily: Internal promotion for managerial positions would often work as a reward for subordinates' loyalty and professional behaviour. However, the progressive ramp-down of lifelong employment practices has led to higher workforce mobility and subsequently to rising hiring costs for talented professionals, while in parallel—and for the same reason—employability and job security gained momentum as they were no longer as guaranteed as they used to be.¹⁴ In Brazil it is argued that

performance management and appraisal are firmly linked to the learning and development required to equip employees with the skills they need to perform efficiently. The rigidity of the labour law environment means that human resource and talent management practices need to play a very active role in developing and nurturing available talent, and monitoring and risk-managing the legal situation.

Brazilian firms also prove that a link exists between talent and human resource management and organizational performance. Human resources are considered a source of competitive advantage that need to be carefully calibrated in order to identify individual contributions to organizational performance. Yet this quantified assessment (often using key performance indicators) is counterbalanced by great attention to work–life balance issues and the promotion of social welfare as a mechanism for employee retention. Talent management in Brazil is based on the notion that employee well-being influences organizational efficiency, both directly and indirectly.

Another overall observation regarding talent management in Brazil has to do with the quality of the educational system. Brazilian MNCs confront hardship in securing skilled and capable people, and dealing with the deficiencies of the education system, given the less-developed higher education sector. Claims abound from managers that the education quality is not very high and considered unsatisfactory. Low-quality primary and secondary schooling systems in Brazil influence the level of competencies development in many Brazilian companies.

For example, AkzoNobel, a Brazilian chemical company, as many others in Brazil, also struggles with the problem of a small qualified labour force and confirms that its biggest challenge in Brazil is talent. This highlights the importance of recruiting, retaining and finding qualified people. AkzoNobel implemented special training systems in order to fill the vacancies with qualified people. It has also provided training and complementary development opportunities to its employees.

As a consequence, variable remuneration is well developed in some Brazilian companies and accounts for a substantial part of top executives' remuneration. This variable remuneration is linked to corporate results and to employees' individual performance compared to periodic goals. The goal of this process is thus clearly to encourage employees to exceed

targets, but it is primarily designed to attract, retain and engage talent, and to motivate and reward individual performance. Outstanding rewards were outstanding with a few notable exceptions:

- Vale, where variable remuneration is 50 % indexed on individual performance);
- JBS (the largest meat processing company), which operates in a very labour-intensive industry where most workers are unskilled, managers and key employees are rare and only the top few receive variable compensation. This is much more indexed on corporate results (though there is an individual performance component in JBS), which is also the case for Petrobras, though it implemented a performance appraisal system;
- Embraer (Brazilian aerospace conglomerate), where the introduction of variable-pay elements is a way to avoid brain drain on key positions in a high-tech sector and at a time when Embraer is developing new models to compete with established market leaders Boeing and Airbus.

This weak development of performance-based variable remuneration can be linked to the weight of company hierarchies and the inclusive management style, whereby firms are seen as fundamental social units that also encompass the worker's family. This long-term social contract that underpins the commitment of the company to the worker is more important than short-term incentive mechanisms (for example, Banco do Brasil has no performance-based remuneration whatsoever). The lack of importance of remuneration in talent motivation policies in Brazilian companies reflects the fact that employees give priority to job security. A consequence of this commitment to lifelong employment is that top executives have often spent most of their career within the same company; as a result, Brazilian firms tend to constitute corporate elites very quickly (e.g. Banco do Brasil and JBS), hence the importance of talent attraction policies.

Brazilian paternalism has been described as 'tough',¹⁵ with limited options for subordinates to discuss orders and thus a trend to avoid confrontations with supervisors.¹⁶ This may explain the fact that open appraisal systems do not find favour in the talent management systems of Brazilian companies. When it comes to talent evaluation, some firms like

JBS and Banco Bradesco do make efforts to evaluate the size and quality of their talent pools, their needs for skills and future leaders. Despite cultural obstacles, some Brazilian MNCs feel the need to develop individual assessment centres or similar methodologies so as to better understand the staff training needs, especially for the cream of the talent pool.

As for talent training and development in Brazil, corporate universities are rather well developed as is competence mapping, which is used to make distinctions in training efforts. A good example of such a strategy is given by the conglomerate Votorantim, operating in such sectors as finance, energy, steel, pulp and paper, and others. Votorantim has a well-organized system of supporting and developing leadership among employees. For example, there is a specially created Academy of Excellence, a centre of reference for the training of Professionals and Leaders at Votorantim Industrial. Their development system is aimed at promoting the ongoing spread of the company's values, developing a culture of management of human resources and excellence in operations focusing on results, and allowing the best use of human capital.

Furthermore, going back to the previous benefits, Votorantim has also established Funsejem, a non-profit private entity responsible for managing retirement plans for the employees of Votorantim Group. It not only pays on a monthly basis an amount between around 25 and 100 % of the contribution made by the employee but also makes loans available to participants at rates better than those offered by commercial banks.

The question of whether a national society is more individualist or more collectivist is pertinent in discussing national variations in talent management practices (especially in terms of evaluation, motivation, remuneration or labour turnover). In nations with collectivist cultures, people belong to groups that care for them via solidarity, in exchange for loyalty to the group and its members. Brazilian collectivism is usually considered as a typical feature in the wider Latin American context, rather than being specific to the Brazilian environment. The key element here is the focus on family, directly linked with the predominance of Catholicism and Latin culture in the region, which some researchers describe as the model of Brazilian societal organization and the fundamental social unit which Brazilians trust the most.¹⁷ Brazilian culture is often depicted as 'elitist' or 'paternalistic'—words also commonly employed to depict the Chinese

work environment and Indian manager–employee relations. The impact on management is that the supervisor has the personal obligation to protect his subordinates and sometimes even provide for the needs of workers and their families. Brazilian paternalist capitalism partly explains the country's institutional development, embedded in inextricable hierarchic systems.¹⁸ This management pattern, founded on hierarchy and respect due to authority, would be the legacy of slavery, the early emergence of a dominant class (initially of landlords) as the basis of the state, and the central role of 'bureaucratic authoritarianism' during the military dictatorship from the 1960s to the 1980s.¹⁹ However, some researchers temper this statement by observing that Brazilian companies with significant resources (e.g. natural resources, financial power, dominant positions) have used its resources over the last few years to import managerial best practices, either by using the expertise of leading US-based management consultancy firms or by sending management abroad to leading international business schools.²⁰

Huge amounts of employees with the low level of competences specialists also push companies to create education systems inside the company. The link between talent evaluation, identification and development—and more generally Banco do Brasil's talent management approach—is provided by the corporate university. Employee evaluation is made on the basis of the mastery of different axes of competencies and potential, thus establishing possible promotions, as well as providing required training. Paradoxically, although training leads to better qualified staff, it also can quickly lead to poaching, as other Brazilian and foreign companies circle the prey. This pushes employers to create some unique bonuses for employees (free food, chance to take old computer from work to home, etc.). Also helping retention is when Brazilian companies provide a clear vision of the perspectives inside the company.

In Brazil another noticeable aspect of talent management is the growth of inclusive corporate cultures. Efforts are being made to grow the share of women employees, but also to organize Family Day events, employee recognition ceremonies and other work-related social gatherings. This helps to build trusting relationships between employees and managers, as personal relations remain very important in Brazilian culture.

Talent Management in Russia: The Necessity for Reconsideration

As a phenomenon, talent management is rather new and controversial in the Russian context, and despite a certain amount of research devoted to its practices, there is no deep research on the nature of talent management in Russia. In Russia, since the Soviet era, competitive strategies of enterprises have undergone dramatic transformation due to rapid changes in market conditions, ownership structures and the sector breakdown of the economy. The resulting new economic environment is characterized by stiff competition for both markets and capital, and particularly human capital,²¹ one of the main sources of competitive advantage. Beyond the two paradigm reversals (knowledge-based economy and lifelong learning), a third one can be added in the case of Russia: a shift from a fully state-regulated labour market to a much more open one.²² Formerly, the Soviet administration allocated workforce to companies; after being trained at government-owned vocational schools or institutions of higher learning, potential employees were dispatched by government regulators. The only way for companies to develop their workforce qualitatively was to train those employees internally—especially the ones being promoted or changing positions—or encourage them to obtain additional degrees through government-owned educational institutions.²³

Talent management in Russia remains a very recent concept but one that is increasingly popular due to the combined effect of aging skilled employees, workforce scarcity and competition of foreign companies which often have well-developed talent management practices. Authors have pointed out four main factors as sources of a ‘wariness of talent’²⁴ in the business sector and requiring Russian firms to catch up on talent management practices²⁵:

- isolation of the top decision makers,
- survival of authoritarian and bureaucratic management patterns (what some researchers have called ‘entrenched bossdom’²⁶),
- short-term orientation of business decision-making processes (detrimental to longer-term orientations), and

- lack of business or management-skilled individuals (especially among Soviet-born educated generations because business studies is a very recent feature in former CIS).

The need for talent management is even more urgent now that ‘Russian employees find that their talents are more greatly valued by foreign employers based in Russia than by Russian firms’.²⁷ Indeed, post-Soviet Russian employees—or at least the ones encompassed by talent management—expect openness, fairness and transparency as well as empowerment²⁸ and consider that it is more likely to obtain this in foreign-owned corporations because Russian top executives are not always up to date with the latest management concepts. Besides, ambitious talent expecting fast career progression may face a glass ceiling insofar as most Russian companies are still headed by their founders and owners, who are unlikely to step down for people exterior to their inner circle of relatives.²⁹

While the conversion to open-market mechanisms is already considerably advanced, the cultural factors influencing managerial practices in Russia are still in a period of deep transformation and have not yet converged with free market patterns. Those Russian companies that are involved in talent management are mostly global companies (such as Gazprom, Lukoil and Severstal), that both emphasize the development of a cadre reserve to reduce vacancies in key positions and design individual development plans for key employees.

In the field of education and training, the early 1990s dramatically changed the vocational education and professional development landscape in Russia.³⁰ Due to budget constraints, the Russian government of that time downsized, or completely eliminated, many state-sponsored vocational training and professional development programs. As a consequence, foreign companies created their own training and development facilities within their subsidiaries, while new Russian labour entrants now had increased possibilities for completing their degrees abroad or at joint educational or training programs (offered by either Russian or Western universities) and professional development centres.³¹

Even so, employee development remains of greater importance in Russia than in Western countries. This appears to be the legacy of both the great (theoretical) focus on individual merit during Soviet times, and

the consequence of the fact that many Russians lack basic business skills, due to the ideological rejection of 'capitalist' business education in the Soviet Union. Nowadays, Russian managers are very fond of continuous employee training and development along Western-inspired patterns;³² hence the rapid growth of business education in Russia.

In Russian companies, talent is often hired simply to match current expertise with current position requirements without much consideration for longer-term potential or individual development imperatives, even though this is in the future interest of the company. Most employers in Russia have no patience to develop their star players, because stars are needed now, and not necessarily in the future.³³

With Russian companies still affected by organizational features and growth patterns from the past, one of the greatest shortcomings of the Soviet management system was the lack of attention to human resource management, let alone the absence of talent management per se. Additional handicaps included the limitation of participative management (involving employees in decision-making processes) and the short-term versus long-term orientation in planning and vision. Given the lack of attention to talent management, some important activities that stimulate organizational development were lost: employee training practices, leadership development, organizational culture issues and knowledge management. In this sense, former Soviet companies did not invest much in 'comrade' development, career planning or managerial education.

Many Russian companies used to have authoritarian and bureaucratic leadership styles, with corporate cultures that stymied strategic development and did not encourage innovations or individual initiatives. The lack of managerial competencies under Soviet rule also significantly handicapped the evolution of effective talent management practices. During the Soviet era, managerial and business education did not hold a high priority. The role of managerial education increased in the mid-1990s and early 2000s, with the appearance of business schools and different training programs for CEOs and middle managers, yet they had to be built from scratch.

In terms of job mobility and career advancement, due to the explosive economic growth, talented Russian employees have become used to fast and regular promotions. Delays in advancement are therefore perceived

as failures and lead concerned employees to seek alternatives (company-hopping or lateral moves). In the field of talent motivation and reward practices, the rapid shift towards performance-based compensation has already taken hold. However, beyond the financial component of motivation, alternative benefits such as less rigid work structures (with supervisor–subordinate trust relationships), availability of real professional growth options and substantial leadership development programs should not be underestimated as loyalty builders for Russian talent.

Regarding talent retention, though internal recruitment is favoured for managerial positions (comparatively more than in Western MNCs), the recruitment strategies appear more ‘balanced’ between internal and external recruitment channels for other positions. When hiring, Russian companies focus much more on a candidate’s ability to perform the current job responsibilities than on their future potential. However, this short-term orientation must be strongly relativized when it comes to labour giants like the ones in our case studies: With their extensive capabilities, most of these MNCs have built strategic talent pools and even aim at securing their supply in terms of high-potentials over the longer term (e.g. Rosneft with its formalized target to form ‘external succession pools’ in universities; Rosneft’s oil and gas counterparts Gazprom and Lukoil have similar approaches; and Severstal, which seeks to hire very young employees and train them to make them key technicians in the areas where it is by far the biggest local employer). Leading Russian MNCs frequently feed the talent pipeline as far upstream as possible and secure the hiring of high-potentials as early as at the university level. This leads to extensive internships (e.g. Lukoil secures 3000 pre-hiring positions each year) or pre-hiring programs (e.g. Gazprom hires a major portion of the graduates of the Gubkin Russian State University of Oil & Gas) or to Rosneft pushing as far as possible for strategic succession planning by forming of an external succession pool in universities. These highly developed policies from some Russian MNCs—the ones involved in industries requiring extensive sets of skilled workers and technicians such as the oil and gas sector—might be explained by the low unemployment rate and the relatively limited influx of fresh workforce (barely 10 % of Russian population is 15–24 years old, well below other BRIC countries). We find similar induction programs in Brazil and India but not

in China, perhaps due to the strong influence of ‘guanxi’ (relationships) that makes staffing a privileged field for power games. Talent retention can be considered as one of the top challenges for Russian MNCs, since not only financial rewards are at stake but also more qualitative motivational factors.

Since talent management in Russia is a relatively new concept and only recently enjoying popular, its development still requires substantial effort. For many Russian companies, human resource management is perceived as a functional area, but some of these companies are at a transition stage towards partnership between human resource and talent management. As the transition matures, human resource practitioners will also be perceived as full business partners in the future.

Talent management in Russia is influenced by a number of institutional and cultural factors:

- most of the theoretical barriers described above, plus cultural and organizational factors, are applicable to the Russian context;
- the low degree of interest of top management for the development and implementation of a talent management system in Russia. For example, the top management of a Russian industrial company refused to cover costs to design a talent development plan for high-potential employees saying that there are no visible outcomes;
- the lack of competencies at the human resource level also significantly limits the possibility for some HR specialists to effectively introduce talent management practices. Some experts note that most Russians nowadays still lack advanced business experience, which can be explained by the relative youth of the Russian business culture and the business educational system.^{34,35}

Many Russian firms internationalize in order to raise their domestic competitiveness,³⁶ so that cultural and subsidiary–headquarter cooperation issues are becoming barriers for the effective development of talent management. In 2013, research by Holden and Viaman³⁷ argued that Russian talent management systems have dysfunctional characteristics owing to the persistence of an institutional void that gave privilege to a political culture that is wary of talent in the business sector. Furthermore,

Russian employees find that they are more greatly valued by foreign employers based in Russia than by Russian firms. Russia is also affected by increasing cross-border mobility, with top Russian talent hired by foreign companies not only in Russia but also abroad.

The Russian job market can also be characterized by a 'war for talent' with the principal reasons being:

- the increasing role of intangible assets in different industries (trade names, technologies and knowledge) influences the demand for highly competent employees as a general labour market trend;
- the globalization and expansion of business requires highly skilled leaders;
- the loyalty of employees decreases, and they can easily change jobs in search of better positions or remunerations.

What explains the development of talent management in Russia? One vital driver is that globalization trends significantly affect Russian companies, with many of them now starting their internationalization process. This implies that talent attraction and retention shifts from the domestic to the global scene. For example, the Russian communications group Mail.Ru has many initiatives aimed at talent attraction, retention and development with an overall goal to inspire the IT community. It collaborates with leading departments of different tech universities, offers exciting projects and steady professional growth. With the significant upgrade to new state-of-the-art headquarters and additional office facilities, the company has one of the most competitive offerings in the market.

Moreover, the necessary competencies for managing the international environment becomes critical for many Russian companies, not only for those who operate in foreign markets but also for companies who compete with developed MNCs in Russia. The multinational environment adds complexity in developing talent management practices in Russian companies, since different cultural settings have strong impacts. The problem here is that in most cases practices from foreign companies were copied and implemented in Russia without any serious adaptation, thus failing.

Since Russian managerial practices were long affected by the post-Soviet way of doing business (characterized by the lack of knowledge creation,

career planning, predominance of control functions etc.), the speed of development of Russian firms was hampered. Indeed, compared with foreign companies, a low level of awareness and interest in talent management persists even today. Those Russian companies that are involved in talent management are often large and international: They identify a group of talented or high-potential employees, and then elaborate individual programs for development, thus creating what in Russia is known as the cadre reserve (talent pool).

As an illustration, VTB bank (one of the leading universal banks of Russia, majority state-owned) uses a competence-based model, which plays a significant role in employee appraisal, defining personnel selection and assessment criteria as well as setting the standard for assessment in banking subsidiaries in Russia and abroad. It also determines staff training requirements, and, after performance appraisal, creates development plans to identify the most promising employees and group them in a 'key personnel pool'. In 2012, the assessment centre method was introduced to assess regional client teams in order to confirm that front-line manager competencies corresponded to their job profiles. For training, special emphasis was placed on 'public educational programs', which are training activities focusing on the required core competencies of managers and employees, using both external consultants and internal trainers. In 2012–2013, VTB Group launched the 'New energy of leadership' program in order to create a unified management culture in VTB Group and to develop employees' leadership skills and key managerial competences. All of these programs are coordinated by the VTB corporate university. The main idea of people management is to fill position gaps as fast as possible, without delays and business interruptions; it is close to succession planning. Talent management's goal in Russia is mostly to identify talent and use the cadre reserve (talent pool) for the benefit of a company and to create favourable conditions for talent development.

The main determinant of collectivism in Russia is the ideological legacy of the Soviet regime, and Russia is often described as the country of rapid—sometimes even wild—transition from collectivism to Western-type individualism. Due to the social shock generated by the shift to a market economy, there is a great discrepancy between younger generations that are more individualist-oriented and older generations that arrived on the

job market during the Soviet time, and between large metropolitan areas and rural areas (of lesser interest to talent management). However, on average Russian society can still be characterized as collectivist, but the rapid adoption of individual-centred behaviours in large firms should not be underestimated.

India's Outlook: Things Changed for Talent Management?

The liberalization of India's economy that followed economic reforms in the early 1990s has led to numerous changes in policies and human resource management practices by Indian companies. In particular, the numerous MNCs which continue to set up operations in India increase competition for local firms, not only in terms of revenue market shares but also in the struggle for qualified employees, forcing them to revisit their systems so as to remain competitive.

However, the Indian economy still faces some challenges. Despite the fact that India's economic growth has been the driver of sustainable employment and poverty reduction, a big part of the population remains in poverty. Significant issues in India still exist. Half of the workers still belong to agriculture, and though others have specialization in computer technology, healthcare and other categories, India still has to develop the competencies and long-term industry experience needed to attract more multinational firms. Great differences between the large cities and rural parts of the country also still remain in terms of education, infrastructure and healthcare.

The Indian social system is dominated by the caste system, a heritage that for centuries formed the organizational structure and managerial practices. However, now, the caste system is a focus of attention in the social and political agenda of the nation. Traditionally, the caste system maintained a social balance based on different groups: Brahmins (teachers and priests) is at the summit, Vaishya (managers & merchants), Kshatriya (warriors & rulers) and Shwdra (works and artisans) is at the bottom. Even today, typical public organizations can be dominated by people belonging to a certain caste. India maintains a strict quota system

named 'reservation', supported by the government, whose main task is to support the equity of castes. Thus, caste considerations influence managerial decisions in many areas, including recruitment, promotion and work allocation. Indians tend to identify themselves within a group and value their role within a team more than as individuals. In India, though collectivism is the relevant social model, the caste system complicates the situation but strengthens social mechanisms within groups.³⁸

One can argue that the 'war for talent' is also applicable in the Indian context, yet India witnesses more of a war for working places, than for talent. The biggest challenge for India continues to be job creation. The immense pool of labour in the 15–29 age bracket can only yield benefits if it is effectively transformed into productive employees. Returning to managerial practices, for a long period of time India absorbed cultures and practices from all around the world, but even so, in today's context, Indian management practices bear the influence of the ancient historical and cultural legacies. Even though some premises of talent management practices were observed as early as the 1950s in leading Indian groups such as Tata, the main characteristic of labour relations in public sector and state-owned enterprises was employee subordination to the hierarchy. The exceptions were few and far between, with only some organizations adopting evaluation systems before independence (showing the influence of British colonization on this greater sensitivity to talent management than other BRIC countries). Indeed, some companies such as Infosys (the largest Indian IT, software engineering, business process outsourcing and business consulting services company), L&T (Indian's largest engineering and construction company), or Bharat Petroleum (state-controlled oil and gas company) are known to use sophisticated human resource and talent management systems, while the flagship IT and business process outsourcing (e.g. Wipro) sectors can be seen as a pioneer for talent management strategies.³⁹

Human resource and talent management in India has been subject to drastic changes under the combined effect of the integration of Indian economy into the global economy and the ensuing economic changes in this multireligious, multicultural and multilingual country. Still among talent management challenges identified in Indian organizations⁴⁰ are the lack of transparency in talent identification, selection and evaluation

processes; the lack of clear linkages between performance and rewards; and a multitude of sometimes quite archaic labour laws.

The analysis of talent management in the Indian context is impossible without taking into account the institutional and cultural background. There are several significant factors influencing talent management in India. The portion of the workforce with valued skills is in high demand. Another issue is high turnover, which is accompanied by low levels of employee engagement. This is linked to three factors that influence labour market and Indian society as a whole. Firstly, employees are continuously looking for better opportunities, and thus they are not loyal to their current employer. Secondly, although the labour pool is vast, its quality remains relatively low. Thirdly, matching the low level of engagement is the low calibre of management capabilities. In this vicious circle, the high level of turnover creates a culture of low commitment and slows down labour productivity.

India can be called a 'family culture', rather than person-oriented and hierarchy- and power-driven: The Indian work environment presents both collectivist and individualistic values. Indian managers have a rather paternalistic approach of leadership, and their corporate status spreads over other social spheres;⁴¹ one of the negative outcomes of this manager–subordinate relationship is a lack of employee initiative. Employees are often looking for support and guidance.⁴² In India, the emphasis is placed on setting individual and department goals and identifying key performance areas to determine which employees should be trained first (individual assessments determine the specific strengths of a given employee). However, it has long been a social objective of public and state-owned corporations in India to develop individual skills so as to boost the wider objective of professional development. Bharat Petroleum is an example of a firm that relies heavily on competence mapping to identify training needs to select talent (to identify and place the right person in the right job).⁴³ For talent attraction purposes, Bharat launched a 'talent management initiative—ASCEND' in 2012–2013 and completed it in 2013–2014. As part of this program, 2200 mid- and senior-level employees were appraised using 360-degree methodology, and then the results of these assessments were discussed by panels of specific line managers (supervising the appraisees) so that the panel could make

future role recommendations and suggest areas of development, setting up individual performance goals in the process.⁴⁴

Moreover, the paternalistic manager–subordinate relationship plays a huge role in individual ratings—more so than in other cultures—with managers tending to overrate poor performers whom they like. This is detrimental to the use of performance evaluation systems that should be transparent and strictly connected to promotion.⁴⁵

As for talent motivation and rewarding practices, before the economic liberalization of the 1990s, individual pay was not correlated to individual performance. Budhwar (2003) observed the spread of performance-based pay at managerial levels (the ‘egalitarian’ system remaining the norm for ground employees), as half of the companies of his sample had implemented performance-based compensation for managers and key employees.⁴⁶ However, performance-based remuneration first gained momentum through much more popular group bonuses rather than individual bonuses, suggesting a mixed approach that may become widespread in India’s collectivist culture. When it comes to talent retention, despite economic liberalization and more fluid job markets, Indian corporations place great emphasis on internal recruiting.

Among the factors having the strongest influence on human resource strategies are demographics and education, together with the rapidly changing views and attitudes of the younger generation. Younger employees in India are becoming more brand-conscious and more willing to work for companies that have strong corporate images and are well respected in their industries. Moreover, Indian employees appreciate work in organizations with international presence and multinational staff. Willing to pursue careers with overseas opportunities, Indian employees also value training and professional development programs together with fair compensation and growth prospects.

In India, examples abound showing great attention to employee development. For talent training, Larsen & Toubro operates its own corporate university (L&T Leadership Development Academy which provides more than four million man-hours of training annually, or about 9.2 days per year per person), provides mentorship programs and invests heavily in e-learning tools.⁴⁷ Talent attraction and retention are always mentioned as key priorities, particularly now that young engineers are in high demand,

especially in the finance sector). In this area, L&T has implemented a leadership program focusing efforts on newly appointed managers when undergoing job promotions. Recent graduates who are hired receive special training inside the company prior to beginning their work. At ICICI Bank (India's second-largest bank), the realization that the Indian higher education system did not adequately prepare students for the workplace meant creating induction programs designed to eliminate the struggle of young employees in their first years on the job.⁴⁸

Human resource and talent management in India are strongly impacted by the high percentage of formal and narrowly defined job roles and responsibilities in the public sector, with its high level of dependence on formal labour markets. Rewards and promotion based on merit and individual performance are not widespread and are limited to the international companies. Recruitment straight from universities and other higher education institutions is prevalent for the professions in management, engineering and similar areas. Other popular sources of recruitment include Internet and print media together with placement agencies. One important challenge for Indian organizations is to design innovative retirement schemes as the population ages and to balance retirement benefits with other salary components as base and variable components. As employees start considering work–life balance aspects more seriously, this issue will gain in importance.

To fight comparatively high attrition rates, Indian companies have started to provide employees with benefits such as healthcare and sporting facilities. The training and development programs are poorly embedded in most Indian companies, but such programs are necessary due to the lack of practical training in universities because professional growth aspirations requiring new knowledge. Career planning is very limited in scope and breadth, with relatively high levels of job-hopping. Also, there is quite a large problem with gender equality in Indian organizations.

Aside from the specificities of Indian talent management, it is also important to consider the regional differences in terms of industry size, provincial business culture and local political aspects.

The key trends and perspective for Indian talent management for the near future include:

- enriching career experience through acquiring additional management skills and specialization, often through mentorship and guidance of top executives, and via increased mobility;
- building a global mindset through building the key competencies by operating in a truly international environment and fully integrated multinational teams, and by being fully aware of cultural differences;
- seeing talent strategically through more effective identification of top talent; and
- developing and nurturing of employees with high potential by regular talent review.

India's long-term growth should be moderately positive due to its young population and the low dependency ratio, the increasing integration into the global economy, the growing amount of healthy savings and the better investment rates. Some of India's challenges—poverty, discrimination against women, insufficient power generation, ineffective enforcement of intellectual property rights, inadequate transport and agricultural infrastructure, limited work opportunities beyond the agricultural sector, inadequate availability of quality education, and increasing urbanization—affect human resource and talent management practices dramatically. The dramatically growing population takes its toll on the natural resources of the country such as water, forests and minerals.

Talent management in Indian companies follows different paths. The case of Alpha plc., which managed to become one of the world's IT leaders, proves the necessity of adjusting to the micro-management of people on an individual level so as to impact overall organizational behaviour. Alpha's emphasis is on distributed leadership and employee empowerment, following the motto 'every Alphaite is a leader'. Employees are empowered to think like CEOs, but expectations follow suit, reflected in the performance metrics. The metrics involves constant answering of the following questions that are applied to each employee's work scope:

- people (do you have the right technical skills?),
- process (how process-oriented is your job in demystifying knowledge?),

- product (how much of your work processes are automated?),
- proliferation (are you aware of and benchmarking against best practices, inside and outside the organization?),
- patent (how innovative are you in cost management?) and
- promotion (do you motivate people by appreciating and celebrating team achievements?).⁴⁹

Auto manufacturer Mahindra & Mahindra developed a talent pipeline in order to constantly have access to a desired pool of skills and competences. Its business plan is reviewed twice a year for around 30 positions. As a rule there are 2–3 potential leaders for every position in the company. They are grouped in 2 categories—ready and emergency successor—and have different timeframes.

India has traditionally been a country with a high power distance (strict hierarchy) in working relationships, implying reverence and high authority for the superiors. Mendonca and Kanungo (1990) pointed out one typical aspect of the Indian management style: its centralized decision-making process, allowing less scope for employees to be updated about different aspects of management.⁵⁰ Another core issue of Indian culture—supporting those less fortunate and the community at large—has long been an important part of Indian business and corporate social responsibility. Long ago, this took the shape of village leaders providing food for the elderly and the poor on a daily basis. Today, this philosophy takes both similar and new forms, and employees appreciate being part of an organization that does good deeds.

One of the problems with searching for talent in India is the competition for talent between Indian corporations and other MNCs that are drawn to India's vast market. The extraordinary growth in every sector of the Indian economy has exacerbated the labour tightness and led to a shortage of qualified and employable individuals. This means that skilled workers have unrealistic expectations about salary and work conditions. Moreover, young people prefer not to stay in one position for too long since there is an abundance of job offers on the market. According to a survey of 137 Indian companies, the majority of them had no proper talent management scheme.⁵¹ Moreover, the survey demonstrated that the

perception of what 'talent' is also differs among Indian companies. The majority of companies (45 %) defined talent as the high achievers or best performers within the organization; 21 % of companies defined talent as core personnel creating the main value of the company. Only a very small number of respondents connected talent with all employees of organization.⁵² But still companies differentiate talent management from human resource management and tend to focus on special groups of employees.

Talent Management in China: Traditions vs. Westernization

Human resource and talent management in China has a long history and traditions that go back to the years of authoritarian regimes and philosophical approaches to society. Until the end of the Cultural Revolution in 1976, human resource and talent management was carried out by state planning. Human resource policies and practices were handled by the Ministry of Labour (for common rank workers) and by the Ministry of Personnel (for executive and managerial employees). These two ministries determined both the size and the recruitment of workforce as well as pay levels, leaving little flexibility to managers in the implementation of these policies.⁵³ Besides, life employment used to be the norm for the majority of employees, with no consideration for individual performance. Financial rewards for outstanding performance and focus on individual career progression were considered taboo and incompatible with communism.

The Chinese managerial practices development can be divided into three periods—Authoritarian from 1949 to 1979, a period of Reforms and Openness from 1980 to the mid-1990s and the present period of Global Expansion. The milestones are the 1978 economic reforms and Chinese Labour Law implementation in the 1990s. Human resource management of the first period reflected the command economy peculiarities and was marked by a high degree of centralization. As the government was the sole owner of all enterprises, it decided on the number of employees for each organization, recruitment sources, and the remuneration based on the national wage system. The government labour policy had the informal

name 'iron rice bowl' that set the relationship between employers and employees. The system guaranteed lifelong job security, steady income and benefits. This all led to limited employment mobility as position transfers were rare, wages were quite low and wages were not linked to individual performance. However, there was a wide range of social benefits such as housing, free education and nursing for the elderly. In 1978 economic reforms were implemented that brought liberalization and decentralization. Private ownership and foreign investments were allowed, enterprises were allowed to grant incentives to encourage performance, and different profit-sharing systems between government and state-owned enterprises were introduced. Although the personnel management practices of the past remained, gradual changes due to profit incentives were introduced.

Foreign companies played an important role in transforming outdated human resource and talent management practices. Via the joint ventures that were set up, Western managerial practices were introduced and these became a significant source of learning for Chinese managers. State control of employment and recruitment were loosened, and wage tariffs were no longer obligatory. Linking salaries to performance became permissible. Thus, managers finally could decide their own human resource policies. After introduction of the Corporate Law in 1993 and the Labour Law in 1995, the labour aspects of the economic reforms of 1978 finally received their legal framework. The Labour Law rationalized and implemented market-based labour relationships. All employers were required to sign an employment contract with specific rights and obligations, replacing the old system wherein the state bureau officiated. Hence, the deregulation of the labour market took place.

Along with the structural transformations in the economy, the Chinese labour market also experienced transitions. The main factors are demographic (the aging population and hence the declining labour force) and economic (the slowdown of economic growth and consequent challenges). To stimulate economic growth, the restructuring of the economy, demographic transitions and consequent challenges, in 2013 the Chinese government fully implemented a pro-employment strategy and more active employment policies, expanding employment channels, strengthening employment services and vocational training, supporting business start-ups, and providing incentives for firms to retain

staff and avoid making jobs redundant. The Chinese government also implemented supportive labour market policies such as the wage distribution system reform that set minimum wage requirements, strengthened law-enforcement inspection, targeted inspection on enterprise wage payments and took measures to improve the enterprise wage payment guarantee system. Additionally, projects on social protection such as old age and medical insurance for non-working urban and rural residents were introduced. To support more active employment, the government introduced policies to encourage employment, such as taxation reduction and exemption, social security subsidies for enterprises that employ disabled people and vocational training subsidies for companies that recruit urban registered unemployed, rural migrant workers and college graduates in their graduation year. Policy measures to increase employment funds, improve registration of unemployment and provide for an employment monitoring system were promoted.

The role of national culture and institutions weighs heavily when looking at how human resources are managed in China. National cultural traits are pervasive. One of the first studies of talent management practices in the private sector in China was carried out in 1999. It found that nearly half of the investigated foreign joint ventures had adapted their performance appraisal systems to suit the Chinese culture.⁵⁴

The present period of talent management development in China is characterized by the gradual implementation and integration of Western practices, especially within firms that operate internationally or are joint ventures with Western capital. Nevertheless, Chinese characteristics still remain in these companies, mostly due to institutional and cultural factors. Talent management policies and processes that may appear to be similar to Western ones are in fact applied with a distinctly Chinese approach. Chinese corporations tend not to replicate Western practices but develop a hybrid management style that integrates traditional cultural concerns. While the prevalence and form of modern management practices vary in accordance with factors such as economic sector, ownership and size of establishment, it is argued that a more cohesive ideology is gradually unifying management approaches.

Managerial values in China are seen to be shaped increasingly by Confucian beliefs in benevolence, harmony and loyalty to higher authorities.

With the globalization of Chinese companies and application of Western approaches of unitarism in corporate culture, the Chinese model could be described as unitarism with Chinese peculiarities. Confucianism encompasses ideas about high moral standards, harmonious relationships and social obligations to those in higher authority positions, both within family and society. They form the ideological basis for a management approach in China. For example, the distance between managers and subordinates and the vertical links within organizational hierarchies reflect the respect for the idea of loyalty to the ruler. Even though some young, better-educated managers in urban locations are seduced by individualistic Western values, Confucian philosophy still remains influential over managerial values. Bridging this gap by integrating Western managerial approaches with Confucian ideology may well lead to the development of a hybrid talent management model.

Due to a lack of qualified personnel, Chinese companies now face the necessity to develop effective recruitment and retention strategies. The growing need for talented managers is a major challenge to both MNCs and local businesses. Some Chinese executives reported that insufficient talent was a major barrier to expansion, as continued growth will increase demand for talent at a time when MNCs are increasingly competing with local firms for scarce talent in the same pool. There is often a mismatch between the graduates turned out by Chinese universities and the skills and attributes required by employers, with those recruited often having high expectations. Chinese companies worry about managerial capabilities and are also looking abroad to recruit talent. The free-market Chinese outposts of Taiwan, Hong Kong and Singapore, as well as a vast pool of diaspora talent are fertile hunting grounds. Another key challenge is how to develop and retain existing staff, making the management and leadership development of local staff a priority. However, many companies in China lack the commitment to develop a comprehensive leadership development strategy, or the expertise to implement one.

The labour force in China traditionally was very cheap, which gave the country a huge competitive advantage. Many international companies moved their production to China to maximize their profits, thus providing exposure to sophisticated talent management practices from

developed countries. The considerable foreign investment increased the demand for a qualified workforce, so the Chinese government created and sponsored many programs for Chinese students to study abroad. Many universities and technical schools were also opened. Thanks to these programs, the quality of the workforce improved, but this also led to increases in labour costs. Even so, skilled technicians, managers and salespeople account for only around 4 % of the Chinese workforce, when the nation would require nearly 20 % in these areas. Highly qualified young people move to other workplaces due to a desire for rapid promotion and pay increases.

A survey of about 600 employees of MNCs in China showed that the impressive development of Western-like talent management practices results from the greater acceptability of these practices by Chinese employees. Managers expressed satisfaction with practices such as performance evaluation, identification of training needs, and rewards.⁵⁵ The developmental approach taken by foreign multinationals make them very attractive for potential, ambitious talent, forcing Chinese companies to adapt.⁵⁶ China Mobile (the world's largest mobile operator) provides relevant insight, with its employment promotion, career development and employee welfare policies that cover talent attraction, development and retention. The company understands that cultivating talented employees' professional competences and work skills is of vital importance as a long-term driver for strategic transformation and innovation-driven development. China Mobile continues to invest and experiment, encouraging employees to innovate and develop to reach company and personal goals.

In the Chinese context, performance assessment is often perceived as a purely formal obligation and a waste of time. Yet this is slowly changing, as some Chinese firms dedicate significant effort in building unified and comprehensive performance appraisal systems (e.g. ICBC bank, which strives to implement customized training for the majority of its employees, or China Mobile, which announced its intention to implement a 'training curriculum system'). Regarding talent evaluation in China, it is often more related to talent promotion and rewarding than to the proactive identification of training needs. The use of 360-degree evaluation remains extremely rare since this process implies that managers

have to be assessed not only by referents and peers but also by their subordinates, which directly conflicts with both the primacy of hierarchy (Confucianism) and the desire for courteous relationships in Chinese organizations. Though forms of collective peer appraisal were implemented under the Maoist regime, which branded them as 'democratic life meetings', the open assessment of managers by subordinates can only lead to superficial criticism, and may mean the end for individual careers (fear of revenge from the superior).⁵⁷ Evaluation can be considered as a background for rewarding, with, for example, China Unicom (state-owned Chinese telecoms operator) claiming to have doubled the weight of variable pay compared to total pay over the last five years. China Mobile recently introducing performance-based reward schemes for sales and front office employees. It accounts for a large part of remuneration at Noble Group (commodities trader active in agricultural, energy and minerals) due to sectorial affiliation.

The Chinese cultural context can often hamper talent identification, selection and development since the weight of hierarchy favours older employees for higher positions. Stress is often placed on adherence to formal corporate structures rather than individual performance.⁵⁸ Even so, some scholars have pointed out rapid changes occurring in the Chinese cultural landscape, namely the new trend among Chinese managers who put much more emphasis on individual responsibility and initiative taking.⁵⁹ This may lead to the emergence of a hybrid model, where a new mindset grounded in materialism coexists with traditional cultural Chinese values (e.g. with the rapid emergence of performance related-reward framework).⁶⁰

Regarding the development of professional talent in Chinese companies, there is a profusion of training sessions (online and offline) in which only top-performing employees participate (chosen through differentiated selection mechanisms). Innovative policies for employee motivation have been introduced, while having different assessment programs for further staff accreditation. Thus, performance evaluation results and salary levels can be directly linked to each other.

When it comes to talent motivation, we observe a rather egalitarian approach to profit sharing in China, with seniority being the main determinant in remuneration. Managers were much more prone to ground staff evaluations on behaviour rather than performance.⁶¹ Lenovo (the largest

IT company in the world) employees may find many continuous professional development programs and career maps, but there is a special focus on retention activities. It has an employee compensation package (fixed compensation, performance bonus and long-term incentive program), reward management, retirement benefits, social protection and promotion of health and safety.

One of the worst legacies of former state-run companies is the weight of bureaucracy and the existence of a managerial culture where employees are seen as a 'factor of production' rather than as individuals with potential, susceptible to taking initiatives and contributing value to the firm. Egalitarianism—a legacy of both Confucianism and socialism—has often been described as a key Chinese social trait, reflecting great equity in rewards, especially when it comes to bonuses. Top-rated employees sometimes have to share their bonuses with their team so as to avoid jealousy. Consequently, in the case of evaluation systems where the assessment is made by peers, team members are keen to spread the rewards among themselves.⁶²

Regarding talent retention, research shows that Chinese companies have the same propensity for internal recruitment as their Indian counterparts. This might be linked with the high importance given to seniority, personal relations and family ties in 'guanxi'. The word's most literal translation is 'connections', but it is more a comprehensive concept that encompasses notions such as network or mutual trust. It was also defined as an 'informal personal connection between two individuals who are bound by an implicit psychological contract to follow the norm of "guanxi", such as maintaining a long-term relationship, mutual commitment, loyalty and obligation'.⁶³ This concept is neither positive nor negative, but its impact is particularly noticeable on talent management, for example, in recruitment and promotion decisions.

As increasing numbers of Chinese firms are embracing talent management concepts and practices, managers are more and more receptive to performance-based reward mechanisms. They are also open to the profiling of some individuals as talented and to the resulting need to offer fast career development opportunities. As the iron rice bowl culture slowly dissipates, Chinese companies will focus more on individuals than on the organization, which will lead to an emphasis on interpersonal relations, loyalty and motivation.

As the global economy develops, talent management needs to play an increasing role, especially in the BRIC countries, where the need to attract, develop and retain talent are the key challenge. Managers in the field of talent management in emerging MNCs face the same challenges: the shortage of qualified people, legacy problems, and cultural aspects influencing a firm's efficiency. The overall attitude towards talent management differs from country to country, and research shows that at different levels all of these countries are heavily influenced by economic, cultural, organizational, institutional, industrial and individual factors in their talent management approaches.

Moreover, the effective implementation of talent management practices has a number of country-level consequences that are influenced by economic development or competitiveness indicators. Compared to Russia and Brazil, the concept of talent management in China and India is not that new. Firms in China and India show high levels of interest in talent management and even sometimes have institutional support that cannot be found in Russia. The notion of talent management has long existed in China and the government has already initiated various policies to attract, develop and utilize talent, especially in governmental organizations and in the state sector. Over the past years, both local and foreign companies in China put substantial effort in the area of talent management. Although still confronting a host of other issues and challenges, these companies already reaped positive results, including the awareness of talent's strategic importance to long-term sustainable development, competitive advantage and overall business success. Indian companies provide interesting examples of how economic and labour market challenges are reflected in the implementation of talent management practices. Despite these hurdles, talent management is being adapted from Western practices in the Indian context, and at higher levels than in Russia or Brazil.

Moreover, the extent of talent management practices development can be correlated to the interest of developed MNCs in each specific BRIC market. In the case of China, where one observes the presence of foreign MNCs for many years and on a wide basis, talent management practices have spread like wildfire, and are quite well developed. This tendency also exists in Russia, but more recently and with the

necessity for further development and adaptation to both economic and labour challenges. The Russian lag can be explained by the lack of business and managerial education and the ‘closed economic’ context for more decades than China endured. Indian companies experienced rapid growth quite recently and absorbed foreign managerial experience like sponges, both in general and for talent management in particular. Brazil’s talent management field remains less explored and explained, partly due to the lesser interest of global MCNs. Yet overall, the uptake seems slower in Brazil due to economic and cultural obstacles as well as managerial differences.

The following chapters address how emerging MCNs address some of the burning issues of talent management in their domestic context: developing professional management personnel, attracting talent, finding a balance between global and domestic market demands, coping with educational mismatch, and more.

Notes

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Part II

Talent Management in Emerging Market Firms: Strategies and Practices

4

The Competitive Advantage of Emerging Market Firms: Is Talent Management Involved?

The strategic role of talent management cannot be discussed without understanding the link between talent management practices and corporate results. As described in previous chapters, talent management nowadays is strategic and future-oriented, and proceeds in parallel to overall business objectives. Talent management practices seem to be aligned with organizational strategy and to be integrated with a business planning process and management involvement, have cultural embeddedness, internal consistency, balance of global and local needs, and develop the corporate image so as to attract, develop and retain talent.

In this chapter we present four case studies to illustrate how companies from emerging markets used talent management to achieve strategic goals and implement organizational changes. For JBS, a large Brazilian meat processor, one of its main talent management challenges is linked to its extensive workforce of poorly qualified employees. To maintain its status as world leader, the company carries out regular and significant acquisitions, meaning the subsequent assimilation of new, sometimes dissimilar, workforces. Very particular talent management practices are required for JBS to manage its talent globally.

Yandex, a leading Internet service provider in Russia, has created a sophisticated and creative working environment implementing a work–life balance in talent management practices, namely flexible working hours, motivation based on a palette of non-financial benefits and a training system supporting creative and innovative thinking by its young talent. This kind of innovative workplace with its need for employee self-motivation and goal sharing, along with the integration of business processes and work practices, has a significant impact on labour productivity and the company's bottom line.

Sberbank, the largest bank in Russia, used talent management practices in order to involve employees in decision making, innovation seeking and change implementation. Meeting strong resistance from older employees, top management thought that if the company were smaller it would be simpler to ease the opposition out while retaining workers who shared the new corporate vision. Yet Sberbank's scale was too great, obliging managers to find a balance between its revolutionary top management and its more conservative workforce.

As for Air China, the leading Chinese airline, this company's experience shows that effective implementation of talent management may significantly contribute to a customer-oriented business model and create a unique competitive advantage in a service organization. Air China's significant focus on training and development practices was the key to its success.

JBS: Managing Talent Globally

Unless you are a vegetarian, the chances are you consumed a JBS product for dinner in the recent past. JBS is the largest meat (beef, chicken and pork) processing company in the world, with headquarters based in São Paulo and operations in 22 countries.¹ JBS began its activities in 1953 when its founder, José Batista Sobrinho (which explains the company name), started operating a small company with a processing capacity of five head of cattle daily. By the late 1960s, Sobrinho had expanded into slaughterhouses. In the 1980s, the company began expanding within Brazil by purchasing other meat processing companies. The company grew to become the world's largest operator in the beef sector with the

acquisition of several stores and food companies in Brazil and abroad, including the acquisition of Swift & Company, the third-largest U.S. beef and pork processor. With the new acquisition, JBS entered the pork market, featuring an impressive performance in this segment, to end the year as the third-largest pork producer and processor in the United States. The acquisition expanded the company's portfolio to include rights to the worldwide use of the Swift brand.

JBS's growth was connected with the expansion of its beef operations. Thus, in 2005 JBS merged with Argentinian producer Swift-Armour, and then followed that deal with others in the beef, pork and poultry segments. JBS took its ownership public in 2007 when it became the first meat processing company quoted on the Brazilian stock exchange. Today JBS serves more than 300,000 customers in more than 150 nations,² and has around 150 industrial plants around the world.

JBS is seen as a large MNC, since it has different branches worldwide. JBS Mercosul is focused on beef production in Brazil, Argentina, Paraguay and Uruguay, and has more than 100,000 employees. JBS in Argentina also operates in beef production, canned meats and by-products categories. JBS produces under the Swift, Cabaña Las Lilas, Armour and Plate brands that serve supermarket chains, wholesalers and different distributors. JBS Paraguay has its business operations in two beef processing facilities. In addition to beef, the company also produces tallow and by-products. JBS Uruguay operates in one beef processing facility, where the company also produces tallow and other by-products. Through the acquisition of Zenda in 2013, JBS Uruguay also operates two leather hide tanneries. The JBS USA unit includes beef, poultry, pork and lamb processing facilities in the United States, Australia, Canada, Mexico and Puerto Rico.³ JBS Foods, created in 2013, focuses on poultry, pork and further processed and convenience foods in Brazil and has a substantial potential for further development.⁴

The JBS mission is to be the best in its operations, with a total focus on business and the best products and services for customers, suppliers and employees. The JBS corporate culture is based on the following six principles: planning (to think before acting, to look to the future and to be prepared for changes), determination (employees should be always involved, never give up and focus on achieving their goals), discipline (focus on details

and proper work organization), availability (which means support and initiatives), sincerity (employees are expected to think critically and realistically), and simplicity (having an orientation to do things clearly and improve continuously).

One of the main talent management challenges at JBS is linked to the regular growth of its extensive workforce, consisting mostly of poorly qualified employees. In seeking to maintain its status as global meat processing leader, JBS carries out significant acquisitions on a regular basis. This means assimilating a new workforce on the fly. For example, just from 2012 and 2013, its workforce increased by about 47 % in Brazil, entirely through external growth.⁵ The company implements what it calls a ‘resource-based horizontal acquisition strategy’ in the world market. JBS has an extremely multinational and diversified workforce. In recent years, the company has renewed its focus on diversity and compliance in order to enhance its workplace diversity and equal employment opportunity (EEO) programs. To find the most suitable employees, JBS continually reaches out to attract and retain minority employees by working with career sites on the Internet. The company has created diversity partnerships with job boards such as CareerBuilder and Monster, which have diversity affiliations that post open positions of the company, and JBS has partnered with Bilingual Staffing Solutions and a woman-owned business specializing in minority-targeted recruiting. In order to ensure that the company meets its goals for diversity in the workplace, it regularly monitors its performance and evaluates its affirmative action plan to analyze promotions by gender and ethnicity.

Due to the huge discrepancy between the small size of the ‘talent pool’ and the massive total workforce, developing leadership is essential. To do so, an ‘individual development plan’ was implemented.⁶ Similarly, for high-potential newcomers hired through the trainee program, there exists a mandatory 18-month internship in one of JBS’s processing facilities (with a focus on process optimization), that teaches trainees to deal with the sheer mass of poorly qualified personnel.⁷ The scope of this program is nonetheless limited (around 19 people in 2013), which is consistent with the very elitist conception of talent in the company.⁸

At JBS there are different leadership programs that allow the company to follow strategic objectives, namely to create one platform for all employees

working in different branches. Ascend is the flagship management trainee program that gives Ascend Leadership Trainees (ALTs) an opportunity to learn, grow and lead. The program was created as an intense rotational program that provided participants with a well-rounded knowledge of the business and a fast-track opportunity for advancement. The Ascend program has two tracks to ensure that the interests and skill sets of the candidates are best matched to potential openings: Sales and Operations Track and Corporate Track. In both tracks, trainees are challenged with cross-departmental group projects and community involvement. The intensive curriculum is intended to develop leadership skills and deepen understanding of the business. At the end of the program, successful trainees are placed in management-track careers within one of JBS's many divisions. JBS also launched almost 2.5 month summer internship program to encourage students to put theoretical knowledge into practice and to see how it works in a business environment. Through business-relevant projects, interaction with senior leadership and several social and community-focused events, interns gain knowledge they can take back to their final year in school—and hopefully into an ongoing career with JBS. Each intern is individually matched with a department, manager and mentor based on his or her background and experience as well as the company's needs.

Since the happy few talented individuals may have a significant impact on company management, an advanced performance appraisal system was developed: the '9 in box' methodology was implemented company-wide in 2013 (except for processing positions).⁹ The exhaustive mapping of leaders and potential successors by area of competence provides a census of staff training requirements (development or improvement). In terms of training, a leadership management program and an internal talent program (six-month training to qualify as production supervisor, with around 27 people enrolled in 2013) are offered.¹⁰ Both programs are as selective as the trainee program. Performance-based rewards and bonuses are limited to top management and remain quite confidential due to the social context in which the company operates. Worried by the low talent retention, JBS launched an internal investigation 'to identify the main reasons and causes that lead employees to leave the company so as to mitigate the loss of talent by the company'.¹¹ According to the

scheme of rewards to the employees of JBS, this system is mainly based on financial benefits and closely connected with the international aspect. The company offers its employees a benefits package in order to motivate existing employees and attract new talent. The package includes healthcare and additional financial support for expatriate personnel, local employees and their families. JBS evaluates personal contributions and notes in pension plans and suggests reduction of the amount of annual taxable income by the amount of annual contribution.

The company is concerned not only about the work aspect of its employees but also about their self-realization and work–life balance and shows this by offering conditions for self-realization and entertainment. Such opportunities at the workplace are considered investments in the workforce. There are diversified possibilities for having fun and leisure activities in order to eliminate stress and negative emotions connected with work. Therefore, the workforce is likely to be more effective and productive.

Yandex: Talent Management for Innovation

Yandex traces its roots to 1990,¹² when Arcadia Inc. (now CompTek), one of the largest distributors of networking and telecom equipment in Russia, developed two informational search systems: the ‘International Classifier of Inventions’ and the ‘Goods and Services Classifier’. These systems provided the foundation for Yandex’s technology. In 1993, the founders of CompTek, Arkady Volozh and Ilya Segalovich, created Yandex as a Russian-language search mechanism. Formally, however, Yandex was only established as a stand-alone in 2000.¹³ The company has been very dynamic, with many new services being introduced during its history.

Yandex is a Russian search engine, the world’s second-largest non-English language web portal, but the largest Russian language one. Yandex derives from ‘Yet Another iNDEXer’ or ‘language Index’. Yandex’s main goal is to provide easy access to the wealth of information available online in order to answer any questions Russian-speaking users might have.¹⁴ The Internet market still holds serious growth potential, with only a

quarter of Russians currently having online access, and high-speed connections only now beginning to reach smaller cities. Yandex's main activity is offering services for the mass Russian-speaking audience. Yandex is the leading search engine in Russia, with about 80 % of the audience using the Yandex search engine, according to TNS Gallup and comScore.¹⁵ Today, for the majority of Russian-speaking people, the word Yandex has become synonymous with 'Google search'. Indeed, a frequent reply heard in Russia is: 'Why are you asking me? Ask Yandex'.¹⁶ Yet Yandex continually adds innovative services because of its need to meet consumer demand. Many of its services are free, enabling users to find relevant and objective information more quickly and easily, and facilitating communication via the Internet.¹⁷

Today Yandex's websites attract an average weekday audience of more than 12 million users from Russia, Ukraine and other countries.¹⁸ With more than three billion hits per month, Yandex generates two-thirds of its income from search ads. Yandex earns most of its revenue from text-based advertising. Yandex.Direct was the first and largest automated, auction-based system for the placement of text-based advertising in Russia. According to statistical data, it delivers ads to more than ten million users.¹⁹ There are more than 60,000 advertisers on Yandex.Direct.²⁰ The company places advertising on its own websites, and also participates in delivering text-based ads to the thousands of third-party websites that comprise the Yandex Advertising Network (YAN).

Yandex currently operates offices in Moscow, St Petersburg, Yekaterinburg, Kiev, Odessa, and Burlingame (California). The company has data centres in Moscow and the greater Moscow Region, as well as points of presence in Yekaterinburg, Novosibirsk, St Petersburg, Samara, Kiev and Frankfurt. The company's networking equipment is set up in every federal district in Russia. Yandex also has a presence at Internet Exchange Points in Frankfurt and Ukraine. In 2008, Yandex management decided that the company had grown sufficiently and that the time had come to open a new office outside Russia. Yandex therefore opened a new division in California called Yandex Labs. Former Yahoo executive Vish Makhijani was appointed head of the division.²¹ The main purpose for opening this division was to improve the quality of the search process. As California was the best place to find professionals in this field,

Yandex improved, thanks to new American programmers. This branch also helped the company to communicate with many key players in the market.

Yandex reached financial break-even in 2002, with revenue increasing ever since. More than 60 % of the company's stock belongs to different investment funds. Company managers and employees own about 24 %, investors and former employees approximately 10 % and holders of securities about 5 %.²² In 2009, the ultimate parent company of Yandex—the Dutch company Yandex N.V. issued preferred stock that was bought by Sberbank for one euro. The one and only option of this stock was to veto the selling of around 25 % of Yandex's shares.

As the company's primary mission is to provide answers to user questions, providing customers with different services means that the company's core values are closely connected with the quality of service and providing customers with reliable information. To achieve this goal, Yandex has had to build effective relationships with partners. Simultaneously, Yandex considers one of its missions as enlarging its potential market by making the Internet more popular and accessible in Russia. In 2001, Yandex launched the Yandex Open Search Cup, which helps to portray the Internet as a useful information resource and increases Yandex's popularity.²³ The idea behind the Internet search competition is to have contestants compete in finding replies to questions on the Internet. Usually, this competition is organized by Yandex in three stages: the first two are held remotely, whereas the final is held in a specific location.

To ensure that its values are shared by all employees and to maintain a high-performance, creative atmosphere, Yandex has its employees and partners work as a team. Upon starting employment, one of the first documents that new employees read is the company 'charter', which begins by emphasizing peaceful coexistence, the foundation stone of this very open company. Independent thinking, open exchange of opinions, and attention to different points of view are strongly encouraged; being a team player is a prerequisite for all Yandex employees. Teams include everyone working within the company, not just colleagues in the same department. Yandex believes that people in different departments often see the same problem from different angles; this is exactly what caused Yandex to develop successfully.²⁴ The main feature of the Yandex corporate

culture is probably the smell of the strong coffee available throughout the office. Employees' work is perceived as an art, which is why it is not regulated very tightly. People scurry around everywhere, bumping into one another all day long. Ties and button-down shirts mix with jeans and T-shirts, the most popular being the ones bearing the Yandex logo. When asked about the company dress code, one Yandex marketing director seriously replied: 'We are required to come to work dressed'.²⁵ Yandex was built upon strong values such as leadership, teamwork and creativity. In deciding on whether to make a rigid structure and implement regular management or whether to continue working in an atmosphere of creative chaos, Yandex seems to have combined both options.²⁶ Despite the substantial increase in formal, structured processes, with managers working according to quarterly plans and programmers attentive to budgets, the company maintains its spirit of freedom. The passion for work and for self-expression is a grand feature of the Yandex team. Yandex believes that being creative and innovative is an important requirement for attracting and retaining talent. Another important company characteristic that unites Yandex employees as a team and makes it possible for them to speak a common language is the 'we're the best' ideology. Even though some call this egotism, staff claim to be in agreement with the ideology and maintain the spirit of doing a common job.

The two main work principles at Yandex deserve greater attention.²⁷ First, everyone can be involved in anyone's work. Because of the company specifics, almost all the projects at Yandex are interrelated, and thus any changes require group discussion and assessment. This is why all ideas are discussed by all involved stakeholders, whether they are employees from the neighbouring department or from marketing, or even from accounting. In case of opinion overload, the project manager has the last word. However, if the majority opposes an idea, that idea definitely requires future discussion. The second key work principle is trying to involve the maximum number of colleagues in each project. A typical Yandex employee could be described as an independent-minded 'fighter' who is not afraid of taking on decision-making responsibility; autonomous; able to cope, since there are no instructions on 'what to do'; sensitive to the company's prevailing moods in order to understand what occurs in the work space; and someone who can grow with new promotions, since Yandex rarely recruits outsiders

for top positions. Yandex believes it is better to begin with junior-level employees who will build their careers internally.

Yandex has several stages to its recruitment process. The first stage is to obtain information about potential candidates. Yandex uses its own website as a fast and cost-effective means for job applicants to submit their CVs and answer a quick survey. In this survey, potential candidates must answer 10–20 questions that are mainly about computing tricks, so unconventional answers are appreciated. It takes about two weeks for human resources and IT specialists to assess the applications received. If the candidate's qualifications and experience are appropriate, he or she is invited for an interview, the second stage of the process. To find an employee for a technical position, the focus in the interview process is done to assess engineering skills, including coding, algorithm development, data structures, design patterns, and analytical thinking skills.²⁸ During the interview, several engineers from different Yandex teams ask questions related to the candidate's area of interest, and have the candidate solve computing tasks in real time.²⁹ During the recruitment process Yandex provides information about perks and benefits, career possibilities, and other important details for a candidate's final decision.

There are two major sourcing channels to identify potential recruits: recommendations from current employees and corporate site advertisements. Furthermore, the company uses My Circle, LinkedIn, and Habrahabr to promote vacancies. In order to evaluate all sides of a candidate, an interview lasts for a whole day. Wise sourcing politics lead to the formation of a pool of candidates wishing to work at Yandex. Finally, Yandex's positioning as free, democratic company with no strict regulations works as a competitive advantage in the 'war for talent'.

At Yandex, each employee has his or her own work schedule. It is preferable, but not essential, to be in the office from 12 p.m. to 6 p.m. The main criteria of performance appraisal is to complete all required tasks. The office is open 24 hours a day. Even at night, there is an opportunity to work in comfortable conditions. If an employee tires of work, some relaxation activities are available, for example, ping pong or billiards.³⁰ Moreover, in Yandex, food is free. All employees can go to the cafeteria and have breakfast or a hot meal, not to mention the coffee machines on each floor with fresh bagels. The corporate bus delivers employees

from the nearest subway station to the office. Yandex offices are decorated in bright colours such as yellow, orange and red, making for a positive atmosphere and guaranteed high spirits. In addition to the working conditions, Yandex offers a competitive salary. The company also provides medical insurance and books and magazines needed for work for free.³¹ As the company explains, basic needs can be completely satisfied while working in the office.

Professional recognition plays an important part in motivating staff. The implementation of innovative ideas plays a significant role for all workers. When an employee proposes an innovative idea, discussion between colleagues commences. Positive feedback means fast implementation once the department head gives the final approval. The successful implementation of a creative idea is rewarded financially, and, more importantly, through the assignment of future challenging tasks to its originator.

Since Yandex wishes to recruit the best of the best and keep them up to speed in the fast-changing IT sector, a school of data analysis was founded. Any student with a major in computer science can enrol. During two years of evening classes, a range of subjects is covered. The brightest students can win an internship at Yandex with the possibility of future employment. The development of sales staff is a different matter altogether in terms of promotion and career perspectives, but Yandex suggests different directions for employee growth.

In 2007 Yandex launched the Yandex School, organized in cooperation with the Graduate School of Economics of the State University. The main objective is to teach talented young mathematicians disciplines that are closely connected with company needs, such as data processing and analysis, and information extraction from the Internet—areas of computer science that are not usually covered at most universities. The Yandex School curriculum consists of two years of evening courses taught by leading Russian professors, as well as some foreigners. Many bachelor's degree graduates come to the Yandex School where they are educated at company expense. There are two departments at the Yandex School: data analysis and computer science. Both have the same completion period, and both have curricula combining mandatory and elective courses. Transfers from one department to the other are permitted. For admission to the Yandex School, candidates must complete an application, pass an interactive test,

and be interviewed. Students attend three evening classes a week, with an overall workload of about 15–20 hours per week, including around 10 hours of lectures. Classes are free of charge if a student has a bachelor's or associate's degree. Payment is required from those who have yet to complete their degree. The first class of 36 students graduated in the summer of 2009. There are currently about 50 second-year students and more than 100 first-year students at the school.³² During or after their study, students may work on different projects in Yandex, and during their internships, students are supervised by programmers and teachers.

Talent Management at Sberbank: Challenges for Management and Employees

Sberbank is Russia's oldest and largest bank, holding more than half of household deposits nationwide via a network of over 20,000 branches spread across Russia. Aside from the large financial centres in Moscow and St Petersburg, the bank reaches small villages where it is often the sole provider of financial services. Sberbank agencies can also be found in other countries, such as Kazakhstan, Ukraine, Belarus, Germany, India and China. Sberbank is the key lender to the Russian economy and the biggest receiver of deposits in Russia, having around 46.4 % of retail deposits, about 34.7 % of retail loans and approximately 33.9 % of loans to corporate customers account.³³ Sberbank today consists of about 16 territorial banks with over 17,000 branches in Russia.³⁴

Sberbank is the successor to the savings division of the Soviet Central Bank, which in turn traces its roots back to a network of private savings institutions created by tsarist decree in 1841. Although partially privatized in 1991, Sberbank retains close ties to the central government. Russia's Central Bank holds about two-thirds of its shares, and Sberbank is the only bank in Russia to benefit from a government guarantee on deposits. During the economic tumult of the 1990s, Sberbank's reputation for security and its ubiquitous branches made it the first choice for private savers in Russia, despite low interest rates that sometimes failed to keep up with inflation. More recently, Sberbank has been transforming itself into a universal commercial bank and a prime source of finance for

Russia's large extractive industries (oil and mining). The bank now offers a full range of savings, investment and lending services.

In 2007³⁵ Sberbank's top management set as its objective to change the bank's internal and external images—that of a post-Soviet rigid company—into that of a world leader. In 2008 Sberbank developed its strategy proposition for the 2009–2014 period. It set important goals for its market position, international markets operations and financial performance. Sberbank also set aggressive financial targets: increasing after-tax profit 2.5–3.0 times compared to 2007 levels; decreasing cost-income ratio from 46 % to 40 % (using Russian accounting standards); sustaining return on equity above 20 %; and having a workforce of around 200,000 employees.³⁶ As for qualitative indicators, they were set as having leading skills and capabilities on the market (account management, risks, Sberbank Production System, performance); strong corporate culture; highly qualified employees; effective and reliable systems and processes; strong brand awareness and loyal customers. Moreover, Sberbank set itself some international objectives: capturing about 5 % of net income from international operations; building a foothold in the Chinese and Indian markets; and attaining market shares above 5 % in Ukraine, Kazakhstan and Belarus.³⁷

For Sberbank, talent is clearly a select, specialist pool, which excludes the common service employees (line-managers and front-office specialists). *'It is crucial nowadays to attract the best talent with strong managerial competencies and proactive positions to be able to implement innovative decisions'*, argued Sberbank.³⁸

Yet even for these 157,000 employees, ongoing training is key, namely in banking sector specifics.³⁹ In its largest conception, the Sberbank talent pool includes around 35,000 employees occupying managerial and key positions. A much smaller pool includes top managers enrolled in the 'Sberbank 500 Leader Program'. In 2013 there were more than 400 from headquarters; around 50 from the finance department; 60 from risk, IT and other support functions; and about 110 from foreign subsidiaries enrolled in similar fast-track programs.⁴⁰ In terms of performance evaluation, Sberbank uses advanced programs but with inconsistencies between the parent company and subsidiaries: For example, the '5+' system of employee assessment based on key corporate competencies is used by

Sberbank as well as certain subsidiaries, whereas the 'Talent Q remote system' and 360-degree feedback is used in certain foreign subsidiaries.⁴¹

Sberbank positions itself to employees as a bank that values its employees and takes care of them; a place where employees can develop personally and professionally; a bank where the best professionals want to be employed; a place where employees are not cogs in the machine but are actively involved in all the processes; a bank that offers fair remuneration and social status; an exciting place to work; and a bank one can be proud of, a respected institution where employees are confident about their future.

The basis of the present-day Sberbank mission is the client—external (both physical and legal entities) as well as internal (bank's employees, who are considered to be the main assets of the bank). Regarding its talent management process, the key priorities were increasing the level of transparency for compensation and rethinking the motivation system. To implement its talent management strategy, Sberbank innovates in its practices. The '5+' motivation system is a well-developed descriptive five-point rating scale for employees. There are five criteria used in this system: personal effectiveness; initiative and innovation; self-improvement; customer focus and teamwork. Employees are evaluated by heads of the departments using these criteria and a grading scale from A to E, where A means 'significantly exceeds expectations' and E is 'unsatisfactory'.⁴² To increase the level of transparency regarding remuneration, every payment is accompanied by an e-mail with information about its calculation principles so that each employee can verify for miscalculations and report mistakes. The other transparency measure regards key performance indicators. For example, bank operators receive a monthly bonus correlated to the number of operations performed; the more transactions processed, the higher the bonus. Bonuses are calculated for entire units, taking into account personal effectiveness. In addition to this, in July 2011, a special system of bank rate scales for all job positions was introduced. The pay scale for each employee is determined by function done, qualification and level of responsibility, and a regional coefficient for the cost of living. This system avoids both understated and inflated salaries.⁴³ To foster staff feedback and innovation, Sberbank launched its 'Idea Exchange' (a corporate social network of sorts⁴⁴) which gives staff in Russia and

abroad the opportunity to share ideas and initiatives to improve bank operations. For innovations approved by a special committee and then implemented, the inventor receives up to 10 %⁴⁵ of the positive financial benefits generated.⁴⁶ Most of the proposals are connected to client servicing (both walk-in customers and legal entities), the rest being related to credit cards, loan products, process automation, and so on.⁴⁷

Sberbank maintains a special internal vacancy pool, for which employees can apply. This is very important since it helps internalize processes within the company. Such IT-based techniques make processes smoother and more transparent, and open the palette of career prospects for personnel of all levels.

To reinforce the process of constant education, Sberbank created its own corporate university, housed in a building with more than 40 lecture halls and videoconferencing studios. It can host up to 900 students simultaneously and up to 30 business training programs.⁴⁸ Among the educational tools used are business games, cases and simulations. Learning technologies are chosen so that knowledge can spread rapidly throughout the whole company. Video lectures, workshops for trainers, electronic correspondence courses and tests are the favoured means, making access possible throughout the company and the country.⁴⁹

For promising professionals included in the talent pool, Sberbank has developed a permanent training program called 'Sberbank-500'. Conceived with the INSEAD business schools and the New Economic School (Moscow), Sberbank 500 enrolls high-potential managers, selected based on the monitoring of long-term development programs. Using this long-term approach provides additional information on the evolution of the talent pool, helps succession planning and enables participating executives to influence their career paths. Since participants perform tasks related to their immediate work (for example, analysis of operational processes and financial analysis), they can apply this newly acquired knowledge in practice, thus having an immediate operational impact. A certification system monitors the effectiveness of the training curriculum.

Last but not least, there are specially designed adaptive systems for new hires, 'First Steps in the Sberbank' and 'Welcome to the Sberbank', which include materials to quickly integrate into the everyday life of the vast bank.

Thus, the training system at Sberbank has a number of features typical of mature traditional corporate universities: developed training programs addressed to different target audiences; multifunctional centres and IT-based learning management systems; and established relationships with various educational providers for different forms of training (training, webinars, design, e-learning, top level strategic seminars).⁵⁰

The talent management system within Sberbank is extremely employee-oriented. All evaluation procedures are made as clear as possible, and the compensation scale is made very transparent. The powerful training and development motivation tool is structured so as to provide access to workers not only in Russia but also in foreign branches, and not only for regular improvement and learning but also for the clear explanation of promotion options for moving up the career ladder. This is of particular importance for Russian employees who are eager to acquire new abilities abroad.

Coming out of the Soviet period—not known for friendly customer service—Sberbank faced a gargantuan challenge in improving the quality of customer care. The common customer reprimand ‘I will complain’ was greeted with a shrug in Soviet days. After the collapse of the USSR, thanks to its sheer size and government support, Sberbank remained among the most successful Russian banks. From 1996 to 2007, the bank strongly developed its corporate lending activity but neglected its retail business of small customers; it simply took its savings bank deposits (pensions of retirees) and flipped them as loans to companies. Sberbank lived on its quasi-monopoly heritage (vast network of agencies and sole bank for utility and phone bill payments) to continue hosting private savings accounts yielding small interest payments. The absence of competition meant slow decay into an appalling neglect of front office staff toward customers. Rudeness, boorishness and insults were the norm. It was calculated that Sberbank’s clients lost around 444,000,000 hours per year in queues, with clients spending approximately 40 minutes in line just to make mortgage or rent payments.⁵¹

Sberbank finally grasped that it could not remain successful without proper attention to private clients. Yet although top managers understood and were future-oriented, front office staff was more difficult to convince. Sberbank calculated that if every municipal service payment could be shortened by just 10 seconds, the work force reduction would amount to

about 1000 employees.⁵² Lean production was thus introduced to reduce one of the tightest company resources—time. Moreover norms for client service were introduced. In the peak hours, operational workers should spend about three minutes per client, and no more than five minutes in the off-peak.⁵³ Naturally, this meant the end of the good old 45-minute tea breaks. Front office became the front line, with more stress as greater volumes of clients had to be handled in less time.

The back office operations at Sberbank also underwent operational audit. A first special support centre for client operations was inaugurated, followed shortly by another five such centres, to handle all company-wide transactions (accounting and clearinghouse). With its prime goal being to increase customer satisfaction, Sberbank made quarterly bonuses for front office staff depend on customer appraisals. With lower queue time as one of the necessary steps to improve customer satisfaction, staff appraisal also took productivity into account (clients served/hour). Although the system used clear metrics, staff complained of ‘being put through the wringer’ by connecting their low salaries to such indices. Yet Sberbank made substantial efforts to involve employees in the decision-making and transformation-implementation processes. Had the company been smaller, it would have been conceivable to dismiss those non-cooperative employees who were unwilling to go along with the changes. However, both Sberbank’s scale and the sheer volume of protesters made such a solution out of reach. Moreover, with an eye on talent retention, Sberbank was inclined to find a balance between its visionary top management and its conservative lower-level employees.

Leading Talent Strategy at Air China: Orientation to Customers

Air China is the biggest national airline in China, a member of the Star Alliance global airline network, and has the tenth largest aircraft fleet in the world. Air China is also the only Chinese civil aviation enterprise listed in the ‘World’s 500 Most Influential Brands’.⁵⁴ Air China was founded in 1988 as a result of the Chinese government’s decision in late 1987 to split the operating divisions of Civil Aviation Administration of

China (CAAC) into six separate airlines.⁵⁵ Air China was given responsibility for intercontinental flights and took over the CAAC's long-haul aircraft and routes. In the early 2000s, the company acquired several smaller Chinese airlines, including China Southwest Airlines, China's fourth largest company. In 2004 Air China was successfully listed on the Hong Kong and London stock exchanges, and subsequently on the Shanghai Stock Exchange in 2006.⁵⁶ In the same year the company signed an agreement to join the Star Alliance, the world's largest global airline alliance. Currently Air China is the Chinese flag carrier and one of the largest airlines in China, with a route network extending throughout Asia to the Middle East, Western Europe, and North America, operating from a main hub at Beijing Capital International Airport.⁵⁷ Air China was the official airline partner of the 2008 Beijing Olympic Games and frequently organizes special flights for Chinese national leaders as well as for foreign leaders and officials of visiting governments to China.⁵⁸

Air China has set itself ambitious goals: Leading competitiveness in the world market, enhancing its development potential, providing distinguished travel experience for passengers and steadily increasing profits are its most important strategic orientations. The company is well known by passengers for its '4 C's service': credibility, convenience, comfort and choice. To satisfy customer demands, Air China implements a teamwork philosophy whereby the large team is broken down into many smaller teams. These team units have loyalty, dedication, efficient communication and solidarity as their main values.⁵⁹

How does Air China use talent management to reach its goal of satisfying customer needs with superior service quality? In a throwback to Maoist communism, the airline relies on teamwork and its collective spirit. In hiring new employees, the company seeks knowledge about customer care and the ability to implement this in daily work. With regard to its criteria for talent, Air China has four basic principles:⁶⁰ morality (the aggregation of individual morality, professional ethics and social morality); passion (unremitting efforts towards the development of the company goals, a proactive attitude towards work, a style of prompt and resolute execution, the courage of pursuing innovation and the driving force to take initiatives); capability (the capacity, intelligence and physical strength required to perform the job) and performance (delivering

good performance is required to be considered talented and capable). Air China is in favour of a performance-oriented philosophy, which also serves as the criteria for determining the value of its talent pool.

Air China is nonetheless highly worker-oriented company. The company believes that employees are its main competitive advantage, which means caring for individual interests, good salaries and a motivation system that aims to improve workers' performance. Operational efficiency has been improved by organizational restructuring and better allocation of resources. To be a world leader in air transportation, Air China places great emphasis on productivity and employee satisfaction.⁶¹ The background principles for talent management include strengthening human resources capabilities, making work more creative, optimizing the human resources structure, innovating mechanisms and improving the institutional environment.⁶² When it comes to attracting new staff, Air China operates with four categories of talent: management talent, special technological talent, political and ideological talent and talented technicians. To ensure sufficient, well-positioned and high quality human resources, Air China sets goals that are important to organizational growth and development:⁶³ focus on recruitment and development of high level managers and high level specialists and technicians and stimulate constant growth of total numbers of employees; increasing high level talent density; and investment in constant training and development.

Within Air China, talent management uses different philosophies. The 'scientific approach' takes the balanced and sustainable development of employees as its essence. Various committees assess and promote new methods and experiences so as to set guidance on expected employee performance. Connecting people is another philosophy highly emphasized at the company in the belief that employees can best learn from one another when their colleagues help them to develop on a day-to-day basis. Lastly, Air China wishes to keep a high awareness of 'putting people first'.⁶⁴ This means serving and promoting the company's employees and ensuring their well-being not only during work but also beyond.

Air China combines incentives based on performance and implements the principle of paying salary with reference to the value of the job. Personal ability as well as performance appraisal in developing and implementing the remuneration policies is also considered to be important. In 2014,

the company adjusted the standards of its remuneration package and improved the compensation system for flight crew, which strongly promoted the stability of pilot teams.⁶⁵

Employee training and development activities, mirrored in the four training programs, are key to talent development. Training of senior executives aims to provide strategic vision and multinational exposure for the company's top management while also strengthening political consciousness and the sense of responsibility. For middle management, educational programs are intended to develop both interpersonal communication skills and customer-oriented knowledge, including negotiation and leadership skills and motivation competencies. Moreover, for team leaders, the company suggests training aimed at developing teamwork and communication competencies to better serve customers. A special program selects outstanding managerial talent for international advanced learning in order to expose this talent pool to international business management rules and the competitive environment.

Part of the training philosophy at Air China is to understand how to improve and strengthen training programs themselves. This starts with careful investigation of training needs, and then establishing an annual training plan, managing the budget and ending with quality evaluation. Furthermore, the human resource management department ensures that the percentage of employees undergoing training increases annually. Besides training and development, allocation of talent is very important for the company's success. Employees' results in the educational programs are closely connected to incentives and rewards. But training is not the only benefit for Air China employees. The company also provides pension plans, medical insurance, employment insurance, maternity insurance and workplace injury insurance, and contributes to the housing fund according to relevant laws and regulations. For employees in Hong Kong, Macao, Taiwan and other overseas branches, social insurance is paid according to local laws. Furthermore, regular medical checkups are organized by Air China in order to ensure the employees' health and security. In order to enrich the daily routine of its workforce, Air China regularly organizes events, festivities and social activities. This requires time-consuming effort from the human resource department. Fishing, photography, singing, painting and calligraphy associations are

only a few of the cultural and sport associations established by the company. Moreover, the company emphasizes gender equality with a 42 % female work force.

The companies presented in this chapter illustrate how talent management practices influence a firm's performance and strategic orientation. Among the most vital processes are talent review and talent development. For their successful implementation, these processes require a flexible work environment where human resource managers cooperate with middle and top managers in hunting for talent and then developing it. In the end, good talent management aims to place the right number of people at the right place at the right time, with the right skill sets. Just as importantly, a proper motivation and reward system then ensures that all employees perform effectively to contribute to organizational goals. Good talent management goes beyond the employee–supervisor relationship to include further stakeholders: customers, investors, suppliers, society and the organization itself. Taking a strategic perspective, talent management bears an immediate and significant impact on employees and on both the internal and external organizational environments.

Although talent management may focus on the 'happy few', emerging market firms also must provide efforts to maintain their best performance. Talent management must trickle down so as to play its essential role in achieving the corporate goals. On the international scene, talent management must extend to worldwide operations, including the standard tools: attraction, development, training, rewarding and retention. These activities can be defined both through formal policies of the organization and in the daily practices on the job. In addressing talent development, emerging MCNs must identify those individuals with the desired characteristics and then offer them developmental experiences and activities.

Since by its nature—focusing on top managers or potential top managers—talent management is elitist, emerging MCNs make leadership development an integral part of their culture and actively involve their senior leaders in the process. The case studies presented in this chapter display a huge variety of programs for leadership and managerial competency development. Required competencies include communication skills, service orientation, the ability to interact with customers and to perform under changing conditions and an attention to innovation.

Today all these competencies are areas covered by talent management practices in many emerging market firms. Moreover, talent in our examples appears to be defined by having special skills developed through extensive education and training and by being capable of having a significant impact on a company's success.

Emerging MCNs that are able to attract a qualified talent pool and then manage their talent successfully have the opportunity to gain and sustain this global competitive advantage in the complex business environment. This virtuous circle built around a talent pool results in stronger management, leadership and in the end to the firm's competitiveness and global leadership.

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Attracting the Best and Leaving the Rest

Companies operating in emerging markets, and in particular those with international scope, are facing increasingly tight talent supply issues. As developed countries age, they have actively started poaching emerging market talent. Multinational companies (MNCs) are also active in hunting for talent for their foreign operations, especially as labour markets become increasingly integrated. So companies from emerging markets have to rethink their recruitment strategies in order to overcome existing and potential problems in attracting the best talent worldwide.

How do emerging market companies manage their selection and recruitment processes? Among the different practices, some companies pay significant attention to collaboration with universities to attract young talent, while others create special development programs to foster employee competence, to mould an organizational culture and to instil corporate values.

In this chapter we compare the experiences of companies from Brazil, Russia and China in attracting highly qualified specialists in order to learn about their talent attraction practices. Vale in Brazil focuses on the development of high-potential employees as well as career and succession planning programs, and emphasizes its dynamic and challenging

work environment. Russian Railways, to overcome challenges connected with company size, uses talent management practices to create a strong employer brand and attract its share of talented employees in Russia. Lenovo in China follows the traditions of graduate selection and mostly focuses on collaboration with universities for its recruitment, while in parallel implementing internal recruitment and promotion.

Vale: Multiple Talent Management for an Employee Attraction and Retaining

Vale is a Brazilian multinational diversified metals and mining corporation—one of the largest in the world—and also one of the largest logistics operators in Brazil. Initially the company was known as Companhia Vale do Rio Doce (CVRD) and was established by the Federal Government of Brazil in the Itabira region in 1942.¹ CVRD mostly specialized in the production and export of iron ore.² CVRD was then made responsible for all Brazilian mines by the Brazilian government.

Although Vale was incorporated on January 11, 1943, the company retained its CVRD name, brand and logo until 2007. Vale became a majority stakeholder of the Carajas Mine in 1970, and the project led to an increase in the production capacity of the company. The business began to prosper, and in 1974 the company became the world's biggest exporter of iron ore, a title that the company retains to this day. In 1982 Vale entered the aluminium segment and began the process of diversification (pursuant to a contract with Alcan of Canada). The company's privatization in 1997 was an important milestone in company history, with winning bids from the Brazil Consortium, with support from the National Steel Company. Vale continued its diversification into copper in 2001, via the acquisition of the Sossego mine complex. In 2005 Vale expanded into nickel and coal production by acquiring Canico Resources, a Canadian nickel mining company, and AMCI Holdings, an Australian coal mining company. In 2006 the merger with Brazilian company Caemi led to further diversification into kaolin. Yet the largest Vale purchase was Inco, the second largest Canadian mining company, in October 2006. This acquisition had a strong impact on Vale's activity.

The company decided to maintain Inco headquarters in Canada and to make the Inco division responsible for all nickel operations, thus winning Canadian government backing. The Inco acquisition made Vale the second-largest mining company worldwide and the second-largest nickel producer (behind Russian Norilsk Nickel). In November 2007 the company launched its new logo and brand (Vale instead of CVRD). Since 2007, Vale continues to open plants worldwide, to acquire various industrial companies and to sign long-term deals.

Vale promotes itself as a leader in the business of producing iron ore pellets and nickel. As a global company, Vale has plants with subsidiaries in more than 30 countries, and headquarters in Rio de Janeiro. Indeed, the company delivers impressive operational performance annually. It had in 2013 a record year in sales volume of iron ore, along with gold and coal. The financial position of the company is guaranteed by cost-control efforts, discipline in operations and focus on its core business.

Vale is listed on five different stock exchanges throughout the world (Vale was registered on the Latibex, a stock market for Latin American stocks, based in Madrid, and the New York Stock Exchange), with the Brazilian Government holding veto rights on a number of issues and the majority of capital being held by a number of national pension funds.³ At the end of 2013, it employed about 212,500 employees, including contractors for open-ended missions, of which about 75 % worked in Brazil and about 13 % were women.⁴

Vale's overall vision is to strengthen its position as one of the world's leading diversified metals and mining companies by building on its strengths in iron ore and nickel as well as increasing its geographical and product diversification and logistics capabilities.

Vale has a rich practice of working in international environments and managing people from all over the world. It has gained its reputation of being 'trustworthy' and 'people-caring' through years of dedication to its workers, paying attention to their needs and showing respect. Within Vale, talent management deals with three main elements: corporate strategy (which combines global competitive strategy, internationalization strategy with headquarters–subsidiary relations); environmental factors (meaning the correlation between the culture and institutions in home and host countries; industry characteristics); and managerial instruments

and practices. Moreover, Vale's team of geologists and engineers run a sophisticated materials science laboratory in Brazil, where they actively research new extraction and processing methods. The goal is to develop more ecologically friendly and economically viable processing methods.

Due to its sectorial affiliation, Vale has a specialist talent definition, encompassing specialists and key technicians as well as some managers in corporate centres and local headquarters but excluding manual workers, a significant portion of which lack even basic education. The talent management philosophy could be described as individual and position-based. Vale's sheer size plays to its advantage, with staff perceiving its size and geographic scope as providing security. The company's global nature adds a note of prestige, and its successful acquisition history gives that pride of being affiliated with the winning team.

In 2013,⁵ Vale experienced delays in orders because of its deficit in skilled employees. With a total payroll of around 212,400 people, the human resource and talent management strategy is obviously a top priority for the company. To solve its skills deficit, Vale analyzed ways to attract the best employees. It decided to focus on several key levers: benefits and rewards, work-life balance programs and more. Often competitive advantage, and therefore growth, can be strongly influenced by such initiatives when properly executed. For Vale, some of the most successful measures included setting career goals, professional development and advancement, differentiated employer brand, improving the work environment and the compensation packages and benefits. Probably the centre of attention of Vale's talent attraction practice is the extensive set of specialists (mostly geologists and engineers) who are also sought by other mining companies and are typically highly mobile in terms of job location.

In order to attract top talent, Vale carefully manages its corporate image by emphasizing its corporate social responsibility efforts and its financial strength. Both these traits are highly valued by high-demand candidates in South America. Vale's corporate culture stresses transparency, respect for human rights, environmental protection and proactive support for the quality of life in the communities its activities affect. Every year, the company invests into various environmental projects and initiatives. For example, every year more than \$1 million has been allocated to institutions in Mozambique and Malawi to fight malaria, AIDS and tuberculosis.

Despite the earth-defacing nature of its mining activities, Vale is considered one of the top 20 organizations for its environmental practices in Brazil. It received both the *Época* Green Company award and the Chico Mendes Green Seal. Vale's positioning as a socially responsible employer can pay off in attracting young talent. Vale knows that when other factors such as compensation and working conditions are similar, many professionals will choose the more socially responsible employer.

From the very start, communication between a potential hire and the company is well structured. Vale actively uses different promotional messages presenting the company as the perfect employer for candidates interested in long-term, sustained, successful careers. The pictures of happy faces with touching success stories appear irresistible. To enter the selection process, candidates simply upload their résumé into the Vale system. The websites of each subsidiary present all the necessary information about available positions, ideal candidate profiles, procedures and interview structure, and go so far as to tell candidates what questions to prepare for. The company also often organizes career fairs. For young graduates applying for key positions and fast-track careers, Vale is more selective, since it targets long-term retention of high-potential profiles.

Behavioural interviewing—a form of interviewing that focuses on the past academic and professional performance of candidates—has of late been popular within the company. The interview process allows candidates to explain how they have demonstrated specific competencies in their past. Using behavioural interviewing, the human resource department can design specific questions to determine which candidates have the sought-after competencies. Vale uses reference checks to validate the specific situations, events and examples that candidates provide in interviews. Vale provides its applicants the opportunity to track the results of the selection process, making the procedure more transparent.

In selecting recruits, the company mainly takes into consideration the result of an interview and the outcome of a background check, which may include employment verification, employment references, an education/certification check, criminal record check, and for most operations, a pre-employment medical exam.

To attract and retain its valued employees, Vale offers compensation related to long-term career development within the organization.

By promoting performance-based remuneration and benefits, Vale believes that employees can develop, regardless of their seniority at the company. Although Vale strives to pay above market rates from a total compensation standpoint, it maintains a strong focus on performance-linked remuneration. Both short- and long-term incentive programs are designed to reward and promote performance by elevating total compensation to a higher level. Vale's pay-for-performance scheme is structured as follows: the individual employee's performance accounts for almost half of this variable pay element; the department and company performances account for a further 25 % each.⁶ Being a goal-oriented organization, Vale sets specific targets for each of its employees, and almost all company employees receive annual performance reviews. Moreover, Vale also offers extensive benefits to its employees. All Vale employees get medical and life insurance, and most workers are offered individual accident protection, transportation stipends, food subsidies, continuing education assistance, and a company-matching pension program. Given the mobility required from many managers, the company offers relocation assistance and a comprehensive relocation package to qualified recruits. The nature of the benefits varies by country or location, due to the local legal, cultural and economic conditions. Vale also provides a competitive benefits package which enables a good work-life balance for employees and their families. Health and safety committees or Internal Accident Prevention Committees, as they are known in Brazil, include agents who are chosen by representatives and selected by the company at mines, production lines, plants and other units, according to established policy. For many years, more than \$100 million has been invested in projects to minimize workplace accidents. On a daily basis Vale encourages awareness-raising, reflection and valuing life, promoting a health and safety culture at the company. Regarding retirement, Vale operates Valia, a pension foundation in Brazil called Fundação Vale do Rio Doce de Seguridade Social. Valia is a non-profit, self-governed and autonomous body in charge of dealing with the company's pension plans. The committee additionally directs the organization's benefits plans and creates worldwide standards and rules for dealing with the arrangements and their execution. In 2013, the extra pension benefits were around \$87 million. Vale also provides pre-retirement planning and an expert-guides initiative, called Program

Novo Tempo. The program helps employees prepare for retirement via a four-module course.

To address the objectives of employee development, Vale launched the Career and Succession Planning (CSP) program. This global framework provides an approach to performance measurement and management on a sustained and consistent basis. It is used to estimate employees' performance, goals, and personal preferences in work. For instance, many people have different professional objectives; engineers are typically more eager to stay in their field of expertise, whereas business professionals have a stronger desire for independence and sometimes change. Vale's CSP specialists are addressing such differences while developing unique talent management practices for different positions and countries. Taking into consideration that high-demand talent from Brazil value self-sufficiency and independence above all else, as well as the opportunity to become a team leader, Vale focuses on development of high-potential programs and emphasizes its dynamic and challenging work environment. In-demand employees also tend to place a high value on work–life balance, obliging Vale to address such requirements. For high-potential talent, CSP can improve chances of career development year after year. Employees in the talent pool realize that their endeavours will be measured according to their particular abilities and objectives, and that the system will compensate them for their efforts. CSP not only helps Vale to preserve its leading position in mining but also sets the company apart as one of the few in the world to apply this exceptionally precise and global methodology to performance estimation and administration on a regular basis.

Vale performs employee evaluations twice per year, with a focus on assessing the critical competencies for each particular position. The reviews from teammates, managers, and even clients are an important part of assessment. The results of each assessment are analyzed and then fed into the CSP database, giving the Vale human resource department instant access to complete information about staff performance and competencies. Using this system enables Vale not just to find suitable candidates for specific openings but to identify high performers deserving promotion or rewards. In addition to being an effective talent-development and retention tool, the CSP system also enables cross-sharing of resources. Knowledge that may reside within one department, business unit or geographic location can

be easily shared across the entire organization, be it in Canada, Europe, Africa, or the company's headquarters in Rio de Janeiro.

Two innovative training programs—Engineer-in-Training (EIT) and Geologist-in-Training (GIT)—allow recent graduates to experience a range of jobs at Vale. Trainees may spend several months in state-of-the-art research and development facilities outside of Toronto, followed by a few months of hands-on work in a mine in Manitoba. This helps prepare Vale employees for assignments anywhere in the world. In fact, the company does offer many international postings, which motivates staff to rotate to different countries.

Job satisfaction (and therefore retention) can be closely linked to a desirable work environment, sometimes to such a degree that the office environment becomes more important than the physical location (city or country). Talented employees from Brazil prefer low stress, comfortable and high-energy working environments, with a traditional approach to managing and communicating. To meet these demands, Vale provides well-designed, comfortable work spaces that promote collaboration and involvement. Of equal importance is promoting a respectful and polite communication style between managers and operational personnel. While talent with different cultural backgrounds can value different attributes in co-workers, everyone wants to work in friendly and innovative environment.

A typical Vale recruit In Brazil will be inspiring, motivated and socially active. Vale motivates employees through 'challenges', helping them perceive the unknown as an opportunity for learning and improvement. Given the sometimes dangerous nature of its activities, care for the health and safety of its employees remains a top priority for Vale. The company introduced its Integrated Health Strategy as a way to promote healthy lifestyles for its personnel. This program has three tenets: personal health, occupational health and community health. As proof of its sincerity, Vale opened a clinic where employees receive high-quality medical examinations and help. Vale also operates a crisis management centre that monitors, manages and controls critical situations and accidents. To ensure that emergency situations are handled correctly and expeditiously, specific management systems, regulations and plans were put in place.

As Brazil is represented by different cultures, the country's Gender and Race Equity Project is the centrepiece in making sure companies

respect the uniqueness and diversity of personnel. The project also seeks to increase the proportion of women in the workforce. As part of this initiative, Vale provides opportunities for disabled people.

One of the main challenges in recruitment for Vale was the lack of qualified personnel in managerial positions. To make itself more attractive, Vale launched its corporate university 'Valer' in 2003. The main aim of Valer was to develop and train employees with specialized competencies for the mining industry. The company bases its educational strategy on mapping key processes and functions performed, which yields a training portfolio. This develops the necessary skills to guarantee operational excellence. In partnership with global teaching institutions, 'Valer' provides opportunities to employees for personal and professional development, managerial development and specialized technical training.⁷ Vale also frequently calls upon consulting firms to design specific training programs. '*The corporate university has helped to transform the lives of thousands of people, believing that each person who grows through education makes positive changes to themselves, to the people around them and to the company as a whole*', according to the company.⁸

What prompted Vale to develop such an extensive training palette? Certainly one factor was the deficiencies in the Brazilian education system. These deficiencies results in high payroll costs as companies entering Brazil, particularly in the oil, steel and metallurgy sectors, cannot find qualified staff and need to call upon large numbers of expensive expatriate workers. Payroll costs then balloon when various Brazilian social benefits are added to the cost of workers, such as transportation, thirteenth month of salary and paid vacations. The gap between the quality of education students receive, especially in science and engineering universities, and the level needed by Vale is a key factor. Moreover, Vale can seek sources of labour in different geographical locations, sometimes using fly-in-fly-out (FIFO) or drive-in-drive-out work (DIDO) staff, highly suitable for the mining industry and its far-flung operational outposts.

To conclude, by focusing on creating a special work environment and a great number of development programs, Vale both filled an existing educational gap and sent a signal to the labour market about its talent development and management practices, thus creating a magnet to attract needed talent.

Russian Railways: Employee Attraction as a Process of Evaluation, Development and Rewarding

The state-owned corporation Russian Railways was formed in 2003 on the basis of the reform of 2001, by means of the merger of 987 different Russian railway companies.⁹ Currently, Russian Railways accounts for about 2 % of the Russian GDP.¹⁰ The length of railroads owned by the company amounts to about 85,200 kms, making it the second-longest in the world.¹¹ The company annually serves approximately 1 billion passengers and delivers around 1.2 billion tons of freight. The company employs about 1 million people working both at Russian facilities and foreign representative offices, and the company indirectly provides jobs for around 500,000 people who work for adjacent sectors such as the oil extraction and refinery industry, the power generation industry, the iron ore mining industry and the steel industry. Their rolling stock includes about 20,000 locomotives and around 1 million passenger and freight cars. In 2010, the company ranked fourth among Russian companies by volume of sales. Russian Railways is of great importance to the Russian economy because it provides service for many Russian companies, connects distant regions and offers the most affordable means of transportation. As the company continuously looks to its development, some reforms have been implemented to support it. The prime goals of reform begun in 2001 were to increase the sustainability of railway transportation; to increase the safety, accessibility and quality of transportation services to foster the economic development of the country; to form a unified transportation system; to decrease costs of freight transportation and to satisfy a growing demand for rail transport services. The company partially eliminated public management and adopted a more professional management, which was more or less independent of government. Certain historical activities were curtailed in order to create a more competitive environment in the suppliers' markets. Yet the company retained control over the main infrastructure in order to ensure centralized dispatching management and eliminated cross-subsidizing between operations (both between passenger and freight, and between domestic and foreign operations).

The company's management defined a long-term organizational strategy based on its vision of making Russian Railways an efficient transportation business that is able to compete in the Russian and international markets while taking over responsibilities of both the national carrier and the owner of infrastructure. The organizational strategy set objectives¹² such as:

- increasing the scale of operations with a particular focus on freight traffic;
- achieving better customer orientation and creating better values for customers by adding new transportation services, by improving the quality of existing services (reduction of delivery time, higher capacities, higher safety of cargo and passenger trains), by developing supply chains and by introducing innovative operational techniques;
- improving the processes of transportation by increasing the technical reliability of infrastructure;
- improving the company's image by reducing environmental impacts, accident and industrial injury rates; and
- expanding competences of employees and ensuring that corporate governance meets global best practices.

Russian Railways holds an active position in cooperation with its international partners from all over the world. One of the most important business connections that Russian Railways has is Deutsche Bank, which owns Deutsche Bahn, the German railway.¹³ The key priorities for growth in international operations included increasing the market share in the Eurasian market of transportation services, increasing transit freight traffic and sales, gaining better access to foreign markets by investing in logistics and infrastructure projects in Russia and abroad and strengthening competitive positions relative to competing transportation modes. Russian Railways is now an active member of various international transportation organizations, such as the International Union of Railways (UIC) and the Organization of Cooperation between Railways (OSJD). Membership in such prestigious international organizations allows the company and the Russian government to move further in the process of regulatory and technical harmonization. At the present moment, the company is actively

involved in transit operations with countries of Central Asia, Ukraine, Belarus and the European Union. Most of this traffic is from commodities and agricultural products. In order to boost the usage of existing railways, the company must provide reliable delivery scheduling, use dynamic pricing, increase the level of cargo safety, facilitate customs procedures and improve the electronic system of data sharing and real-time freight tracking. With its increasing level of international freight, the company opened around 14 representatives' offices to facilitate transportation planning, extend existing agreements or sign new ones, and control transportation routes.

Russian Railways also actively collaborates with foreign railway companies to increase the volume of passenger traffic. The company invested in foreign passenger terminals, modernized its own infrastructure to launch high-speed trains and integrated its own electronic system for web-based ticket purchase sharing systems with its international partners. In 2010 the company signed a special agreement with Siemens for a substantial increase in the local production of locomotives in Russia. This promotes the economic growth of regions and benefits Russian suppliers of raw materials and assembly parts. Russian Railways also participated in various joint venture projects with its international partners ranging from investments to the development of the regional railway infrastructure. While most of the projects were connected with Europe (Germany, Slovakia, France, Austria), some others covered more distant zones, such as South America or the Middle East. For instance, in Argentina, Russian Railways was going to electrify some parts of the national railway.

As its transformation took hold, the company's management implemented rebranding and used various tools to persuade employees to accept the new organizational structure, culture and values. The tools included advertising on media channels, corporate television, brochures and posters, a corporate website and intranet portal, corporate events, conferences, hot lines and private discussions with supervisors. The company also set up the Corporate University of Russian Railways, which is considered an effective tool in promoting new values and an organizational culture among the department and division leaders as well as a desired management style, based largely on leadership.

Currently, the values of the organizational culture include transparent and honest relationships with individuals and legal entities; clear and mutually beneficial relationships with customers, suppliers and partners; financial transparency; business development on the principle of social responsibility; providing high-quality services in compliance with international standards; a constant search for ways to improve competitiveness and efficiency of services provided; respectful and caring attitude toward employees and a commitment to international standards of corporate governance. Russian Railways developed its Code of Ethics,¹⁴ which contains detailed information on measures taken to support the further adoption of the new organizational values. One part of the Code of Ethics is dedicated to maintaining and strengthening the team spirit within the company. The Code of Ethics highlights that team spirit is one of the most important tools affecting employee willingness to achieve business goals. The team spirit not only positively impacts the degree to which organizational values are shared among employees but also positively influences the motivation of employees. To maintain and strengthen its team spirit, the company implements various measures, such as informing all employees about the mission of the company and its corporate values, informing all employees about their role and importance in implementation of the company's mission and strategy, enhancing the prestige of the profession and the prestige of working at Russian Railways, developing a system of motivation, promoting the company's symbols and traditions, maintaining the tradition of internal competition between the branches and subsidiaries of the company and organizing cultural and sports events.

In Russian Railways in general, a wide range of measures are taken to improve the well-being of employees, to expand opportunities for the professional development, to decrease staff turnover, to ensure safety and to reduce the rate of accidents at work.¹⁵ The company has set its priorities for human resource management, which have been laid out in its Strategy for the Development of Staff Potential until 2015. The key functional goals of this strategy are the availability of highly qualified personnel to meet corporate demands for competences, improvement of the motivation system with an enlargement of financial as well as non-financial incentives, education of personnel on a continual basis and transition to an educative organization, unification of personnel management practices across

all departments and subsidiaries, pursuit of an effective youth policy and social support for employees.

Russian Railways actively collaborates with rail transport institutes, technical schools and colleges in order to recruit its needed technical specialists. Many students are awarded personnel scholarships or grants. The search for young specialists is conducted on a systematic basis. First, the company invites candidates to pass basic tests; after that, the candidates are invited to apply for an internship. Finally, the most successful candidates are invited to write a short thesis on a topic relating to Russian Railways, a task that requires a high level of understanding of the company. After the selection of the new employees, they are assigned mentors who oversee and support their insertion and performance. Even for lower-level operational staff, deep psychological assessment is conducted using a large contingent of psychologists.

The company's performance appraisal system is important in attracting new employees. The appraisal system evaluates potential and existing workers in terms of current professional knowledge and gauges their compliance with overall business objectives and strategy. A corporate competence model was developed to help this judgment, based on core values—skill, integrity and renovation. Skill refers to professional competence and client-orientation, indicating the importance of embedding client-orientation deep within the organizational culture. Integrity is represented by the corporate nature and responsibility as well as quality and safety. Renovation reflects the goal to move towards an educational organization and is represented by creativity and innovation whereby leadership is the basis for future development.

The appraisal system is the key element in identifying high-potential workers (Hi-Po) right after they are recruited. All decisions about investing in the developing and training of Hi-Po are based on the appraisal system. The staff evaluations are used at different stages for various purposes, among them to determine recruitment needs and the eligibility of candidates for vacant positions as well as to determine staff development requirements. At this stage, current and required staffing levels are compared. Then a specific training program for employees is defined so that staff competences meet company needs. Trainings are used to determine

rewards and promotions, to plan personnel transfers and staff reserves; and to develop measures to motivate and stimulate employees.

The motivation system¹⁶ includes both a financial compensation package (salary, bonuses and social benefits) and a non-financial package (promotion, recognition, status). Each element is equally important in providing effective stimulation for employees. The compensation package at Russian Railways is characterized by an average wage level but an extensive set of social perks. Despite the growth of salary for middle- and top-management employees since the beginning of the reform of the Russian railway industry in 2001, a major proportion of employees at the operational level find that they are not able to maintain a good standard of living and consider the wage raise of their managers as unfair. The wage level of an employee depends highly on the department or division he or she works in and the regional location.

A turning point in the company's compensation package policy occurred in 2010. Previously, the policy was that a wage rise only happened when labour productivity increased. Therefore, labour productivity was considered a major factor in wage determination. After 2010, the company's management reviewed this policy. They recognized that wages can be a major factor affecting labour productivity—a higher wage may lead to higher labour productivity of employees. The change of approach resulted in the program of wage enlargement for full-time workers (including increasing indexation rates above the inflation rate), assuming that full-time workers have good potential to show higher productivity. At the same time the company's management reduced the part-time staff, assuming that they had lower potential for productivity improvements. Even though better remuneration has already positively affected average labour productivity, many employees realize that the range of job specifications has widened, and their workload has increased. Today Russian Railways is aiming to fully introduce the principles of lean production in its operations. The company has already achieved success in this field. For instance, some north-west regional divisions of Russian Railways won the K.A. Gasteva Cup, which is awarded to companies showing extensive growth in productivity. The implementation of lean production leads to intensification of labour, and decrease possibility of layoff. The motivation system was reviewed in order to support the initiative of employees

and ensure that employees will not lose their jobs. Russian Railways management introduced special bonuses for staff rationalization proposals, using a special formula for the bonus calculation based on the estimated economic benefit from the rationalization proposal.

The company also provides an extended set of perks and social benefits. It includes low interest rate mortgages for its employees and temporary housing for employees obliged to stay close to infrastructure assets. Even young specialists can apply for mortgages or obtain temporary housing. The company also owns medical facilities, swimming pools, kindergartens and sanatoriums to serve the needs of employees.

Despite its efforts, Russian Railways suffered motivation problems within the ranks of its lower-level operational staff. Lack of recognition, lack of care, and sometimes even public disparaging were probable sources of their negative attitude towards work. Another important demotivator was the bureaucratic style of work, with a significant proportion of time wasted in useless meetings. Several measures were taken to recognize staff input, for example via an internal competition between company divisions and departments. Moreover, top performers and managers could wear special suits bearing the Russian Railways logo, showing their commitment to the historical corporate heritage. Finally, there were annual awards for the best performers in different professional fields.

The company's promotion system provides opportunities for fast career development and is fostered by internal recruitment openings. Among the main promotion criteria are a strong work ethic (high frequency of overtime) and the ability to exercise strict control over subordinates. Staff also had to overcome the long-established nepotism culture within company ranks, with many jobs going to relatives or acquaintances of the hiring manager. Lateral promotions (between divisions or departments) were not widespread, with each entity acting as an independent business unit. Similarly, it was difficult to exchange an engineer position with a managerial position without loss of status, salary and responsibility level. Yet the company has taken initial steps to encourage horizontal promotions. Paradoxically, staff promotions were often a blessing in disguise for Russian Railways: Many high-potential managers were quickly poached by the oil and gas sector.

Talent development included investments in existing personnel and investments into a pool of reserve personnel.¹⁷ The former deals mostly with employee training, while the latter deals with attracting and recruiting young specialists, yet both were key areas for human resource development, a top priority at Russian Railways. During the transitional period to its new organizational culture, the company focused on the development of leadership potential. It was very important to develop a new cohort of managers that would lead the organization successfully, since the achievements of operational staff often depended on management quality. Therefore, much attention was dedicated to the development of managerial skills for the successful implementation of the strategic goals. According to the company's policy, all managers were obliged to participate in the educational programs. Education was given on a full-time basis, with managers suspending their everyday responsibilities and devoting their full attention to the educational process. There was also an option to participate in distance learning programs. The policy also implied that non-participating managers risked dismissal.

In the long term, these freshly trained managers would not only provide a new vision to junior staff but also form strong core values of leadership, client-orientation and quality. The need for training new managerial staff with strong leadership and a high level of competence, knowledge and culture led to the creation of the corporate university. At the initial stage, an audit of the existing system of managerial training and development was conducted. On this basis, an additional educational facility for the management team was approved. There was also an opportunity to study abroad. In order to apply for an MBA program, a candidate should satisfy the following needs: two years of experience in business administration, a successful 'pass' grade on the Corporate Leader Program in the corporate university, and a basic knowledge of English. The university opened its doors to students in 2010, and more than 1500 leaders of Russian Railways were educated, ensuring that knowledge and skills are then applied on a daily basis to improving the efficiency of the entire railway system.¹⁸

The representative offices located abroad play their part in the reward system. Using an ethnocentric approach, the company mostly assigns Russians to work abroad. The rate of employee turnover in the representative

offices is quite small, reflecting the high prestige of expatriate postings. To win an international assignment, the candidate had to fulfil several requirements, including having a good knowledge of English and a deep understanding of transport processes. The typical international assignment lasts two years,¹⁹ after which some employees are offered international renewals. Russian expatriates were allowed to take their families with them, but usually expatriates prefer to leave children in Russia. Upon return to Russia after completing an international assignment, managers are offered a position with equal responsibilities and remuneration. The company also employs foreigners, who work primarily in the departments of sales, logistics or experts in total quality management and lean production systems. The majority of foreigners work in Moscow headquarters.

The systematic approach was implemented as the basis of the corporate university's roll-out. Before beginning their programs, all participants passed an entrance assessment to test their competencies. This helped students to consider positions according to company requirements, to identify priority areas for personal growth and to create an individual development plan for the study period. This helps foster an environment in which self-development and colleague development become intrinsic, helping staff and the company overall. Of great importance is to establish values and priorities for all employees and to convince staff of the necessity to change. The innovative educational environment certainly helped the transition to making Russian Railways a learning organization.²⁰

Lenovo: Overcoming Labour Market Challenges

Lenovo is a highly competitive Chinese MNC, active in computer manufacturing and one of the world's biggest manufacturers of personal computers. Founded by ten technicians whose ambition was to provide China with the best information technology, the company started as Legend computers in 1984. By acquiring IBM's personal computer (PC) division in 2004, Legend became globally recognized, and its first PC dates back to 1990. Over the following eight years, Legend introduced

different models, as the company established itself in the Chinese market. These products were so successful that by 1998 the company was manufacturing about one million computers annually. In 1999 Legend was the leader among PC builders in the Asia-Pacific region.

The rebranding from Legend into Lenovo was launched in 2003, as the company planned its overseas expansion. With 30 % market share in China, the company felt it was reaching its home market limits.²¹ The expansion strategy chosen? To expand abroad. The tactic chosen? To acquire IBM's personal computer division (the Thinkpad PC), thus becoming, in 2005, the third-largest computer manufacturer in the world, making Lenovo a new international IT competitor and a recognized brand. Indeed, the main reason for the deal was to acquire a recognized brand, since at the time Lenovo was less known outside of China. Furthermore, Chinese brands were not yet considered trustworthy, whereas IBM's ThinkPad brand was well established. By acquiring the brand, Lenovo could gain more respect and build its reputation.

After the acquisition, the company embarked on a journey to reinforce its image and competencies worldwide. In 2005, an innovation centre was established to enable the company and its partners (vendors, developers, customers) to develop new solutions and collaborate on new projects. As of 2006, the first Lenovo-branded computers made their debut outside China. In the 2006–2012 period, in addition to introducing new PC models and smartphones, Lenovo won the competition for the 2008 Olympic games, providing the event with massive hardware as well highly skilled engineers to help to run the event smoothly. When announced as the biggest and fastest growing PC manufacturer in the world, Lenovo sales and brand recognition exploded.

As a company operating in a very competitive industry, having a good business strategy is the only way to survive. Lenovo's goals are to keep its sales growing as well as to increase its market share and at the same time create a successful and effective global culture. In 2009, to help boost profits, a strategy called 'Protect and Attack' was implemented, since the company had losses in the previous year.²² The main idea of this strategy was to speed up operational and decision-making processes, thus reducing costs immediately. With an emphasis on perpetual change, management now met every three months to assess the current situation

and processes, develop solutions to problems and take immediate action to improve matters.²³ As of 2010, priority was given to acquiring other companies for growth and development of new product lines such as smart phones, notebooks, tablets and smart TVs in order to diversify risks. Moreover, through organic growth, the company entered new markets such as cloud computing.

The company currently is not only the dominant PC manufacturer in China but also the biggest PC manufacturer in the world, leaving Dell, HP and Apple behind with a market share of approximately 17 %. Lenovo's product portfolio includes designing, developing, manufacturing and selling of personal computers, tablet computers, workstations, servers, electronic storage devices, smartphones and more. The main division remains personal computers (ThinkPads and Lenovo laptops) available to fit the needs of different customers. Special models are made for gamers, business people and students, depending on their budgets. Laptops differ in sizes, prices, weight, colours, operating systems and so on, so that most customer requirements can be met. Tablets are also available with different features and even different operating systems (Android and Windows), with prices to fit most budgets. The desktop computer category consists of three Lenovo sub-brands: Thinkcentre (computers that offer premium performance and manageability for business), Lenovo (emphasizing design, audio and video playback and everyday work) and Erazer (maximum performance and extreme gaming capabilities). Lenovo also manufactures workstations, mostly for office use, and higher-performance products. There is also a range of smartphones produced by Lenovo, including budget phones, luxury phones, premium phones that are exceptionally thin, phones for gaming and phones with long battery life. Lenovo also manufactures storage devices and servers, mainly used by large corporations. Lenovo is a relative newcomer to this sector, so it developed a joint venture with EMC. Lenovo also manufactures a variety of accessories and peripheral devices (e.g. audio and video accessories, cameras and scanners, keyboards, bags and carrying cases). Lenovo is naturally also active in software development: apps for smartphone users, business software for accounting, finance, desktop publishing, graphics, security and so on.

Despite recent turbulent economic conditions and the drastic year-on-year PC segment decline, Lenovo is nonetheless able to maintain

a sustainable market share growth. Among the main reasons for this success are the revenues from commercial PC sales and a strong, diverse global team. The diverse team includes top talent with different backgrounds, giving a competitive advantage in understanding the industry and markets as well as maintaining good relations with customers. The company's innovative engineers developed new generation convertible products that take advantage of touch screens, long battery life and cloud computing, all with high-speed connectivity. Based on these new developments, Lenovo was able to outperform its competitors successfully in the 2008–2012 period.²⁴

After acquiring IBM's PC division, Lenovo succeeded in expanding overseas, and in 2005 the IBM acquisition presented major strategic changes and challenges. The most challenging and critical issue was to retain, integrate and develop all talented people and to create a proper talent management strategy in order to follow strategic objectives. To meet the challenge, Lenovo implemented its 'Lenovo way' culture and leadership guidelines.²⁵

Even though China's labour market is mostly unsuitable terrain for Lenovo's recruiting—over 70 % of the population is in rural areas, with few skills and poor education—the company has developed well-honed recruiting techniques.²⁶ Most of the recruitment in Lenovo is done through recruitment agencies and on the campuses of large universities. Universities play an important role in bringing new talent into the company fold, with the number of graduate applicants rising every year. Known by university graduates for its culture and appealing working conditions, every Lenovo job vacancy receives about 100 applications—more than any other company in the IT sector. In order to maximize its attractiveness, the company targets established universities and uses social media websites and other professional sites (e.g. LinkedIn). Media are used to supplement the candidate stream, namely ChinaHR.com and local newspapers. Lenovo also organizes annual Lenovo job fairs and uses many external recruitment agents. When recruiting new talent, Lenovo examines different areas, such as education, experience, personal circumstances and personality, and candidates must be able to adapt to company needs. Lenovo aims to hire innovative people who possess the required job skills yet also hold values consistent with those of the company. In recent years Lenovo has aggressively sought out external global talent

with the necessary skills to enhance critical capabilities. Lenovo needs this fresh blood for its sustained growth and to boost innovation in fast emerging IT areas.

There are three core criteria for selection and recruitment in Lenovo: validity, cost-effectiveness and reliability. The skills validation test is key in separating the wheat from the chaff and identifying the good applicants who are able to perform while maintaining a good work environment. Reliability, on the other hand, measures applicants' consistency in delivering results, taking into account a variety of tests. The entire process is handled electronically, with applications and résumés submitted online. Successful applicants undergo two interviews (questionnaire, then one-on-one) that test their general skills and knowledge, and match personalities with the 'Lenovo Way' values. Lenovo relies on its reputation in the industry and its appealing corporate environment yet simultaneously offers higher base salaries and better bonuses than competitors. As for management positions, Lenovo uses both internal recruitment sources and searches within other companies for suitable leaders. The recruitment of managers in Lenovo is primarily done internally through promotion and career development.²⁷ However, if there is no one that fits the criteria, the company might look to outside companies. Internal recruitment is widely encouraged in Chinese companies due to its cost-effectiveness. When a new position is created in Lenovo, managers always try to first fill the slot internally, because they understand the talent, reliability and performance of existing staff members. Internal recruitment also saves two key resources: time and money. Lastly, internal promotion helps to distribute different skills and expertise around the organization and has an important impact on motivation.

To attract new talent, especially international managers (which are historically the hardest positions for which to find qualified applicants), Lenovo's management conceived and implemented the 'Lenovo Way' culture. This culture was developed in tandem with the post-IBM acquisition strategy, and remains a work-in-progress, with continuous development and improvement. The main components of the 'Lenovo Way' are the so-called 5Ps: 'we plan before we pledge', 'we perform as we promise', 'we prioritize the company first', 'we practice improving everyday' and 'we pioneer new ideas'.²⁸ The company believes that such values induce

consistently better financial performance and create a vision for employees and potential recruits. The fundamental belief of the 'Lenovo Way' is to follow innovative and creative people, create respectful relationships within the culture, follow leaders that inspire other people and carry out tasks that have great meaning.²⁹ Such statements advertise a specific internal environment that is of importance in selecting the right newcomers.

Lenovo strongly believes in training and development after recruitment. The company reviews new recruits to determine their level of skill and knowledge and what additional training might help for their particular posting. Lenovo training and development programs vary depending on experience and position within the organization. The company offers training and development programs to further enhance skills and competencies of employees. Special MBA programs and language training are offered to those who performed exceptionally well. Mentoring programs further encourage the development of leadership on a global scale.

Newly hired senior managers receive a comprehensive tailored induction program handbook, essential for gaining the understanding of all operations and getting up to date with key business developments. External lawyers provide briefings to give directors an understanding of legal responsibilities under the statute of common law. This also includes company rules, regulatory and applicable legal requirements. Senior executives also brief new managers on financial plans, budgets, forecasts, major market issues and challenges. Site visits are encouraged to gain an understanding of complex business operations. Among the main site visits are the Lenovo showroom in India, the Lenovo product exhibition centre and manufacturing plants. New managers must attend meetings with other directors to be up to date with the objectives of business operations.

In 2012 Lenovo created an online training curriculum at Lenovo University. This program is compulsory for all managers at all corporate levels. The company also finances external programs in order to develop skills and knowledge necessary to understand and adapt to the changing business environment and increase efficiency. As for middle management and general staff, the training is understandably different: Almost 70 % of training is carried out through on-the-job experience. Perhaps 20 % derives from other people acting as mentors, guides and coaches, providing advice based on successes and failures. The remaining 10 % of training

comes from classroom or online courses at Lenovo University, where one learns about principles and then implements them on the job.

Lenovo annually evaluates its staff and promotes employees having exceptional performance to better positions with additional responsibilities. On the other hand, poor performance faces the Chinese cultural issue of 'keeping face': It is unacceptable for a Chinese manager to admit incompetence or mistakes in front of subordinates, or for this to be publicly discussed. This may lead to conflicts and misunderstandings, since Chinese practices tend to be more hierarchical. This is in contrast to more individualistic cultures (e.g. American or Scandinavian), where it is more accepted to critically evaluate superiors and offer personal solutions.

A vital part of the business strategy is to have good leaders who can drive the company's employees to deliver their very best results and then promote the corporate culture to others. A special one-day training program for senior managers from different countries provides them with the necessary tools to improve performance and leadership skills. These managers are confronted with a realistic simulation game depicting situations very similar to what could happen at any time. One benefit is that immediate results can be applied to solving problems in the workplace. The program is then rolled out to other managers in the company. Having the right people doing the right job is the most important part of Lenovo's human resource and talent management practice, and starts with the right leaders.

Talent management at Lenovo aims to advance and develop employees by improving their values. This long-term perspective includes the quality of both work and personal life spaces, aiming to provide a balanced lifestyle. The human resource department sometimes refers to employees as 'storage batteries', meaning that they can be 'recharged and re-utilized'. Lenovo's talent management architecture has plenty of opportunity for growth and ambition, given the changes in technology trends. Employee self-confidence is reflected in their ability to provide quality goods and services, placing Lenovo in a good position when entering new markets worldwide. This also helped during the recent period of recovery in the 2008 'great recession'.

As it has grown and instilled its 'Lenovo Way' culture, the company has acquired some of the most skilled and knowledgeable employees in

the industry. With its brand recognition growing, Lenovo can attract the cream of the crop, yet the company must also fend off raids from other companies trying to lure away innovative staff. Thankfully, the company has an effective system of staff retention. In order to support its attractiveness as an employer, Lenovo has fixed compensation packages that include base salary, allowances and benefits in kind (medical and dental treatment, life insurance, company car). Base salary and allowances are reviewed annually for every position and assessed by looking at comparable positions, competitive market, workload, individual performance and contribution to the business. For senior executives, the nomination governance committee is in charge of assessments. Bonus packages are based on individual, group and relevant performance, taking into the account the budget and accomplishment of the subsidiaries and overall group profits for the year. In turn, this motivates top executives and encourages them to stay within the company. Lenovo's compensation policy differs from that of other companies by allocating higher bonuses. It supports innovative employees by sponsoring their university master's degree programs, or making down payments to acquire homes. Lenovo is also the first Chinese company to offer employees stock bonuses as well as retirement plans in order to encourage long-term commitments to the company. Moreover, Lenovo places great importance on diversity of its company, which brings different cultural perspectives and ideas, a feature of the company that has been a clear competitive advantage for many years.

High-skilled workers from around the world can rejoice: Because emerging market firms are actively developing today, high-skilled workers are in higher demand than before. The three case studies presented in this chapter illustrate how three top companies from Brazil, Russia and China deal with such key issues of talent management as recruitment, indoctrination, retention and development of potential and current employees.

Recruitment is an area that obeys cultural norms, with many considerations impacting the hiring and attraction processes. For more sophisticated companies like Vale and Lenovo, with their requirements for well-trained engineers, geologists or IT specialists, recruitment is a mixture of technical vetting (often done with electronic support) and convincing candidates about the strong employer brand. For these companies,

the battle is on against competition to win in tight labour markets and attract the best people to contribute to corporate success.

Economic factors also play an important part in the recruitment and selection processes. The tighter Chinese labour market (when compared to Brazil and its higher unemployment) means a greater recruitment challenge. In Russia, the tight market for skilled employees means that leading Russian companies frequently feed the talent pipeline as far upstream as possible, often securing high-potential recruits directly at the university level. Extensive and well-designed internship programs, for example, at Russian Railways, help cement this link. Lenovo exploits many opportunities to find the right people with sufficient knowledge and expertise. The Lenovo example proves that in order to attract and retain people, it is not enough for the company to provide pay and opportunities for advancement; companies need to also create workplaces that engage employees and create loyalty. Lenovo and Russian Railways try to make every employee part of the 'family' and the corporate culture. Once new employees are on board, the concern of many emerging MNCs is to make them feel comfortable and to immerse these new recruits into the corporate culture so as to make them feel part of the team. Vale is the first Brazil-based employer to organize a large-scale international recruitment program. Given the fast-changing environment in which they operate, the recruitment programs of emerging market firms typically tap into top business schools worldwide for trainees or for graduates. After several months of work, trainees can be hired full-time.

As the case studies amply demonstrate, talent selection is not restricted to identifying promising new recruits; it requires regular updating on who the best performers are and who the high-potentials coming down the pipeline are as well. The goal of these assessment systems is to constitute talent pools, enabling the company to switch to a proactive, upstream approach. This reduces the duration of vacancies and optimizes matching between positions and suitable profiles.

To conclude, attraction practices are considered to be closely linked to training and development opportunities as well as rewards and motivation, showing a quite systematic approach to talent management in these emerging MNCs from Brazil, Russia and China.

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6

The Good, the Excellent and the Potential: Talent Performance Management

Nowadays performance management is considered to be a very important tool of talent management in helping organizations to retain and develop employees. It is used in order to determine compensation and rewards, to identify training and development needs, to assess the potential organizational growth and necessity for competencies' development in accordance with strategic objectives, to provide feedback to employees and to place the right people in the right place—once again, to match organizational needs with individual knowledge, skills and abilities. As a variety of performance evaluation methods exist, it is important for companies to develop the 'right' one that fits well with existing managerial practices and organizational objectives. Based on this idea, a link between individual performance, evaluation and other talent management practices may be found.

In this chapter, three cases will be presented that show how the performance appraisal or employee evaluation serves as a tool for effective performance management. Our first example is Embraer, the leading Brazilian aircraft manufacturer, which illustrates that performance management systems can be balanced. Even though performance-based reward practices in Brazil are generally undeveloped and unpopular, Embraer turned

out to be the black sheep; it emphasizes the importance of performance-management practices as part of its talent management strategy. The second case focuses on MTS, the largest mobile phone operator in Russia, which implemented a performance appraisal system based on key performance indicators, providing a sophisticated background for talent evaluation. In this chapter, we also analyse two examples together: Chinese car manufacturer Geely and Indian natural gas provider GAIL share a common approach in performance management, whereas performance appraisal and evaluation are integrated in the training and development systems and are considered to be rotation and retention mechanisms. For Geely and GAIL we highlight the role of performance management more strategically, comparing with Embraer and MTS, where we see more concrete and practical details of the talent evaluation process.

Embraer: Performance Evaluation for Potential Growth

Founded in 1969, Empresa Brasileira de Aeronáutica (Embraer) is one of the largest international aircraft manufacturers, with about 18,000 employees.¹ Headquartered in Brazil, Embraer operates five foreign subsidiaries in China, Portugal, the United States, France, and Singapore. With support from the Brazilian government, Embraer was created to turn locally produced science and technology into a major player in the global aeronautical industry (just as France and Germany did for Airbus). Initially, the government held slightly more than 50 % of company shares, with the rest divided among private investors. Headquartered in São José dos Campos in São Paulo state, in 1969 Embraer specialized in small passenger planes, avoiding head-on competition with such giants as Boeing or McDonnell Douglas (Airbus was launched in 1970). The EMB-110 Bandeirante ('Pioneer') was both the company's first plane and the first aircraft built in Brazil. The EMB-110 was designed in response to the Brazilian Ministry of Aeronautics specification for a general-purpose light transport aircraft suitable for military and civilian duties. The new design was developed with the assistance of well-known French designer Max Holste.² After the huge success of the EMB-110, Embraer constructed its own version of

the Italian Aermacchi MB-326BG military jet trainer for the Brazilian air force. At the same time Embraer developed and started production of its own basic trainer, the EMB-312 Tucano.

Embraer was increasingly successful for the extended period from 1968 to 1981, but posted an annual loss in 1981. During that golden 13-year stretch, Embraer became a powerful company, not only in Brazil but also worldwide. In the 1980s Embraer employed more than 6000 people, and more than 5000 aircraft were sold cumulatively worldwide.³ The company was developing a maritime surveillance version of the Bandeirante in the early 1980s, and work had also begun on the EMB-120 Brasília, a 30-seat turboprop with applications similar to those of its smaller predecessor. Embraer held more than 130 orders and options for the Brasília before it entered production in 1985.⁴

In 1994 the company lost more than \$337 million, and as a result filed for bankruptcy due to several factors (the financial crisis in Brazil, unprofitable projects, etc.). In December 1994 a controlling 45 % stake was sold for \$89 million to a consortium that included American investors assembled by Wasserstein Perella, a New York investment boutique; Bozano Simonsen, one of Brazil's greatest financial conglomerates; and Previ and Sistel, the pension funds of the Banco do Brasil and Telebrás.⁵ This partial privatization caused many changes within Embraer. Thankfully, 1995 witnessed the maiden flight of the EMB-145, which became Embraer's best-selling model ever.

After its successful turnaround, in 2000 Embraer decided to explore new markets and enter the executive aviation market. The company's hit of that period was the Legacy business jet, an aircraft built using the platform of the ERJ 135 regional jet. It was an aircraft with 37 seats and a large luggage compartment. The Legacy's success and the increasing demand for executive aircraft in virtually all market segments led Embraer to fully commit to executive aviation in 2005 with the formation of Embraer Executive Jets and the launch of two clean-sheet designs: the Phenom 100 and Phenom 300 business jets. Since then Embraer has developed a large line of business aircraft ranging from entry-level Phenom 100 to ultra-large cabin Lineage 1000. Today more than 800 Embraer Executive Jets are operating between 50 countries. Embraer is now considered one of the most successful aircraft producers in the world.

How does Embraer manage this? Company growth and organizational development require constant innovation and development, and systematic productivity increases are necessary for a firm to remain competitive. The demanding technological and research agenda needs support from employees, while daily staff coordination requires sophisticated talent management systems. The aircraft manufacturing process requires engineering teamwork, with the help of human resources and talent management practices. With employees considered as the providers of technology and knowledge, they are treated as the main source of Embraer's competitive advantage.

To support its operational activities, Embraer has implemented a corporate structure whose objective is to meet the demands and particularities of each country in which the company operates. By improving the management of the group's companies, this structure integrates all operations and aims for customer satisfaction. Thanks to an internal culture and processes designed to stimulate innovation, Embraer is recognized as being fertile ground for cutting-edge technology. The main tool to stimulate innovation, 'Programa Innova', offers channels for expressing, developing and vetting innovative ideas. Employees can contribute suggestions on anything from process simplification, cost reduction, occupational health and safety and ergonomics under a suggestions program called 'Good Idea'.

Given its ambition to remain the market leader, Embraer maintains a long-term focus on its talent strategy. For Embraer's top management, talent management is among the six main strategic axes of the company. Behind the stated philosophy that 'our people are what make us fly' lies a special view on human resource and talent management. It means the demonstration of particular attention to training and development issues as well as to staff retention, since internal recruitment is the preferred alternative, even for the company's frequent vertical or horizontal job rotations. Talent attraction and retention is essential for a company like Embraer, since it needs to attract engineering talent for the longest possible period. Keeping employee quality of life in mind, Embraer gives preference to candidates living close to company premises.

In 2011 Embraer trained more than 10,000 employees, representing an investment in professional qualification and specific business,

corporate, industrial and engineering programs of R\$7.2 million (ca. \$2 million), or the equivalent of 707,000 training hours.⁶ Despite its position as an innovative company in a high-tech industry, some of Embraer's employees have a secondary level of education or lower. These programs also help address the needs of many of these lesser-qualified employees.

One of the training programs is the Engineering Specialization Program (ESP). The course rests upon four pillars: the development of Embraer's organizational culture, employees' development, the constant formation of leaders and their management skills, the pursuit of excellence and efficiency in all of Embraer's processes.

Embraer offers a wide range of career opportunities, offering both personal and professional challenges, and shaping the future of air transport. Embraer values were built collectively over time, distilled into a far-reaching vision: happy, competent, valued, fulfilled and committed employees, and strong teamwork showing integrity, coherence, respect and trust.

Performance management and evaluation in Embraer start with a mentoring system aiming to help and assist new employees with their responsibilities, with specific issues in their divisions, with communication with colleagues and finally in adapting to the organizational culture. Moreover, a mentor may be assigned to follow an employee's performance and discuss first results in a particular job position. One of the main purposes of the mentoring system is to ensure that employees feel part of the multinational team and understand the values. Evaluation is also linked with training and development programs in order to stimulate knowledge sharing and development of professional skills. On a regular basis the company conducts evaluations of professional competencies with a view to implement job rotations (horizontal or flat). This effort shows the company's great attention to employee retention and career development. The dialogue between employees and managers goes both ways, with staff able to provide feedback about areas for improvement and inquire about promotion prospects. Such development discussions are important managerial tools to assess future organizational development and constitute the basis for the annual 360-degree performance appraisal system within Embraer. The framework to help employees learn about career development options in the company is appropriately named 'Flight Plan at Embraer'.⁷

The company's annual review process includes the review of job essentials, the assessment of functions and responsibilities, the review of additional performance factors, the follow-up on prior year's goals and the establishment of new goals. Despite the depth of the annual review, Embraer also carries out quarterly review of goals based on staff work efforts that accompany performance notes and discussions. Evaluation is critical for several reasons: to ensure that departments are achieving results and meeting objectives, to connect performance management with organizational results, to provide employees with feedback about their performance and results, and to communicate both strategic and operational goals. Embraer involves external supervisors in its performance appraisal to provide objective evaluations based on the three R-A-P pillars—review (list of major achievements), analyze (areas for improvements, barriers, etc.) and plan (future goals and resources needed). In 2014 the company launched the online program 'My Embraer', used to assess staff competencies and help employees choose career options. 'My Embraer' then leads to Personal Development Plans (PDPs) which match training programs aligned with company goals⁸ with skills gaps,⁹ and enable employees to develop their own careers over time.¹⁰ To support this, Embraer provides personnel with the tools necessary to align their interests and talent with Embraer's vision, values and strategies. The main building block for career planning is the assessment of how an employee can contribute to organizational goals and how Embraer's strategic objectives are linked with the worker's personal attitudes, values and career path perception.

The company operates in an environment characterized by a relatively high speed of innovations, knowledge flows and investment in research and development. As could be expected, Embraer lays greater emphasis on the training and development of top and middle managers, aiming to increase operational efficiency and leadership development, subjects of precise evaluation during performance appraisal. The needs of engineering staff are addressed by the Engineering Specialization Program.

To establish remuneration, Embraer takes into consideration factors such as the complexity of duties, the individual's professional performance and compatibility with salaries elsewhere in the market, established by means of periodically executed surveys. Variable remuneration is well developed at Embraer and receives emphasis. Variable remuneration is linked to both

overall corporate results and to individual performance benchmarked against objectives set. The process thus aims to motivate employees to exceed their targets but also to attract, retain and engage talent. To further incentivize employees, Embraer has a significant number of non-financial incentives, such as free gym facilities, Portuguese classes, social activities such as parties, picnics, barbecues and bowling on holidays, most valued employee of the year recognition program, on-the-spot recognition awards, dry-cleaning services for everyone, a tobacco-free workplace, and birthday presents, just to mention a few. Brazil-based employees are covered by a health plan (doctor's visits, therapies, laboratory tests and unlimited hospital stays), in compliance with current legislation. Other benefits include dental insurance, food and transportation allowances, day care and drug store discounts, 180 days of maternity leave, assistance for parents of children with disabilities, life insurance and pension plans, among other things.

To conclude, there are several performance management pillars that are of great importance within Embraer. The basic performance evaluation uses self-appraisal complemented with feedback from direct colleagues. This is used for all management positions as well as some non-management staff, and determines training requirements. More sophisticated leadership appraisals identify development opportunities and strengths. Automatic Salary Progression Assessment has decision-making power in case of satisfactory performance, with employees receiving an automatic pay increase.

MTS: Key Performance Indicators as a Central Talent Management Tool

Mobile TeleSystems (MTS) is the largest mobile phone operator in Russia and CIS countries and among the world's top ten largest mobile operators in terms of the volume of subscribers and market capitalization. MTS was founded in October 1993 by Deutsche Telekom, Siemens and several other shareholders.¹¹ In 2000, the merger of MTS and RTK spawned Mobile TeleSystems (MTS), with shares registered both in Russia and on global markets (namely June 30 listing on the New York Stock Exchange).¹²

MTS currently offers mobile and fixed voice, broadband Internet access, and pay TV services as well as content and entertainment. The company, including its subsidiaries, services over 100 million mobile subscribers in Russia, Ukraine, Uzbekistan, Turkmenistan, Armenia and Belarus.¹³ The MTS network covers about 82 of Russia's approximately 83 regions.¹⁴ The company operates through three business segments: Russia mobile, Ukraine Mobile and Russia fixed. It is headquartered in Moscow and employs about 36,000 people.¹⁵ In addition to cellular communication services, the company offers corporate clients a number of telecom services such as design, construction and installation of local voice and data networks capable of interconnecting with fixed line operators, installation and maintenance of cellular payphones, lease of digital communication channels, access to open computer databases and data networks, including the Internet, and provision of fixed, local and long-distance telecom services as well as video conferencing.

The company has an aggressive policy of geographical expansion of its activities in Russia and other countries. This expansion started in 2002 with Belarus; then MTS acquired 100 % of UMC, the Ukrainian mobile telecom market leader and afterwards MTS bought out Uzdunrobita, its subsidiary in Uzbekistan.¹⁶ Moreover, MTS continued the expansion by acquiring Barash Communications Technologies in Turkmenistan and K-Telecom in Armenia. Expansion beyond the CIS realm began with an Indian deal, bringing the cumulative number of users in seven countries beyond 100 million.

Yet the MTS expansion strategy is not only geographic; it also includes diversification into new business areas as part of its 3i strategy, which calls for a focus on integration, internet and innovation to enhance its leadership in the telecom market. In 2009, MTS acquired Comstar-UTS, a leading supplier of integrated telecommunication solutions in Russia and the CIS. As the result of the Comstar-UTS acquisition, the company reached crucial markets connected with commercial and residential broadband. More recently, MTS is exploring the new market segment of mobile banking via its MTS Bank venture. MTS Bank provides cutting-edge services at the intersection of the finance and telecom spheres. These include financial and banking operations inside its distributional network, e-commerce and different types of payments based

on NFC-technology. Moreover, MTS Bank is developing online shops that distribute licensed content. To do so, MTS is leveraging its retail network, which counts around 4500 outlets. Also, with the help of its huge telecommunication coverage and roaming commitments, the company offers its services almost all over the world. MTS moved from the 3i strategy to the 3D strategy: data (increasing the data penetration, providing customers with fastest and the most reliable networks), differentiation (offering customers unique products and services to enhance their digital lives, thus improving loyalty), and dividends (improve operational efficiency of the company to enhance stakeholder returns).

MTS seeks to maintain its corporate culture based on human and corporate assets. The personnel creates the corporate wealth, be it for shareholders, customers or partners; sets up the efficient operations, with the company's capitalization depending on the efficiency of each worker; establishes the quality standards (the quality of work at each position affects the quality of services, business process efficiency and company reputation); fulfils the corporate responsibilities by up keeping commitments to customers, partners, employees and shareholders; and maintains trust (the key value of the company, the foundation for achieving the objectives and the key to successful teamwork, trust requires getting the results promised to other people, trust requires honesty in dealing with people, trust requires caring about the welfare of others).

As could be expected for a large company operating in the complex and changing telecom sector, talent management is an important part of MTS managerial concerns. To achieve these objectives MTS builds relationships between employees and employers, strictly observing the requirements of Russian legislation and the principle of social partnership aimed at achieving the agreed interests, social stability and the general welfare. The company's management cares about its employees, reflecting the sincere desire to promote prosperity and success on all levels, creating for them the competitive conditions and the necessary degree of confidence in the future. Human resources is a key corporate function which helps to formulate and set clear, measurable and realistic goals company-wide, down to the level of each employee. Talent management also supervises staff achievements and identifies decent and fair compensation and promotion based on performance.

Implementation of talent management as such started in 2012, when MTS launched a complex program called 'Talent Management', the successor to a preceding talent pool program. The Talent Management system includes sophisticated analysis of the teaching and development needs of MTS employees. To do this analysis, the system differentiates between three key categories of personnel: high potential, high professional and successor to head. Performance assessment is carried out annually on all three categories.

MTS develops and promotes methods and tools for talent management based on advanced domestic and foreign achievements and experience in this field, applying this knowledge in different strategic areas such as talent attraction, training and development, performance management and talent retention. The recruitment process marks the kick-off point of MTS's entire talent management process. To facilitate the selection of suitable candidates, MTS first establishes a so-called qualification card, describing the main characteristics that a candidate should have in order to succeed in a particular position. This is prepared by middle managers with the human resource director and yields a set of qualifying characteristics (general education, special education, special skills, knowledge of foreign languages, computer skills, ability to paint and so forth) for the 'perfect' candidate. The qualification card enables a structured evaluation of the candidates along each characteristic and facilitates comparisons among candidates. After hiring, for the entire probation period, objectives and performance criteria for these tasks are set for each new recruit. As early as the first month of employment, a preliminary analysis of performance is carried out. Upon completion of the probation period, a complete assessment of assigned tasks is conducted. Given the constant churn of new projects and new fields of activity at MTS, the assessment centre plays a critical role in evaluating career planning and development potential. This is of great assistance in helping employees develop professional skills and figure out their career paths.

Within MTS one can talk of three different career ladders: the management career ladder (employee development for managerial positions), the project-oriented career ladder (opportunity of becoming a project manager), and the expert career ladder (leadership development for employees with unique knowledge who are involved in solving non-standard tasks and who

are ready to share their experience with colleagues). Career development in MTS is thus quite transparent, with planning for future career stages occurring during the annual effectiveness evaluation.¹⁷ During this assessment the employees discuss their position with their direct manager, especially long-term perspectives. The individual development plan connected with achieving set objectives defines requirements (education, passing special trainings, etc.) and is strongly based on evaluation results.

The overall company objectives in talent management can be summarized as being fourfold, ensuring: maximum flexibility and adaptability of organizational management and human resource management, integrated performance management, total quality management approach and best efficiency of employee development investments.¹⁸ The employee assessments are based on three indicators: performance measured by key performance indicators (KPIs), achievement of personal goals and the degree of key competence development. The work of each employee is evaluated twice a year with his or her career mentor, project manager and head of the division. Collective discussion of the results reduces subjectivity to a minimum. The results are announced at the meeting between the employee and a career mentor. The strengths and weaknesses, goals and next steps are also discussed.

The company uses the balanced scorecard platform that helps MTS to automate the collection and consolidation of key performance indicators in the balanced scorecard, thus reducing the complexity and duration of the information processing. It also helps to create a single source of relevant information on strategic maps and makes KPIs available for all employees at the same time. Directors of regional divisions are assessed based on surveys that include questions scored on a four-point scale that cover working process, planning and performance.

To add a Russian twist, the six 'PROSTO' company values¹⁹ are also measured: *partnerstvo*—partnership, *resultativnost*—results-orientation, *otvetstvennost*—responsibility, *smelost*—brevity in the sense of action-orientation, *tvorchestvo*—creativity and *otkrytost* (rus)—open-mindedness. At the beginning of the annual performance assessment cycle, the most successful employees are recommended by their line managers, and then the board of directors selects the final list of candidates to enter the Talent Management program.

The success of the Talent Management process is undeniable, with internal employees able to fill about 85 % of the top positions and around 80 % of all vacant positions. The talent category includes about 65 % high-potential staff, about 20 % high-professional and around 15 % successor-to-head.²⁰ Another strong benefit is the consistent and long-term focus on human resource management. The program enabled MTS to focus on developing their own future top managers and highly skilled employees, making this process more precise, systematic and inclusive. It also sends a message of transparency and fairness to personnel, and can be clearly understood. Moreover, this approach helps MTS to stimulate and control cross-functional and cross-divisional career mobility, a frequent occurrence in the company.

The performance management process at MTS relies heavily on a set of quantifiable performance measurements, KPI. These are used at all organizational levels in the company, and they facilitate the comparison across employees in terms of meeting both strategic and operational goals. Although it may sound simple, the KPI framework is complex to establish, and nearly three years were required to reach a consensus, since many people were involved. All jobs and positions are being weighted and discussed to determine their importance and value to the company. The first step was identification of all key positions.

Each employee can be assessed on a maximum of seven KPIs, with more being forbidden.²¹ Each KPI is graded on a four-point scale: A+, A, B or C.²² Both grades A+ and C have numerical quotas, with the lowest score C usually attributed to the bottom 5 % of employees, and no more than 10 % of employees getting the highest, A+. ²³ Employees getting C grades are given six months to correct their score or face dismissal, obviously a clear message to shape up or ship out! As for the top of the class, they are placed in the high-potential pool and offered development programs. The quota system enables employee differentiation and achievement recognition. MTS considers that evaluation based on KPIs updates employee competencies and helps to attract new talent. Needless to say, the classification also helps managers identify and differentiate between leaders, high-potentials and high-professionals.

Growth and development are also important pillars of talent management. The MTS corporate university plays a key role, where employees are prepared, among other things, for internal rotations. Many programs are aimed at updating technological processes and knowledge, as well as fostering creativity and innovation. The role of initiative is of utmost importance to the company, and is stimulated by the existing 'factory of ideas', wherein each employee has the opportunity to make the most courageous initiatives real. This program allows employees to improve business processes, products and services, and to receive bonuses. The MTS corporate portal 'success stories' showcases interviews with employees having successful careers.

Training and development activities are also used for performance appraisal. The training system is based on competencies and requirements connected with professional knowledge. The MTS corporate university defines training requirements based on evaluation results and coordinates staff training and development programs. More specifically, the main aims of training and development system in MTS are providing an efficient system in order to develop key competences of employees that are essential for the company, producing necessary knowledge and needed skills through which to improve efficiency in the present, creation of different tools necessary for the personnel reserve program, ensuring the succession of unique knowledge and experience, and building a self-learning environment so that each employee is interested in development and is involved in the processes of creating and increasing knowledge and skills in the company. As a result of great impact in training system developing in MTS, some programs appeared to ensure such educational focus. These programs were development program for executives (Success Academy) and Functional Academy ('School of customer service', 'Academy of business sales', 'Academy coaching of excellence', 'Leadership Academy' for high-potential employees, 'Marketing Academy', and 'Academy of Trainer Excellence', that was introduced for training internal trainers). The overall objectives of different Academies include professional development of employees and translation of single philosophy/policy/training principles of the company.

Evaluation and performance management are linked with motivation and rewarding, where compensation is considered to be the most

important managerial tool. For sales employees, the basic principles of the remuneration package are stated in a special document about the award process. These regulations establish monthly, quarterly, annual or special-purpose awards for employees. The rewarding system seeks to promote employee effectiveness, taking in to account short-term and long-term company objectives, and to stimulate operating results and high achievements in daily operations. Sales employees are also entitled to a bonus, the envelope of which is adjusted for changes in the financial position of each respective sales division, established on the basis of operational accounting, bookkeeping and statistical reporting on key indicators of the division, and upon approval by the head of the sales office. Each sales office may receive a different bonus amount based on the sites, groups, professions and positions involved. Employees who received any penalties, or who were absent from work without good cause for more than four hours, are not eligible for bonuses. Social benefits and entitlements are also very important in MTS to stimulate loyalty and engagement.

One advantage of its being spread out geographically is that MTS can offer rotation opportunities²⁴ within MTS subsidiaries when promotion is not possible in headquarters. Corporate integration competitions, known as 'participate and win', also help promote integration across different departments, regions and countries. Concerning social responsibility, MTS can be considered as a charity organization which assists orphanages and terminally ill children and also organizes the support of blood donors. Moreover, it struggles to protect children from harmful Internet content and to teach computer literacy to older generations. The retail network has its own social network, 'MTS Life',²⁵ for staff to share experiences and news.

To assess retail offices, MTS employs different parameters that include customer service levels, and relies on so-called mystery shoppers (inspectors posing as customers). The grading is collective, with each retail outlet receiving one common grade. Based on this rating, outlets can receive collective bonuses. Offices compete with each other based on sales volumes. Each outlet also selects a best employee of the month, defined by the sales volume achieved. Other projects aim at intangible employee motivation, namely 'Leader of the year', 'Best innovation for the company', or 'Talent pool'. Moreover, MTS rewards the best units on the basis of

ratings. MTS makes efforts to clearly explain and communicate its incentive programs to employees. Another benefit of the KPI framework was the restructuring of the bonus system using objective criteria. By increasing the proportion of variable remuneration, additional payments linked to the financial results of both business units and individual performance can be meted out. The higher the grade on the KPI yardstick, the greater the share of the variable part granted to the high achievers.

The Story Repeats: Performance Assessment for Employees' Development in GAIL and Geely

The Gas Authority of India Limited (GAIL) is the largest state-owned natural gas processing and distribution company in India, with headquarters in New Delhi. As of March 31, 2014, it employed 4022 employees, of which only 244 were women.²⁶ In the beginning of its development, the company was responsible for constructing, operating and maintaining the Hazira-Vijaypur-Jagdishpur pipeline, one of the largest cross-country natural gas pipeline projects in the world. The 1800 km pipeline marked the beginning of the natural gas market in India. GAIL then grew by building a huge network of natural gas pipelines totalling more than 10,900 km, as well as several gas processing plants for the production of liquefied petroleum gas and other liquid hydrocarbons. Later on, the company moved into the upstream gas value chain, following the growth in demand and the liberalization of exploration licensing by the Indian government. The firm was a pioneer in urban gas distribution, achieving its greatest successes in Delhi and Mumbai. GAIL also set up further joint ventures to supply gas to households, commercial customers and the transport sector in several smaller cities. In 2008 the company founded a subsidiary to focus solely on the urban gas distribution business. The company also founded another subsidiary in Singapore to operate on global petrochemicals and liquefied natural gas trading markets. Overall, GAIL has five subsidiaries and operates 13 joint ventures. Currently, the company operates around 75 % of natural gas transmission

and about 25 % of liquefied natural gas in India, produces approximately 20 % of polyethylene in India and supplies natural gas for more than 50 % of India's fertilizer production.²⁷ As part of its initiatives for carbon footprint reduction and sustainable growth, the firm has also successfully set up wind energy power projects across several Indian states.²⁸

GAIL believes that its organizational success is driven by the commitment and excellence of its employees, so its first steps in talent management are done during the recruitment process and in its training and development programs. The company attracts and retains results-oriented people who are proud of their work and try to achieve their very best. GAIL encourages individual initiative by creating opportunities for employees to grow and learn. GAIL respects the individual rights and dignity of people. Moreover, the company strongly emphasizes that it seeks to attract and retain the best talent by matching the right jobs to its business requirements.

Performance appraisal is aimed to raise employee's individual contributions, establish greater job responsibility and build a goal-oriented culture throughout the company. GAIL states the norms and goals for work performance and monitors employee progress, assigns staff according to their skills and abilities, establishes the bases for promoting and rewarding and identifies training requirements for personnel. Performance evaluation serves mostly to assess behaviour, work progress and employee competencies.²⁹ One thing that sets GAIL apart is that its performance appraisal system operates online. Employees submit their self-appraisal reports in electronic format to the specified managers. The reports are mandatory and are prepared during the financial year (in India from 1 April to 31 March), for employees having working in the company for at least three months. Non-executive staff assessments are processed at the location/plant/unit of work, whereas executive officer reports are sent to the corporate headquarters for review.³⁰ Talent assessment is both individual- and position-based,³¹ which is reflected in different evaluation approaches. Individual assessments aim to evaluate real and potential contribution for select employees.

To develop its new recruits, GAIL organizes very short job rotations along the group's value chain as well as a mentorship program (the mentor being a senior executive)³² where evaluation is based on results

achieved by the newcomers. To constitute its senior-level talent pool, GAIL executives take part in development centres. Despite its limited size, about 600 senior executives (15 % of the total workforce) are covered by the Senior Management Development Centre.³³ Identified gaps are then addressed via ad hoc executive development programs, job rotation and higher responsibilities.³⁴ Performance appraisal plays the most important role in identifying gaps in training and development needs. Some evaluation procedures take place at the GAIL Training Institute (GTI), which organizes systematic and structured programs for capability building across all company levels: various certification and technology training programs for gaining the best and up-to-date expertise for technical employees and special training programs on new business areas such as shale gas, energy trading hedging and risk management, etc.³⁵

The GTI expertise in talent training and talent evaluation is widely acknowledged and has even been converted into a revenue generating centre by organizing training programs for participants from external organizations.³⁶ In recognition of its initiatives, GTI has received the prestigious Golden Peacock National Training Award in 2014.

For staff with senior management potential, GAIL operates a formal mentorship program with the mentor being a senior executive able to assist on personal or professional matters. GAIL also strongly emphasizes leadership development programs for senior executives,³⁷ realizing that it is important to prepare them for future leadership positions. As part of this effort, the Senior Management Development Centre (SMDC) program is implemented. In 2014 more than 95 % of executives promoted to senior management level underwent SMDC training.³⁸ For gaps identified at the SMDC, a comprehensive Individual Development Plan (IDP) is drawn up for all participants and serves as the most important assessment tool. The IDP included distribution of competency-based reading materials, access to e-learning modules from Harvard ManageMentor® and customized management development programs through top business schools such as IIM Bengaluru and Kolkata. The company dedicates significant effort to talent training, with fully 4.71 % of its staff cost being allocated to training in 2013–2014.³⁹

The company's performance management system is naturally linked to promotion opportunities, which are thankfully abundant given the high

growth rate and expansion into new business areas. GAIL uses a system of stages, meaning that as employees are promoted, they move one stage up (the greater the number, the higher the position). Staff performance appraisal reports are reviewed by higher job position and provide important information regarding potential growth and future development perspectives.⁴⁰

GAIL provides generous social support, not only for employees but also for their families. Despite its performance oriented culture, the company also seeks to maintain work–life balance by offering an intellectually stimulating workplace along with a dose of fun (with facilities such as a sports club, gym, swimming pool, library for both staff and family members). Many festivals and events are celebrated throughout the year, providing an opportunity to develop a feeling of being part of one big GAIL family.

The core talent management strengths in GAIL, making it a unique place to work, can be recognized in its lean workforce, young and highly qualified manpower, cross-functional expertise, learning organization, free and open communication process and accessible senior leadership.⁴¹

Founded in 1986 by Li Shufu, Geely Automobile Holdings Limited (Geely, hereinafter) is part of Geely Holding Group, the only private company on the Fortune Global 500 ranking.⁴² As a relatively young but promising and dynamic company, Geely has worked doggedly to improve its technology and production processes, to innovate in the automotive sector and become a global auto maker. Headquartered in Hangzhou, near Shanghai, China, Geely currently operates 18 plants, nine of which are located in foreign markets. Geely is among the largest and most recognizable Chinese private manufacturing companies.⁴³

Geely is recognized as one of the most innovative companies in China, with a quite diversified product line: cars, engines, motorbikes, transmissions and taxicabs. Yet Geely's beginnings were very different: It started off manufacturing components for refrigerators and refrigeration plants. A 1989 Chinese regulation that banned the production of cold rooms without a license forced the company to reorient and produce construction materials. In 1992 Geely began to produce motorcycles, scooters and their accessories.⁴⁴ After establishing a partnership with Honda of Japan, the company became a leader in the production of scooters in 1994, and started to assemble its own motorcycles, using outside components.

In 1997, Geely developed and manufactured its first (scooter) engine, entirely designed and built by Chinese engineers.

But perhaps Geely's most significant strategic breakthrough was in 1997, when Geely became the first private car producer in China, giving Geely a significant competitive advantage over slower state-owned auto manufacturers. Five years later, in 2002, Geely signed an agreement with South Korea's Daewoo and Italy's Maggiora, and acquired Shanghai Maple Automobile (SMA).⁴⁵ With an increasingly diversified portfolio of industrial activities, the company structured itself into Geely Holding Group in the beginning of the 2000s, in order to manage the growing constellation of subsidiaries.

This also marked the beginning of Geely's international expansion, pursuing its stated ambition of invading Western markets. Geely took on this new challenge by adopting innovative approaches and solutions in both production and marketing—internalization. After its first machinery exports in 2003, Geely presented its products in 2005 at the Frankfurt Motor Show and then followed up with participation at the Detroit Auto Show—thus displaying its mettle in two of the most competitive and well-established automotive markets in the world.

For its first foreign investment, the company chose the smaller British market, acquiring the specialized UK taxicab producer Manganese Bronze Holdings (MBH) in 2006, recognized worldwide for its spacious British models. Four years later, Geely was ready for tier-one prey, and pounced on Swedish carmaker Volvo when Ford put the company up for sale. The 2010 \$1.5 billion deal was the biggest deal in Chinese car-producing history. Why Volvo? Geely decided the acquisition would give it a strong position in the European market and would establish its position as a manufacturer of eco-friendly and safe vehicles. To stake this claim, Geely and Volvo built a modern R&D centre near Gothenburg. This centre provides jobs for about 2000 people and develops new technologies for future car models.⁴⁶ The acquisition of Volvo marked Geely's transition from a company with a low-cost strategy to one of moderate differentiation.

Geely company values are based on mutual understanding and respect for its customers, employees, partners and society.⁴⁷ Another general value is the principle of open and transparent business in the belief

that this is a key point of success in the market and shows respect for clients and partners. The company also tries to reach its objectives by creating and improving new technologies, by investing in research and development and by realizing the potential of its most talented employees.

Geely focuses on teamwork, learning and a creative corporate culture. All new recruits and existing staff receive training and are reminded of the importance of teamwork, communication and cooperation. In a broader sense, Geely explains its talent management philosophy by stating that employees must have the vision to create history, the courage to blaze new trails in a pioneering spirit, the perseverance to confront hardships and dangers and keep moving forward tenaciously, a passion for China and the improvement of its perception in the world and the desire to make contributions to the automotive industry and China's economic development more generally.

Based on this philosophy, the company expects talented employees to contribute fresh ideas, creativity and innovation. Although the company may appear demanding, it can also show its generosity: Workers enjoy benefits such as an incentive plan whereby staff enjoy discounts to buy a Geely car, loans for home purchases, paid annual leave and social insurance (healthcare and pension plans).

Geely has over 18,000 employees, including over 2300 engineers and technicians, three academicians, hundreds of foreign experts, over 30 registered doctors, over 500 master's degree graduates and hundreds of senior engineers and researcher-level senior engineers.⁴⁸ Five Geely employees were listed in the Recruitment Program of Global Experts (RPGE) of China, a program of the Chinese government to lure back to China its best and brightest scientists and researchers, making Geely a beacon for returning high-level talent. Geely has invested heavily to establish higher-education institutions such as Beijing Geely University, Hainan University Sanya College, Zhejiang Automotive Vocational and Technical College, and Hunan Geely Automotive College, which altogether have enrolled over 40,000 students and provided nearly 10,000 graduates annually. Under mandate from the Society of Automotive Engineers of China, Geely established the Zhejiang Automotive Engineering Institute, the first postgraduate institute conferring masters and doctorate degrees in automotive engineering in China.

To help identify new talent, Geely not only uses collaborative opportunities with universities but also invests in research and development centres. To provide ongoing training for its qualified personnel, the company has created Geely College and the Automotive Institute of Technology, the only Chinese institution of higher education conferring masters and doctorate diplomas in the field of automobile production. As a part of its cross-division training system, one-week training classes are held each year for local personnel in accordance with job requirements and individual needs. The training mostly consists of up-to-date technological topics as well as basic risk-management courses designed to fill knowledge gaps revealed by individual evaluation. The company also seeks to educate staff about its corporate culture, vision and work methods via a three-level training curriculum. This includes training sessions at the local, international and headquarters levels in order to broaden personnel skills and insight. Due to the company's extensive international operations, Geely encourages overseas postings. For the chosen candidates, this provides the chance of a job rotation and a change in geography.

To determine training and development needs, Geely requires employees' performance evaluations to be carried out on a regular basis. The company conducts performance appraisal procedures to reveal gaps in competencies for current and future needs. *'As an essential resource to enterprise, human resource plays a decisive role. We sincerely hope that all individuals can be respected, successful and happy'*.⁴⁹ Such a philosophy shapes performance management procedures in Geely.

Given the volume of work required, Geely has signed a strategic agreement with Net Dimensions, a company that provides performance, knowledge and learning management systems and can conduct performance evaluations using a more universal approach.⁵⁰ In outsourcing, Geely has objectives in mind that go beyond just performance evaluation: identifying global learning and talent management solutions, supporting the company's growth in the automotive industry, controlling the work flow and distributing processes among regional departments and evaluating managers and employee's performance. Using this outsourcing opportunity, the company possesses a robust and mobile talent management tool to conduct online training programs, foster a collaborative environment and enhance knowledge sharing among staff. Moreover, the system

includes all workers throughout Geely's numerous Chinese and international subsidiaries as well as the whole supply chain (independent key component suppliers) in an extended enterprise model. In addition, the multilanguage functionality of the software enables coverage of Geely's overseas workers in five countries (Indonesia, Uruguay, Cuba, Belarus and Russia).

Geely believes that organizational growth and development are impossible without maintaining a highly trained and skilled workforce, which means that assessment procedures are incorporated in overall talent management practices. Geely has been able to create successful products and services for customers while shaping its own corporate culture, centred on happiness, mutual respect and open and transparent cooperation between the upstream and downstream businesses⁵¹ in which performance management takes a leading role.

Performance assessment in emerging MNCs serves different purposes. Naturally, its primary aim is as background for a performance-oriented culture and organizational values in the company. Yet beyond that objective, performance evaluation also is a source of information for attracting, training, developing, promoting and rewarding talent.

In all three companies presented in this chapter, talent evaluation mostly aims to monitor existing employees' performance results in order to reveal gaps in competencies for current job tasks and for potential promotion perspectives, and finally to build a results-oriented atmosphere which boosts productivity and efficiency. Performance appraisal programs in emerging market firms enable all employees to effectively manage their performance through constant feedback from managers, peers and partners; individual development plans and procedures of self-assessment. Moreover, performance improvement in companies presented in this chapter is measured by looking at an employee's level of productivity, accomplishments, efficiency, and customer satisfaction. It is based on discussions and feedback in top-to-bottom and bottom-to-top communication processes. This strong orientation on short- and long-term results (even for Brazilian Embraer and Chinese Geely, where loyalty and lifelong employment are part of the national culture, instead of results-based retention) seems to be an important feature of performance

management in emerging MNCs, thus distinguishing them from many of their developed competitors.

Embraer does performance evaluation with a twist, giving unusual weight to innovation and corporate excellence. This reflects the company's ambition to build a global organization that can grow in a sustainable way and set universal standards. With performance management practices oriented to leadership evaluations, competency assessment, automatic salary progression assessment and innovative performance-linked remuneration packages, Embraer is able to meet challenges from both external and internal environments.

Both GAIL and Geely see the primary objective of performance management as identifying and then bridging skill gaps in their talent pool for its further development. Talent evaluation in the two companies is very closely connected to training and development practices, and reflects the more universalist theory of talent: Everyone deserves improvement, not just the cream of the crop. Even so, the training aims mostly for leadership development, mentorship and attraction purposes by providing a close tie to learning and corporate values.

For Russian MTS, operating in the cutthroat telecom sector, performance management and appraisal are key points in maintaining the firm's competitiveness and results. Using a very detailed system of key performance indicators, implemented at different organizational levels, MTS can manage results-oriented performance and cultivate its performance-based culture. We also see that employees' evaluation in MTS is linked with other talent management practices such as rewarding system, training and development and recruitment.

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7

Creating Talent Organization Via Employees' Training and Development

By providing training and development programs, a company reaps two benefits. Firstly, individual and group competencies are boosted. Furthermore, trainings can help transmit organizational knowledge that contributes to the firm's strategic objectives. Training can serve multitudinous purposes: It can increase job satisfaction and strengthen employee motivation, expand employee abilities to adapt to changes, increase cost efficiency, foster innovation and creativity, reduce workforce turnover by reinforcing the employer brand and spread corporate values.

Many emerging MNCs absorbed experience while developing and gained credibility, leading them to be called some of the best examples of fast-growing companies worldwide. In this chapter, we first present the example of Russian steel and mining company Severstal, showing the variety of training and development programs for different employees in order to retain the best talent in Russia. Then comes the example of Indian company Wipro, to see how training and development practices can be used to create talent organizations using the potential of newcomers and graduates. The third example presents the importance of corporate education given by PetroChina, the leading oil and gas company in China, where the training of employees across the firm's subsidiaries helps to create a learning organization.

Severstal: Training and Development in the Russian Context

OAO Severstal is a vertically integrated Russian group of companies which specializes in mining and steel production. When iron ore and coal deposits were discovered in the 1930s in Russia's northwest, the company was established as a state-run steel mill. Yet technically, the company's birthday is considered to be in August 1955, when operations at the Cherepovets Metallurgic Plant began, and the first steel was extruded. By the 1960s the plant became a full-cycle integrated iron and steel works.¹ Due to the plant's large production volume and the complexity of its industrial processes, the plant was restructured in the 1980s, to become the State Enterprise Cherepovets Steel Mill. In 1993 the mill was privatized and registered as Severstal.²

Since its incorporation in 1993, Severstal has expanded considerably. In 2002, the company became Severstal Group, reflecting its expansion into mining, coking and other secondary endeavours. In 2004, the company became the first Russian steel company to expand internationally when the company bought industrial and mining assets in the United States.³ The company expanded into the gold industry in 2007 with the establishment of Nordgold. In 2008, Severstal's structure was modified by creating three business divisions: Severstal Resources, Severstal Steel and Severstal International (which was then dismantled in 2014). Severstal Resources, formed through various acquisitions over the past decade, supplies the majority of iron ore and coal needed for Severstal Steel's operations. It comprises two iron ore integrated works (Karelian Pellet and Olkon), coal companies throughout Northwestern Russia, a Liberian iron ore exploration project (Severstal Liberia Iron Ore) and a consulting arm.

Today Severstal Steel is considered to be among the top steel producers in Russia, providing high value-added flat steel products, such as galvanized sheet and pipes. Severstal owns industrial facilities in Russia, Ukraine, Poland, Latvia, Kazakhstan, Liberia, and Brazil, as well as key mining assets in Russia.⁴

The company is listed on the Moscow Exchange (MICEX), and traded on the London Stock Exchange (LSE) since 2006. Severstal employed

over 61,000 people and is considered to be one of the most important (among the top 25) steel producers in the world.^{5,6} Boston Consulting Group included Severstal on their list of the top 100 companies from rapidly developing economies, a list which included only six Russian companies in total.⁷

In 2013 Severstal's primary strategic objective was to build a sustainable and high-quality business to generate higher-than-industry-average earnings.⁸ In order to achieve this, the company relies on several things to establish its competitive advantage. Firstly, Severstal maintains cost advantage leadership due to its low production costs within Russia and relative self-sufficiency in iron ore and coking coal. Secondly, the company enjoys a strong presence in Russia and neighbouring markets due to its favourable geographical location and strong reputation (brand recognition). Cherepovets stands at the junction of Northern Europe and Russia's North-Western and Central regions. The city is in close proximity to Moscow and St Petersburg, the Russian demographic epicentres, as well as several key industrial centres. Thirdly, the company is in a favourable position relative to local competitors in terms of export sales.

Severstal is currently focusing on increasing its free cash flows via different means: cost reductions, efficiency improvements in production and sales, a reduced and more strategic approach to capital expenditures and attaining aggressive financial targets. In recent years, Severstal has faced many external (exogenous) challenges. In the face of stagnating steel prices, domestic bureaucracy, poor economic conditions and rising political tensions, the company has shifted its focus from global expansion to a more 'prudent, focused and resilient' approach.⁹ This means that cutting costs, improving efficiency and concentrating on the domestic market are crucial to the company's well-being.

In 2009, Severstal took steps to establish a corporate culture based on professionalism, private initiative and responsibility. Top management felt that the company needed to change its old ways, which included a culture of negligence, cynicism and detachment, the legacy of decades of Russian history.¹⁰ Therefore, it strives to create appropriate conditions for its employees to realize their potential and aims to shape a corporate culture based on professionalism, initiative and responsibility. The corporate culture is important in carrying through the strategic vision.

Among the key tenets of the culture are the transparent and easy-to-grasp talent management processes, a worthwhile working environment and constant dialog with employees (via a system of internal communications and feedback). In order to do so, the company developed a set of internal training courses aimed at improving leadership skills and professional competence, with a particular focus on young and aspiring professionals. The company also expanded its staff benefits to include housing, social support, more comprehensive health coverage and a private retirement fund. Severstal is committed to fair employment practices and treats all employees with dignity and respect where the fundamental assessment criteria are work performance, qualifications, competence, abilities, skills, knowledge and relevant prior experience. In addition, Severstal is an equal opportunity employer and is committed to the equal treatment of women and men in the workforce. Women account for about 32 % of the workforce, a large proportion for a steel and mining company.¹¹ The Severstal compensation system includes basic remuneration, regular bonuses and the social benefits mentioned above. This generosity means the company benefits from a relatively low turnover rate, about 5.5 % of its workforce annually.¹² This reflects the company's ability to retain talented people while also leaving space for bringing new talent on board. This mix is important for the long-term sustainable development of its business.

Severstal's talent management is based on professional development and increased productivity, and implies the active involvement of employees in achieving its core strategic objectives: increasing customer satisfaction and improving operational business processes. The core talent management practices implemented include equitable rewarding, development of employee potential and effective goal establishment and achievement. The focus is on creating a single-minded business team which can achieve business targets while sharing company values. Severstal uses ongoing training not just in order to teach employees essential skills and knowledge but also in order to share its values and help employees understand that people are the soul of the organization. This original approach makes Severstal one of the most successful companies in Russia due to its human resources and talent management performance.

In 2011, a major transformation of the talent management system was completed. The creation of a more effective talent management structure

and a leaner organization, based on international best practices, made this shift possible. Severstal ran a human capital benchmarking survey among selected best-practice companies prepared by audit company PwC.¹³ This helped to benchmark Severstal's human capital and talent capacity against best practices in major international markets. Thereafter, new SAP-based human resource and talent management software was introduced to all the company's managers and specialists, along with new processes and standards in sourcing, onboarding, developing, succession and performance management.

Within the company, the extensive social benefits include employee rehabilitation, support for mothers and children, catering and recreation for workers, social support for retirees and veterans, incentives for employee improvement, training programs, best employee awards and many other benefits and insurance policies.¹⁴ At the same time, challenging conditions in steelmaking and mining industries are forcing Severstal to keep looking for ways to improve its productivity. In 2013, the company optimized the headcounts at Moscow corporate headquarters and business unit HQs. This optimization focused on bringing the management closer to employees so as to manage operations more efficiently and reducing administrative expenses. In 2013, average headcount including corporate headquarters totalled around 61,360 employees.

Another key area of talent development is the recruitment and retention of graduate students. Various divisions recruit students meeting the necessary requirements, and additionally every year hundreds of students work as trainees with the company. Severstal runs business seminars to help selected students learn about the company and its values, and receive career guidance. Student recruits are selected based on internship results and their degree theses. The company then helps build their careers by promoting them, for example, as line managers or technical experts. In attempting to attract young professionals, Severstal brands itself as an employer offering a fast career track, with managerial positions available within a year, as well as long-term collaboration and highly individualized development. The Young Resources Program includes a range of initiatives focused on developing young people's interest in the steel and mining industries. The program offers specialized classes at secondary schools, student scholarships, collaboration with universities (internships and graduate recruitment)

and new employee support (adaptation). In 2013, top Severstal managers provided training to students from the leading Moscow and St Petersburg universities. Approximately 1500 students were offered internships in Severstal, and the company employed around 200 graduates in 2013.^{15,16} The active engagement of students, graduates and young professionals is a stated priority of Severstal's talent management policy. That policy is based on attraction of active candidates who are able to change with the company and share Severstal values. The company gives preference to well-educated candidates who can learn and share their knowledge with others.

Like most companies on this scale, Severstal is already committed to teamwork, efficiency, innovation, high performance and development. A recent campaign, called 'In Talent We Trust', features a series of young professionals (mostly in their late twenties) talking about how they became successful within the company. Severstal appears focused on finding young talent straight out of graduate school and moving them up quickly within the company ranks. Severstal also attempts to involve students in scientific, cultural and volunteer activities. In agreement with several universities, the company has increased internship lengths from four to 10 weeks, giving enough time to students to prove their competence level and also acquire professional skills. In its training and development approach, Severstal values the knowledge and experience of each employee and tries to tailor improvement programs to individual qualities and skills.

Severstal went through a period of rapid growth in the late 1990s and early 2000s. With operating units spread throughout Russia, each having its own subculture, level of development, and management system, the company needed to introduce some measure of uniformity, thereby increasing controllability and efficiency. For that purpose, the corporate university, a separate legal entity from Severstal Group, was established in 2002. One of the first ever in Russia, it quickly became the best known. Also based in Cherepovets, it was conceived with goal of becoming a strategic change agent that could stimulate a unified corporate culture. The corporate university was designed to be the research, academic and consulting centre of the company, developing five forms of activity: management of knowledge and skills, research, consulting, education and ongoing training, and finally, recruitment.

The Corporate University's initial curriculum included the following disciplines: knowledge management, human resource management, system training and e-learning, talent pool development, consulting and sociological research. The university focused heavily on the development of communication systems. Severstal had a comprehensive online educational system which offered a variety of programs, including individual education, full-time courses and purpose-oriented programs. The Corporate University espoused an independent business model, supplying educational and consulting services for both the company and the external market, a model which has also functioned for Disney, Motorola and Toyota.¹⁷

Severstal University became well-known throughout the world as a top-tier corporate university which managed to transform the corporate culture. For example, by 2010, a formal statement of the company's goals and values, still in use today, was successfully developed and disseminated throughout the company. Top managers were highly involved in the process of its development. However, later on, the university became an internal structure within Severstal rather than an external appendage. Talent management programs were aggregated into one office in order to correct for distortions and allow for more balanced decision making. Additionally, some programs were linked more extensively with internal consulting, whereas the focus had previously been on external experts.

Within the company, personal and professional development are important in creating an environment conducive to unlocking professional potential and talent. The company works systemically to identify and satisfy training needs, and to help employees acquire the necessary qualifications and competence. Some Severstal employees are enrolled in a program called Employee's Success, whose main objective is to understand the business and develop necessary skills and personal effectiveness. The training programs are both for groups and individuals. Severstal uses a variety of learning tools, including coaching sessions, classes aimed at developing an understanding of the business and its processes, conferences, seminars and language courses. Training is conducted in the workplace, in training laboratories, in specialized schools and remotely via an e-learning platform.

Severstal's professionals and managers participate in industrial and functional seminars and conferences to improve their qualifications and trade knowledge with colleagues. Engineering refresher programs are intended primarily for employees who are developing new types of products. Employees with technological or operational knowledge of strategic products can teach others, acting as tutors during advanced qualification courses for foremen or in adaptation seminars for young professionals. In 2010, Severstal created a corporate training program called Achieve More Together, designed to improve the quality and efficiency of projects undertaken by Severstal's business system and to continue development of a common corporate culture.^{18,19} It places great importance on inter-modular work (applying acquired skills in the workplace), as well as videoconferences, communication with experts and managers and support from business unit human resource managers. The program includes five training modules. The first module introduces production managers to Severstal's vision, mission, values and projects. The second module introduces production managers to talent management practices such as recruitment, development, performance assessment, career building and feedback. The third module teaches managerial decision making using various case studies, improves financial competence and deals with efficiency improvement. The fourth module focuses on team-building principles. The last module sums up the results of the entire course and helps managers develop their interpersonal and public speaking skills. The program makes sure that class graduates maintain contacts and spread their knowledge within the company. About 300 managers from different divisions took part in the program's first edition in October 2010. The second edition enabled participants to familiarize themselves with the personnel management system and its tools, and how to use these in their professional activities. The module's major subjects include organizational structure, employee selection and adaptation, business performance and succession and legal aspects of human resource and talent management. In 2011, the program won the prestigious Trainings INDEX prize.^{20,21,22,23}

Annually, every manager from the top six levels of management participates in an annual performance evaluation, including discussion of business targets, 360-degree feedback and discussions with human resource committees to identify and nurture talent. For the Russian business units

since 2014, every employee participates in discussions of their individual goals. Five percent of the headcount constitutes the talent pool of the organization; the majority of the positions in the company are recruited internally.^{24,25}

Wipro: Training and Development Right from the Start

Wipro Ltd. is a global information technology, consulting and outsourcing company serving clients in the financial services, retail, transportation, manufacturing, healthcare services, energy and utilities, technology, telecom and media sectors. It employs an astounding 160,000 workers handling clients in approximately 175 cities across different countries.²⁶

Who would have guessed that Wipro, established in 1945, originally stood for Western India Vegetable Products Limited? Based in Amalner, Maharashtra state, the company only ventured into the fledgling information technology (IT) industry in 1981. Wipro started as a company producing vegetable oil in 1945 with just one old mill for sunflower oil extraction. Yet as a tribute to its past, Wipro retains its sunflower logo. Wipro's first diversification occurred in 1976, when the company set up a division to manufacture hydraulic and pneumatic cylinders. In the 1980s the company launched the process of diversification into IT, a winning move that was to make it a recognized power in the field. Wipro continued to double and triple its annual revenues, and by 1992 it started offering global IT services.

Wipro today is the leading Indian IT consulting and system integration services company, with headquarters in Bangalore.²⁷ Among Wipro's impressive client list appear blue-chip companies such as Boeing, Cisco, Ericsson, IBM, Microsoft, Seagate, Sony and Toshiba, just to name a few. Wipro's business strategy is to be the leading provider of integrated business, technology and process solutions for MNCs with global coverage. The company is best known for IT services, technology infrastructure services, business process outsourcing, product engineering solutions and consulting services. By dint of its extensive project portfolio, Wipro often takes on a pioneering role in new projects, thus acquiring new areas

of expertise. Wipro also tries to break the mould of competing Indian IT outsourcing providers (back office operations, software development and 'coding') by focusing on industry depth (acquiring deep, specialized industry knowledge ensures differentiation in the Indian market); on a portfolio of services; on its global workforce (it focuses on expanding in the US and European markets); and on its brand equity (strategic priority laid on name recognition and overall brand equity, namely being recognized by European and North American enterprises). Furthermore, a crucial part of Wipro's business strategy is cost optimization through automation, while guaranteeing quality and efficiency in delivery.

Wipro also is an expert in the Six Sigma techniques, which have been used at all organizational levels to analyse and improve processes, basing decisions on measurable attributes. Having been one of the first Indian companies to adopt Six Sigma, Wipro has one of the most solid experiences (it is 'Black Belt', so to speak), with almost 91 % of projects completed on time, compared to an Indian average of only 55 %.²⁸ The Six Sigma approach is implemented across all business units and divisions, with the most significant areas including resource distribution, project management and even market development. In 2014 Wipro was included in the Dow Jones Sustainability Index (DJSI), and has been a world member for the fifth consecutive year. Wipro is also recognized as the Global Sector Leader for the Software & Service Industry.²⁹

Wipro has set as its ambition to become a world-class organization, by leveraging human resources as a main sustainable advantage. To do so, the company conceived and set in place robust and effective business processes in order to consistently meet or exceed customer expectations. For Wipro, quality is an inherent part of the corporate culture and one of its main values.³⁰

Wipro's organizational culture lays importance on individual respect, thoughtfulness and responsibility, and acting with sensitivity. Acting with sensitivity implies that everyone in the organization should be treated equally, which is important in India, a country with a strong caste legacy. Wipro's organizational culture incorporates a shared set of beliefs, values and practices; moreover, it strives to be socially responsible and committed to human values. Also, the company aspires to offer employees lifelong opportunities to explore their potential and benefit from continuous growth and even enjoy their work.

For Wipro, leadership is the primary component required for an effective organization redesign, and leaders must have a clear vision of the evolution of the organization. Leaders need to prioritize tasks and empower the workforce, as well as motivate subordinates. In leadership, team cohesion is more than necessary, and leaders have to have the capacity for change management. Given this perspective, Wipro defines training and development as crucial to create and retain talent.

Given its remarkable revenue growth rate, Wipro has a sustained need for new blood to fill its ranks. For that reason the company has created a large-scale selection system to hire fresh graduates from different academies around the world as well as extensive trainee programs to induct the new recruits. By recruiting recent graduates or by training students nearing graduation, Wipro taps into fresh knowledge and ideas from varied sources. Providing trainee programs to students can rouse interest in the company and contribute to their hiring. To reach these goals, Wipro collaborates with many different academic institutions. Moreover, Wipro offers internship opportunities to candidates who have been selected through on-campus recruitment drives.

To hire talent for its leadership positions across multiple businesses, Wipro launched a program called Wipro Premier Business School Engagement. This program enables Wipro to recruit from top Indian business schools, thus immersing young leaders into the Wipro culture from their first day on the job. Indian MBAs are often hired before graduation via the Wipro Summers Experience (WISE) internship program, or through on-campus recruitment fairs and interviews. These students are offered two-month internships during their summer breaks. Students completing the internship successfully are rewarded with pre-placement interviews, or even an offer based on their summer performance. For talent hunting in the United States and Europe, twice per year Wipro organizes its Global Graduate Academy, with an orientation session in Atlanta, followed by three to four weeks of work at the Bangalore headquarters. The program kicks off with one week of induction to welcome newcomers that is followed by a business assignment. The Academy is designed to assist potential recruits in understanding Wipro's strategy, its culture and strict work methods. It also provides some interaction with the company's senior leadership.

Unlike a fast-food restaurant, which offers a limited menu of options, Wipro faces the difficulty of serving clients from different industries with very different needs and often in radically different time zones. A manager might have to deal with Boeing's supply chain in the morning and American Express's e-commerce platform in the afternoon. And probably yet another client at night! This is why a key success factor for Wipro is its effective organizational structure. The structure is founded on skill-based work assignments, shared operations using job cards and service requests, flexible operations, demanding management, optimizing 'cost of service' and 'closed loop' operations. Through job cards and service requests, Wipro is able to balance workloads, setting minimum and maximum thresholds on utilization levels for employees. To maintain flexible operations, Wipro identifies a balanced mix of core resources and flexible add-ons as necessary operational components. Demand management enables the company to capture baseline demand by developing rolling production schedules. 'Closed loop' operations means providing an open dialogue by obtaining post-deployment feedback from clients which then leads to gradual operational improvements.

Wipro relies on a mature and well-developed performance evaluation system, connected with career and development practices, and called Employee Performance Management (EPM). EPM handles goal management, 360-degree feedback, planning of development and training and performance appraisals.³¹ Given its strong growth, Wipro has shifted its priority from staff loyalty to staff productivity; hard workers get the premiums, so to speak. Wipro values skills, more than years spent in office.³² Evaluations are rigorous in checking that employees' soft and hard skills are keeping pace with industry changes. *'While evaluating employees, we focus more on performance than the tenure of employment ... , if you have skills, how many years you've spent at the company doesn't matter'*, according to Wipro.³³

Revealingly, evaluation at Wipro is a two-sided coin. On the tail side, and this is unusual, the company also evaluates the position itself, or the nature of the job. Job evaluation deals with a systematic analysis and assessment of various positions in the company for their relative worth for the company. Ranking jobs in the order of their significance for overall corporate performance enables top management to decide on changes

in the organizational structure overall and not just on whether a person fits in the structure or not.

On the head side, the company carries out the usual individual performance appraisal, performed with several assumptions: individual performance is assessed systematically; job knowledge, qualitative and quantitative KPIs, initiative and leadership, and effective communication are measured on the scale of performance. The assessment is not only based on past performance but is also based on the potential for future performance. This leads into possible training and development requirements so as to boost the effectiveness of future performance.

Another peculiarity of performance appraisal at Wipro concerns sales executives. These managers, on the front lines of revenue growth, are to a large extent assessed by their customers' feedback. In fact, as much 70 % of their appraisal is based this external feedback.³⁴ One reason for this external feedback is that Wipro wishes to move away from the traditional approach, which only involves bosses and subordinates. According to the company view, the aim of the 360-degree survey is to create leaders from within and closely connect the performance appraisal process with their strategy and objectives, and their training and development needs.³⁵ The 360-degree approach summarizes four general applications of the Wipro evaluation program as well as concrete purposes within these directions.

For development, the company suggests employees' individual needs identification, feedback on performance, finding possible transfers and job assignments, and defining individual strengths and needs for development. Assessment for administrative decisions is linked with salary and wages, internal promotion, retention and individual performance recognition. Organizational maintenance is connected with evaluation of training needs, goals' achievement assessment, human resource management system' evaluation and redefining of Wipro' development needs. Employees' evaluation in Wipro is a competitive strength that encourages high performance, determines employees' potentials, rewards for performance that exceeds standard results and finally, identifies employees' needs for training. On the other hand, it helps a company to gain sustainable competitive advantage by improving its performance, making the right decisions, establishing the consistency between organizational strategy, organizational values and employees' behaviour, thus minimizing their

dissatisfaction and the turnover. Moreover, Wipro, by implementing performance management techniques, has important opportunities to monitor training and development outcomes.

Besides, Wipro introduced the rating system iRace,³⁶ which was all about employees' roles and career enhancement and graded them across levels according to roles. The current incentive program is connected with customer account performance and boils down to four essential metrics; topline, bottom-line, customer satisfaction and employee satisfaction. The proportions of the compensation packages depend on these metrics, and the customer account is central in compensation payouts. If the customer account has performed well, employees receive rewards, which vary between 20 and 30 %³⁷ of the general compensation.

Information technology is fast moving. To remain on top of its game, Wipro needs to continue to make ongoing training a key focus area, and has done so with its Talent Transformation Division (TTD). TTD assists the company in its development targets for employees. TTD employs diverse learning technology solutions (technology consulting, production and integration, development architecture, product implementation, maintenance), consulting (training needs analysis and strategy definition, change management, performance consulting, etc.), documentation services (technical writing and editing, publishing, user documentation), and content development (product, process and technology training solutions; content development solutions; behavioural and soft skills, assessment and certification).³⁸

What makes Wipro so strong? It is adamant in its belief that time must be set aside for ongoing training requirements, with employees at all levels involved in training and development. For junior staff with less than a year of experience, Wipro schedules an induction training program for software development skills. For more experienced employees, the company offers technical and business skills trainings. Training is conducted in both traditional classroom and e-learning formats.

Recently, Wipro implemented three internal technical training programs with the aim of upgrading its workers to the latest technology developments.³⁹ This is part of an overarching organizational restructuring, with an emphasis on the substantial automation of commoditized service lines and making a leaner and more multiskilled labour force.

Wipro also operates a virtual campus with Training on Demand classes that are meant to enable individuals to take charge of their own learning needs as they deem necessary.

For computer science and other science graduates, Wipro has a program to develop next-generation leaders. Wipro also has two learning programs to equip students with IT and computer application skills. Students can also apply to the Global Infrastructure Service (GIS) team directly. These programs give students industry exposure and practical knowledge on live projects and develop their technical skills. GIS is the direct entry path to become a project engineer. The Wipro Academy of Software Excellence (WASE) and Wipro Software Technology Academy (WiSTA) are two different programs which provide training for soft skills and provide experiences with projects along with a monthly stipend.⁴⁰

For selected MBA hires, Wipro assigns mentors, typically leading executives. Specific training is also provided with relevance to the position assigned. The typical career path for the MBA talent includes regular job rotations every two or three years. After five years the newcomer can expect to lead a team and after ten years, the real talent is promoted to practice head or to an international position.

Since 1992 Wipro also runs surveys of its leaders' qualities and implements a leadership development framework for its top management. The overall program is divided into different categories in accordance to different managerial levels: Entry-level program for the junior management, new leaders' program for managers who are ambitious and have potential, Wipro leaders' program for middle managers, business leaders' program for senior managers and strategic leaders' program for executives.

Unlike companies in mature, slow-growth industries, Wipro has been riding a wave of growth, and staff promotions are therefore frequent. A transparent job posting system (called 'My Opportunities'⁴¹) offers listings of vacant positions, enabling employees to apply and thus create their own career paths. Career planning in the company is focused on making employees conscious of career paths, pinpointing areas of development for current and desired roles, providing mentorship and making a professional career attainable through training and appraisal. Wipro has a platform on its intranet offering information on career planning, self-assessment forms and comprehensive job descriptions, including all the skills that are

required for each job. Training and development are clearly important tools to help retain staff, since they are linked to internal promotion. Promotions within Wipro are taken on a comparative base, as a result of good performance and project results at different organizational levels.

Wipro introduced the so-called People-Capability Maturity Model (P-CMM) in 1999 in order to address the retention issue. The objective of P-CMM was to improve the management of the human capital by better integrating staff capabilities within the organizational structure. Wipro's successful implementation of P-CMM helped make management across the whole organization more efficient and enhanced productivity and skill sets, an important achievement in the fickle IT environment.⁴²

To help retention, Wipro also offers an interesting package of benefits: interest-free loans for housing, contingency loans for weddings, illness or death of a close family member, and more. Wipro also offers the Wipro Employee Stock Option Plan (WESOP), designed to share the rewards of success with employees. Wipro also structures different benefits and special programs for developing its employees who work in specific areas, such as sales, technology, consulting, corporate functions or Business Process Services (BPS).⁴³

PetroChina: Advantages of Learning Organization

PetroChina Company Limited was established in 1999, when it was spun out of state-owned oil and gas conglomerate China National Petroleum Corporation (CNPC). The newly established PetroChina took over oil exploration, refining and marketing, as well as gas and chemicals businesses from CNPC.⁴⁴ PetroChina is now the fourth-largest oil and gas producer and distributor worldwide and the dominant player in China's oil and gas industry. The company has been listed on the NYSE since 2000 and on the Shanghai Stock Exchange since 2007.⁴⁵ PetroChina is still controlled by CNPC, which holds an 86.35 % equity interest. PetroChina is active in upstream, midstream and downstream activities in both oil and natural gas. On the upstream side, its activities include the exploration, development, production and marketing of crude oil

and natural gas. With respect to the company's midstream work, the primary activities of the natural gas and pipeline segment consist of the transportation of natural gas, crude oil and refinery products, and selling natural gas to customers. Recently, the total length of the company's oil and gas pipelines in China amounted to 76,800 kilometres, of which 48,602 kms were natural gas pipelines.⁴⁶ The company also owns several important pipelines connecting China with neighbouring countries. On the downstream side, the activities involve refining, transportation, storage and marketing of refined oil products and the production and marketing of primary petrochemical products and chemicals. For natural gas, the company handles transportation and marketing.

PetroChina operates with many different kinds of refined products (e.g. gasoline and diesel fuels). During 2014, the company established about 150 new service stations. Thus, the total network of service stations reached approximately 20,422 units. The total sales of fuel products (including kerosene, gasoline and diesel fuels) made by PetroChina amounted to around 160.8 million tons.⁴⁷ PetroChina's marketing segment accounts for almost 40 % of Chinese consumption. The refining and chemicals segment operates various refineries that produce and market crude oil in addition to petrochemical derivatives and other chemical products. In 2014 PetroChina processed roughly one billion barrels of crude oil and produced around 3028 billion cubic feet of natural gas.

The level of governmental involvement is indicated by the company's active participation in the so-called five-year plans implemented by the state: The company always tailors its activities, namely investment projects inside China, to these plans. Another important aspect of the company's strategy is its international activities. Today the company's primary regions of foreign operations are the Central and Southeastern Asian countries neighbouring China, namely Indonesia, Singapore, Kazakhstan and Turkmenistan, where it holds major stakes in regional energy companies. The company also has wholly owned energy subsidiaries in Australia and Peru. However, PetroChina internationalizes through joint ventures much more extensively. It collaborates with such large players as Total and Royal Dutch Shell, as well as with secondary players (oil juniors) all over the world. In Africa, it operates numerous joint venture agreements for exploration and production of local hydrocarbon sources.

In Canada, PetroChina develops natural resource deposits in Athabasca, Duvernay and Kitimat in collaboration with local companies. It also has established joint ventures in Qatar and Iraq, which are based on local oil fields. PetroChina's foreign partnerships also operate in China itself, namely for the supply of raw materials needed for China's energy thirst. The most notable examples include contracts with the Indian government to supply PetroChina with natural gas from Myanmar, and the long-term agreement with Gazprom to deliver Russian natural gas.

Over the course of its entire history, PetroChina has developed well-honed structures to run its extensive and complex businesses. Company strategies have evolved with the changes in the operating environment and top management. One overarching recent concern is climate change, with fossil fuels being the source of proven damage, making the sector subject to much national and global legislation. PetroChina can now significantly impact the way the Chinese economy develops and grows. The company's board estimates that its best priorities are to improve self-innovation abilities, to create a long-term measures for employee safety and to improve its environmental protection and energy conservation records. Such actions will establish and preserve a well-organized international business that is able to stand on its own against global competitors. In more concrete operational terms, PetroChina's objectives are to focus on its core businesses, develop its nascent renewable energy business units, maintain its leadership role in China and strive to expand its international competitiveness.⁴⁸

At the end of 2014, PetroChina employed a total of around 535,000 people,⁴⁹ of which 19 were academicians from the Chinese academies of Science and Engineering, 428 were senior technical experts, 100 were management experts, 322 were senior skilled experts, 4503 were senior technicians and 24,801 were technicians.⁵⁰ Talent management within the company focuses on long-term perspectives for employees, namely to ensure their growth with the necessary competencies and skills. In turn, PetroChina expects high levels of employee loyalty.

Talented employees are considered the most precious assets in PetroChina, and the company makes substantial efforts to create a good environment for the development of its talent pool. PetroChina upholds its management philosophy of 'everything is based on and for the people'

to optimize the allocation of human resources. The philosophy for managing talent at PetroChina could be summarized as the ‘three suits’: allowing suitable people in suitable position to do suitable things, thus providing a sustained drive for the company’s development. In such a way, the company expects every employee to meet his or her best potential, fulfil his or her job creatively and grow into a corporate pillar. For PetroChina, this is the only way the company and employees can move forward together.

Like most large MNCs, especially those with extensive foreign operations, PetroChina actively exploits sophisticated recruitment and selection methods and technologies. Although its sheer size and reputation mean that many slots can be filled simply by posting vacancies on its own website, PetroChina also makes use of job resources such as LinkedIn or Indeed to broaden the base of suitable candidates. It implements modern instruments of selection, in particular the position–person fit approach. Like all its multinational oil competitors, PetroChina has an extensive international presence, making it important for employees to cope with foreign postings. Of equal importance is hiring of non-Chinese staff to assist in the foreign outposts. Along with this local recruiting strategy comes the issue of local employee induction into the PetroChina family. The company is actively improving its policy in this area.⁵¹ Local employee training in PetroChina’s subsidiaries is a top priority for the human resources department. The company concentrates on employee learning, integrating it into the overall process of employee development. As a part of its training system, PetroChina conducts one-week trainings each year for local personnel that are appropriate to their job requirements.

To support training and development activities, PetroChina regularly improves its career development system. In addition to the traditional promotional system based on the judgement of managers, the company exploits online competency assessments and staff rotation to make the process more efficient and transparent. The company’s career design program, in which all employees take part, relies on systematic and targeted training programs. For PetroChina’s top management, this enables scientific management, efficient decision making, courageous innovation, continuous improvement, risk control and robust development. Based on this philosophy, employee learning abilities underpin the company’s lasting

competitiveness. As a continuous learning organization, the company expects every employee to be involved and encourages employees to learn continuously, improve their personal qualities and above all convert the new knowledge into practice on their jobs.

Naturally, the concept of teamwork is paramount. PetroChina promotes cooperation among its units, departments, operating posts and employees with the objective of having team results generate uncommon creative power and exceed individual abilities. When setting its targets, the company adjusts and integrates teams as required. These units provide lasting cohesiveness and strengthen company development. Besides, the team philosophy creates solidarity, enhances communication and fosters better company-wide integration. Yet PetroChina also understands the value of various recreational activities to stimulate initiative and teamwork among employees.

PetroChina's training and development system aims to create a well-developed training chain globally with the primary concentration on local training and development programs to forge an overall learning process in every subsidiary, unit, department and team in order to integrate all educational activities done at different organizational levels. Most of PetroChina's training programs are carried out externally by using the expert services of independent training organizations, professional coaches and certified universities. Every year the company selects a group of excellent managers and key technicians and sends them to reputable universities and training agencies in China and abroad to participate in classes in foreign languages, international business, business administration, law and other specialties. This helps to broaden management's international vision and increases their competence in international operations.⁵²

Within the company, there are four major training tracks defined by job type: managerial personnel, professional technicians, employees working in international operations and skilled operators. The training programs can be either part-time or full-time. Employees from positions requiring high skill levels (e.g. research and development) are often sent to Chinese universities for training. The classes are all curated by expert teams with relevant experience. To add complexity, training is also organized by geography, with local, international units and headquarters levels all being

hosts to training sessions. These sessions are often organized to reinforce the company's corporate culture, vision and work methods, and not necessarily for technical or skills training purposes.

Training mostly consists of giving technological knowledge and basic risk-management certificates. To improve employee abilities and skills, PetroChina organizes one-week training courses every year for local employees in subsidiaries according to job requirements and personal demands. Since 2004, around 210 employees have been sent to attend classes at the China University of Petroleum.⁵³ This university is a major site for preparing and training professionals for the petroleum and petrochemical industries. The university's progressive development during recent years has resulted in a variety of academic disciplines that, although emphasizing engineering, also integrate pure science, management, economics, law and even the arts. Providing both undergraduate and post-graduate education, the university offers various formats of academic training, some of which are tailored to the needs of PetroChina. The university has also generated a variety of key innovative technologies for the petroleum and petrochemical industries.

With PetroChina growing mostly through international expansion, training and development includes not only professional but also cultural training programs (for Chinese managers to run the new foreign operations as expatriates). The company encourages employees to work overseas, and chosen candidates are given the opportunity of an international job posting. Yet such expatriate positions are limited, since it remains PetroChina's determined policy to adhere to the principle of local job creation in preference to expatriation in foreign subsidiaries: abroad, up to 98 % of the PetroChina workforce is local hires, while another 1 % comes from different countries.⁵⁴ For example, PetroChina's Indonesian operation attracted about 7000 local employees who form the core team, and only 1.5 % are expatriates from more than ten countries (China, United States, Canada, United Kingdom and Australia).⁵⁵

Compensation for company employees is on a par with international competitors. The company links salary levels to enterprise development, and remunerates employees according to their performance and position level. There is also an annual bonus program. Among the social benefits are welfare systems, such as social insurance for pensions, and medical

insurance. The company also pays tuition fees for children whose families have financial difficulties and runs daytime elderly care centres for retired employees in several locations.

Talent organization is generally understood as a company with talent pool having a high level of one's competence, a superior step in its evolution, which is defined not only by completing the assignment successfully but also by the ability to show development and growth, overcoming economic and labour market challenges on both individual and organizational levels.

Training and development is such a key talent management practice for emerging multinationals that one can confidently state that it sets them apart from developed MNCs and from other competitors. There exists a clear perception that training and development can build a strong competitive advantage, sustainable in the long term. Good training also creates another competitive advantage: Managers in the talent pool acquire skills in 'learning by doing', and thus become uniquely firm-specific. From this point of view, firm-specific talent becomes a tacit asset which is particularly inimitable. The company's human capital thus also loses its value for rivals.

Talent management practices dealing with training and development are particularly important since they determine the evolution of staff and therefore overall corporate performance. Learning creates specific competencies (tacit knowledge) that in turn enhance the firm's learning capabilities and its performance. One immediate benefit of learning is that improved employee competencies reduce operating costs.

With labour shortage one of the characteristics of some emerging markets, the emerging MNCs depicted in this chapter mostly use training and development for career planning, performance management and employee retention. To avoid being stuck between the rock of increasing demand for highly qualified professionals and the hard place of poor supply of well-educated business people, emerging market firms rely increasingly on internal corporate educational systems. Given the dearth of well-qualified managers, some companies in India, China and Russia

have even found ways to make additional money from their training and development programs.

Many firms from emerging economies start their talent training after recruiting new hires from universities and business schools. Wipro, PetroChina and Severstal all adopted a uniform approach for talent development: to invest heavily in launching educational platforms and learning cultures. For these companies, talent is perceived as the superior mastery of systematically developed abilities (or skills) and knowledge that is considered by many as the basis for both individual and organizational performance. By investing in employee's growth and building their qualifications, Wipro develops more creative and more competent employees who are more loyal and devoted to the company's development. Wipro's thorough attention to newcomers and graduates helps to create a strong organizational culture and retain employees, undeniably helpful in confronting the talent shortage challenge in India. Additionally, the sheer variety of training and development programs creates a universal learning environment, a key part of the corporate culture and the employer brand. The same view can be observed at Severstal, where training and development practices aim to support new employees and young talent. The variety of Severstal's training programs supports the great importance of learning processes and constant individual and organizational development.

Training and development practices in emerging MNCs also serve as platforms for creating shared values, which can be critical in the case of geographically diversified companies, such as PetroChina. In order to achieve the best strategic results in foreign markets, it appears logical that the necessary training be provided both to local hires as well as Chinese expatriate managers brought to the foreign markets. In order to do so, special training and educational programs need to be established. For the local workers, training helps to acquaint them with the culture, values and strategy of the company, and stimulates promotion possibilities and career development.

For emerging market firms wishing to succeed in new markets, whether geographic or scope of business, it is not an option but rather a necessity to offer intense training both for new employees in starting positions and for existing employees. Such training and development guides employees

through a process of transition and integration with the corporate culture, values and policies.

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8

Corporate Universities as a Tool for Talent Development

The impressive recent global economic development has required amounts of highly qualified specialists and managers, especially in emerging markets. With many emerging markets facing problems of labour force shortages, firms have realized that sometimes it is best to nurture personnel within internal structures, such as corporate universities. Although helpful, short-term training programs cannot create the necessary competitive advantage for companies from emerging markets; the educational process needs to be more structured, focused, complex and systematic. These reasons help underpin the larger-scale training and development programs that are offered in corporate universities.

To start off this chapter, we examine the corporate university of Banco do Brazil, the largest bank in Brazil. The bank's corporate university shows how distance learning can be organized and developed, and how it can meet many different training needs while providing social care programs and projects. In this way, the company's corporate social responsibility is showcased as it addresses labour and economic problems in the Brazilian market.

Our second case study is the Ilim Pulp corporate university, designed as a system to identify, evaluate, select and train the company's talent

pool and prospective employees. Its programs also guide the application of these people's abilities, knowledge and skills at various management levels, with the primary objective of creating a distinct corporate culture and learning tool for the company's diversified business units.

Lastly, the best example will be presented, telling us about the Infosys corporate university, which is considered the best corporate training centre in emerging countries. In 2002, leading Indian IT company Infosys started providing education to small groups of about 50 people. One classroom with a single trainer strengthens the knowledge of the employees by sharing company best practices and thus growing the intellectual capital within the company. More than a decade later, these efforts blossomed into a huge corporate university with the capacity to teach around 15,000 trainees concurrently, which helps the company to win its fight for top-notch talent.

Banco Do Brasil: Experience in Distance Learning

Banco do Brasil (BdB) is the largest Brazilian and Latin American bank by assets,¹ and the third--largest in terms of market capitalization.²³ Banco do Brasil (BdB) S.A. was founded in 1851 in Rio de Janeiro by Irineu Evangelista de Souza, baron and viscount of Maua, via a public share offering. In 1853, BdB merged with Commercial Bank of Rio de Janeiro as a result of a legislative decision. In 1921, the bank shares started trading on São Paulo Stock Exchange. The company headquarters were transferred to the new capital city Brasilia in 1960.⁴ In 1967, the bank expanded internationally by opening a branch in New York. In 1986, the government of Brazil abolished the Central Bank's Conta Movimento within BdB, an arrangement that assured BdB an automatic supply of funds for interbank operations with other financial intermediaries. In compensation, BdB became a universal bank, allowed to do business in all market segments. In 1995, the bank was restructured to adapt to the economic situation resulting from the state's economic stabilization plan and the ensuing plunge in inflation that affected the entire banking system. The bank inaugurated its technological centre that same year.

In 1998, BdB became the first company to earn an ISO 9002 certificate in credit analysis. In 1999, BdB became the first Brazilian bank to offer limited free access to the Internet. During 2007, Banco do Brasil signed a commercial cooperation agreement with the Mexican Grupo Financiero Banorte, allowing BdB to offer banking and financial services to Mexican customers in Brazil, as well as to Brazilian entities in Mexico. During 2011, BdB acquired a controlling 51 % stake in Banco Patagonia SA, an Argentine commercial bank, with about 750,000 clients and around 154 branches, and present in all Argentine provinces. Further in 2011, BdB signed a contract for the acquisition of EuroBank, for \$6 million.⁵ The acquisition was concluded in 2012, with the necessary authorizations granted by the regulatory bodies involved, both in the United States and Brazil. In April 2014, BdB and partner banks announced the launch of Stelo, a new payment settlement system for e-commerce transactions. The venture provides digital wallet services to help consumers make online purchases using credit and debit cards as well as prepaid vouchers.

Banco do Brasil is controlled by the Brazilian government, yet its shares are traded on the São Paulo stock exchange and it follows standard international banking practices. Since 2000 it is one of the four most profitable Brazilian banks and holds a strong leadership position in retail banking. Banco do Brasil operates in North America, South America, Europe, Asia and Africa. At the end of 2014, Banco do Brasil had almost 112,000 employees,⁶ spread throughout approximately 49 subsidiary offices in different countries.

Being partially state-owned, BdB must recruit employees through a public exam (or draft process called *concurso público*) and work within strict norms of business. Given the security of the public exam, employment at BdB is considered stable and therefore desirable. BdB operates about 49 offices in approximately 23 different countries, and adhering to the local laws of each country, the employees may be local recruits. For local staff to be hired by BdB, the candidates must pass competitive tests and demonstrate their ability to communicate in multiple languages as well as specific professional knowledge (e.g. finance and asset management, economics, computer science, business administration, trade, structured and project finance) related to the available positions as the bank expands. Having prior experience in relevant areas is fundamental

for recruits. This process is usually carried out separately for each region, with approved candidates being recruited for any branch in that region for a period including the following two years (employment can be delayed for more than two years).

BdB implements commitment and respect as basic values in its relationships with different external and internal stakeholders, such as employees, clients, government and other institutions.⁷ *'We wish to thank our employees for their dedication and effort, without which it would not have been possible to achieve our results'*,⁸ Banco do Brazil states.

Employee satisfaction is a key priority for BdB, which undertakes different initiatives to foster a motivated work place. The bank's talent management programs are geared to fulfil this objective.⁹

These programs favour ongoing education, the development of competencies, performance appraisal, well-being and ethical labour relations. The communication and self-development teams are two of the company's strongest talent management foundations. In 2013, about 8700 employees were members of these teams throughout the bank's divisions. These teams deal not only with human resource-related topics (internal communication, organizational climate, recognition, training) but also with quality of life issues (e.g. socio-environmental responsibility, eco-efficiency, volunteer work).¹⁰

For BdB, and for Brazil in general given its history of immigration, diversity is a key concern. Human rights and equitable internal work rules are enforced so as to eliminate prejudice. Gender equality is also an important issue, with the bank having adopted various United Nations programs, as well as the SPM program of the Brazilian presidency.¹¹ For 2013 and 2014, BdB established a diversity plan so as to enforce the corporate culture. This plan covered recruitment, training and awareness sessions, career development and support for pregnant women on staff.¹²

The health and safety of BdB's employees is coordinated by formal committees that include managers and employees aiming to monitor and develop programs to improve work environment conditions.¹³ The Occupational Medical and Health Control Program (PCMSO) exemplifies these methods of operation. The program extrapolates what the law requires—to the extent that it ensures a wider range of examinations at shorter intervals—and is proactive in prevention, early detection,

monitoring and controlling possible health impairment. Banco do Brasil suggests a supplementary pension plan (Previ) for employees and social assistance programs (allowances)—purchase of medications abroad, assistance for the disabled, medical and hospital assistance, medical and social assistance, transfer for healthcare treatment overseas, transfer for healthcare treatment in Brazil, special nursing care, and special support for giving up smoking.¹⁴ Banco do Brasil has a Quality of Life in the Workplace Program (QVT) that also aims to support health and safety in the company.¹⁵ Worthy of note in 2013 was the QVT week, where discussions included the impact of lifestyle changes on improved health, such as proper diet and regular physical activity.¹⁶

In Banco do Brasil managers provide a feedback to workers throughout the year, to ensure that motivation and compensation solutions are appropriate. Moreover, Banco do Brasil also is very active with a network of Specialist Safety Engineering and Occupational Medicine Services (SESMT), with the objective of achieving a desirable level of safety and health for all employees.¹⁷

Talent development in BdB is based on philosophical and organizational principles, with the aims of developing talent, boosting professional excellence, supporting professional performance, improving organizational performance, making the company competitive and forming successors to technical employees and management.

BdB's training and development system was launched in 1965 with the creation of a department in charge of the selection and development of selected employees, in partnership with leading universities, English schools and scholarships. Every year the bank sets training targets based on performance evaluation and employee motivation, and then evaluates class success via indicators.

The training program was progressively developed over the years until it included assets such as classrooms equipped with advanced technology for education, the production of educational videos to provide tailor-made learning materials, and a broad range of curriculae (e.g. MBA content for senior managers, bank-specific training sessions, professionalization programs, and undergraduate, postgraduate, masters, doctoral coursework and international training courses). In 1998 the BdB corporate TV was launched in order to continue training via television.

With constantly expanding educational needs, BdB eventually decided in 2002 that it was time to create its own corporate university, UniBB, so as to move corporate education to the next level. UniBB has lofty goals, with the following nine main targets: to contribute to the strengthening of the image of the company; to develop the human and professional excellence of its stakeholders; to stimulate creativity and innovation; to promote the values of the bank's culture; to create a corporate knowledge base that maintains competitiveness; to expand educational opportunities related to professionalization, the development of citizenship, quality of life and of culture; to democratize access to knowledge through distance education resources; to value the role of managers and executives, who act as educators; and to establish partnerships with educational institutions. UniBB not only functions as a knowledge disseminator but also serves to spread the corporate culture to employees. Consequently, employees receive the knowledge to remain competitive but also become acquainted with the company's goals and informal institutes.

UniBB is considered the second-best corporate university in the country and its Internal Certification has received an award as 'best program'. Moreover, BdB won the gold award from the Global Council of Corporate Universities in 2015 as the best overall corporate university.¹⁸ UniBB also has partnerships with the Brazilian Central Bank's corporate university (Unibacen) and other institutions (University of Illinois, International Monetary Fund).¹⁹ These achievements led UniBB to be granted the prestigious status of 'Government School' in March 2012.²⁰

UniBB's training programs are presented in three different formats: personal programs are held in specific locations and are based on the physical presence of an instructor, speaker or tutor; self-study programs are led under the guidance of a selected tutor by using such resources such as printed materials, videos, applications, TV programs (provided by UniBB) and the Internet; service programs provide real or simulated situations and present case studies and trainings to meet specific training needs for products, services and everyday activities.²¹

Aside from different formats, the UniBB programs can also be classified by purpose: to acquire the necessary skills for current or future roles; to improve professional skills (e.g. for promotion) and to update technical or managerial skills, mainly through the exchange of experience with

domestic and foreign leaders. The UniBB campus also serves the needs of the Caminhos para Aposentadoria Program, which is the guideline for career planning and development within the company.²²

Although classroom training remains the preferred vehicle for teaching, distance learning has been growing in importance for BdB. The distance learning programs are also managed by UniBB. UniBB first invested in a distance MBA in 2003. In all, three distance MBA classes were offered, the first attracting more than 12,000 enrolments.²³ The MBA classes form part of BdB's target of offering both undergraduate and postgraduate distance education courses. These are packaged in modular, semi-in-person teaching systems that include interactive content supported by technologies such as the web, teleconferencing, videoconferencing and television—all integrated with computer assistance. During these classes the students are monitored by an active tutoring system which checks performance and activity flows directly, making it easier to identify possible learning difficulties. The distance learning MBA classes were developed via an extensive partnership involving public and private teaching institutions along with government agencies, state and federal public banks, and other public bodies.

Distance undergraduate courses are given on a model conceived by a network of federal and state public universities to make distance undergraduate courses available in fields of interest to the bank. On the recommendation of the Ministry of Education, the courses used technology developed by the Rio de Janeiro State Centre for Higher Education (Cederj). Banco do Brasil considers that distance higher education permits urgent capacity building for its employees to act on a market that is growing exponentially, both in new technologies and in the complexity of bank services. Accordingly, the world today requires workers ready to act in different contexts, not just trained to an operational level but most importantly endowed with competencies directed to joining together analysis and decision making. In that light, distance education, which should be student-centred, is regarded as offering professional development strong in self-discipline, self-learning and individual thinking. At the same time, students must test their hypotheses and research their methods of action in freedom, and also have a virtual environment available in which they can compare their points of view with the learning

community. Banco do Brasil has also developed mobile apps for iOS and Android that provide direct access to UniBB's courses and information.

One of the most important results achieved by UniBB is the start of the new portal that provides a distance virtual learning environment with different courses for exchanging knowledge.²⁴ Such talent development is anchored in the company's strategy and the various career possibilities, such as learning through different educational technologies (classroom and distance); programs in partnership with the best educational institutions of the country; queries to the BdB libraries with access to books, specialized journals, videos, theses, dissertations and monographs; and a virtual portal that allows access to digitized publications, virtual library, professional development tracks, online trainings, and so on. The portal, available in different languages (English, Spanish and Portuguese), serves as a linkage for every educational program, involving all employees in BdB, and lets the company decrease training and development costs.

In 2013 Banco do Brasil also launched Family Portal. With the idea of combining educational tasks and support for employees' families, BdB invested a lot in creating infrastructure and facilities for family members of BdB employees.²⁵

Banco do Brasil encourages all employees to take part in training programs by establishing a training target of around 30 hours per person per year. In 2013 the courses covered different areas, such as strategic management, credit and socio-environmental risk, accessibility loans, cooperatives, real estate lending programs and production-oriented microcredit. The course content covers courses that were defined as important for career planning and competencies development, in alignment with organizational goals.

Employees in the bank participate in the volunteer service program and in initiatives such as food and cash donations. For better understanding of the code of ethics, in 2013 BdB started an internal communication campaign. The initiative emphasized the relevance of ethical and moral values in the company's day-to-day operations.

Banco do Brasil invested heavily in corporate education. Such significant investment aimed to support educational initiatives to stimulate professional growth and competencies development, moreover to create learning atmosphere and culture with the organization. Increased com-

petition, the obligation to meet more and more customer needs and permanent changes in the global economy showed the need for the training and development system to be reconsidered.

To monitor and evaluate employees' performance results, BdB started the Professional Performance Management by Competences and Results program.²⁶ This performance appraisal system in BdB takes into account five different pillars—finance, customers, internal processes, learning and growth, and socio-environmental.²⁷ In 2013, around 98.7 % of employees had their performance assessed according to this instrument.²⁸ BdB puts a lot of effort into assessing competencies in order to ensure individual contributions and results are in accordance with the company's strategic objectives. Moreover, this perspective gives important stimulus to employees in the areas of career development and promotion.

Banco do Brasil launched the UniBB to improve organizational performance, to develop the intellectual capital of the firm and to be considered by employees as the perfect environment for personal and professional growth. To ensure the possibility of providing education for all employees whose needs were identified at the same time across the country, it became clear that the only viable alternative was the use of distance learning, offering the possibility of education across far-flung subsidiaries and departments. Banco do Brasil recognizes the importance of education for the individual's integration into society and seeks ways to expand the capabilities of its employees beyond the needs of the business. Within UniBB, the learning process is a set of activities that enables employees to determine their skills, their values and their interests, so that they can make enlightened decisions about their professional life.

Ilim Pulp: Launching Corporate University to Speak One Business Language

The Ilim Pulp Co. was registered in St Petersburg in 1992. Originally an exporter of pulp and paper products, over the last years Ilim Pulp has emerged as an industry leader and one of Russia's fastest-growing companies. In the beginning, Ilim Pulp specialized in the distribution of products from the Ust-Ilimsk and Kotlas mills. In 1988–1994, as

economic restructuring took place in Russia, the forest industry found itself in decline, with pulp output falling over two-and-a-half fold, a decline worse than that seen during the Second World War. Believing that business stability depended upon consolidation, Ilim Pulp adopted a policy of building a single, vertically integrated company—from raw materials production to end product sales. When, in 1995, the Russian government sold a 20 % stake in the Kotlas mill, a long-term business partner,²⁹ Ilim decided to bid and soon became the mill's largest shareholder. In 1995 Ilim Pulp also acquired a number of logging companies to ensure a steady timber supply for Kotlas. In line with its development strategy, in 1996 Ilim Pulp purchased a 55 % stake in the St Petersburg Cartonboard and Printing Mill.³⁰ In 1997 it acquired a controlling interest in the Bratsk Pulp and Containerboard Mill. By 2000, Ilim reached its goal of becoming a vertically integrated timber corporation with a uniform management system across its subsidiaries. The inclusion of the Ust-Ilimsk Pulp Mill in 2002 made Ilim Pulp the largest forest product company in Russia and significantly strengthened its position on the global market.

At present, Ilim Pulp ranks first in Europe and sixth in the world in terms of forest reserves and logging (7.6 million cubic meters annually), and fourth in Europe and ninth in the world for market pulp.³¹ Ilim dominates the Russian market, with 60 % of the market pulp manufactured, 25 % of the containerboard and 66 % of the total boxboard.³² Ilim Pulp products are exported to more than 50 countries in Europe, the Middle East and Southwest Asia.³³

By bringing all of its manufacturing entities under the umbrella of a single, vertically integrated organization, Ilim Pulp was able to ensure sustained, above-average output growth. Ilim Pulp employs over 17,000 people³⁴ and currently ranks among the 20 largest forest corporations in Europe in sales volume and paper and cardboard output. Ilim Pulp's facilities are located in the Leningrad Region (the town of Kommunar), the Arkhangelsk Region (Koryazhma) and in the Irkutsk Region (in Bratsk and Ust-Ilimsk). Ilim Pulp has representative offices in Moscow, Arkhangelsk, Irkutsk, and Beijing. All pulp and paper mills operated by the company are ISO 9001, ISO 14001 and OHSAS 18001 compliant.³⁵

The talent management system that Ilim Pulp developed focused mostly on training and development. By the end of 2003 each of the four company mills operated its own training centre to help improve work efficiency and to provide employees with training directly on site. These centres organize and carry out educational programs of three different natures: technical, human resource-related, and functional area seminars. The technical training mostly involves programs defined and led by the Russian Federal Service for Ecological, Technical and Atomic Supervision (RosTechNadzor). These classes often include updates regarding regulations applying to certain industrial standards (safety training, access permits for electricians, welders, etc.),³⁶ and are aimed mostly at maintaining labour safety standards and complying with governmental regulatory legislation. Such classes are mandatory for the relevant categories of employees.

Additionally, the human resource department of each mill planned its own training budget and contents, in compliance with state standards. External training for individual employees or groups of employees was organized upon request. These employees were sent to outside seminars, training programs and conferences as deemed necessary. In this way Ilim Pulp was represented at regional and Russia-wide educational events (seminars, conferences), and was able to conduct benchmarking exercises, monitor the overall situation in the industry and burnish the company's image more generally. Line managers at each mill would collect training requests and establish schedules which the regional subdivision director would review and approve. Each regional training centre would then organize training sessions as appropriate. The certificates and diplomas granted by the external educational organizations were proof of the knowledge and skills acquired by employees.

Given its geographic spread and its vertical diversity along the value chain (forestry to manufacturing and sales), functional area seminars became important regular meetings that featured discussions of day-to-day operations and tasks. These seminars gathered together employees with similar functions (e.g. human resource specialists, production and manufacturing, finance and accounting staff, technicians) from different regions. These seminars aimed to set uniform standards (service concepts or best practices) across the plants, to increase the average qualification

level in the different functional areas and to jointly develop common solutions for problems and even a common vision. Although typically initiated by a regional facility or a functional area director (at HQs), these seminars were usually organized by functional area employees and/or the human resource department.

As Ilim's phase of strong expansion by acquisition was nearing its end, in the summer of 2003, the company's board of directors approved a vast restructuring of the company. As the company's competitive advantage based on relatively cheap raw materials (mostly logs and energy) was approaching an end, holding its position on the major markets would require greater competitive efficiency in a broader sense. The need for reforms was being felt increasingly within the company. This involved consolidation, changing corporate governance, eliminating non-core assets and drastic downsizing while simultaneously improving the labour force quality; in a nutshell, the transition from both 'Soviet' and 'post-Soviet' technologies and management practices to modern methods required a new approach to human resource management: talent management. It was becoming evident to top managers and to the board of directors that line managers had to learn to speak the same business language, even before agreeing on the turnaround strategy.

The changes planned by top management were related, first of all, to the company's management methods, its way of doing business. The business governance model was re-designed, shifting from territorial responsibilities to product line responsibilities. Industrial processes were restructured and simplified, and negotiations with potential strategic investors were initiated. The role of the corporate headquarters and management structures within each mill were also reviewed.

Right from the start, the lack of qualified top and middle managers in the regions was highlighted, given the serious threat of lack of talent in the future. The majority of top positions were occupied by managers with no special training or up-to-date management knowledge, many of whom were nearing retirement, which aggravated the situation. Younger employees were especially sceptical about management's declarations and intentions. 'Does anything really depend on us?', one could hear from many of them.³⁷ Serious discussions on ways to change and improve the development and motivation system started. The goals? Expand the number

of ‘involved’ employees and create more opportunities for engaging the ‘indifferent’ in dialogue. With the ongoing debate on methods to increase leadership potential, the need to identify the most talented and motivated employees appeared. Incentives were required for those whose support was crucial for the reforms to take hold. Ilim Pulp needed to create a platform for dialogue in order to help reach an understanding and an agreement between those who had already realized the need for change and those for whom the idea had just crossed their mind.

By the end of 2003, after much independent research, long discussions, consultations and benchmarking, the vision of expanding educational horizons crystallized into one large-scale project: the launch of a corporate university as an important talent management tool that would help the company overcome the lack of managerial expertise and also create a talent pool for the future. Established to help promote corporate values and policy via a unified corporate culture, the corporate university was also designed to enhance entrepreneurial potential. Obeying the company’s key strategic priorities, the corporate university was designed to implement the talent training and development plans with an eye to improving operational efficiency, profitability and capitalization.

In this manner Ilim Pulp created its own “nursery”, except it was one for company managers, not for tree seedlings. The company decided on a phased rollout of its in-depth training, from top to bottom, with special emphasis placed on the development of innovation and entrepreneurial potential. The first group to be inducted was the *crème de la crème*: top managers and administrative personnel who needed to understand and deploy new general corporate management tools so as to increase the value of the company (a transition to business unit management, a strategic planning system, modern budgeting and supervising technologies). Second in line were the business unit directors, who needed to be prepared for new management conditions, namely the shift from management by plant to independent business unit management in the new competitive environment— meaning the need to become entrepreneurially qualified. Lastly, a pool of talented candidates needed to be cobbled together. These young, dynamic, qualified, talented and loyal professional managers were needed to manage business ventures in the regions. At the same time, the company decided to continue training

a substantial number of technical specialists and workers under various existing and new programs. Senior management believed that Ilim Pulp could both decrease expenses and significantly increase its quality by matching its programs to its skills requirements via the centralization of training within the corporate university.

Once its common vision had been set, things moved fast in setting up the corporate university. In fact, the selection of the first batch of students was carried out in parallel with the setting up process. From the idea that inspired the university to its first class session, only five months went by, time which was spent on the formation of 'shock' cross-functional project teams. These teams examined other companies' experiences with corporate universities, did some intensive consulting with business school faculties, conducted a three-stage selection and evaluation process among hundreds of candidates and selected coaches and instructors for the classes. This was the first time the company had carried out anything similar. The project team became, in actual fact, the first link in the Ilim educational chain.

At the outset, the biggest priority was not considered knowledge and skills in and of themselves but making change acceptable, even fashionable. But opinions regarding the university ran the gamut. 'Who needs this?' or 'I'm definitely going to be a part of this next year!' were commonplace. Perhaps the first-year students didn't understand what was happening themselves, but consciously or unconsciously they nudged the strategy development process on via their questions, doubts, arguments and enthusiasm. New forms of cooperation sprouted between those who had initiated the reforms, the shareholders, the college team, the regional human resource managers and of course the students, who were assigned specific tasks to solve on site at the plants. Following its successful launch, Ilim University was designated as the corporate coordination training centre. The university was now not only to fulfil the corporation's pressing need for qualified manpower, but also, and this was more important, to help plan for the future. This required a comprehensive and systematic approach to employee training in order to satisfy the new demands being placed by new production and business technology, new product and competitive market developments and innovations in management science.

To establish Ilim University, top management and human resource specialists faced various challenges connected with the creation of the new development strategy (its vision and values) and, importantly, convincing stakeholders. The prickliest issues included the analysis of existing responsibilities and managerial practices and their proposed transformations (under new conditions) in order to design the right training programs; the analysis of core competencies; the evaluation of current management and their growth potential, as well as developing selection criteria for the new talent pool; the development of strategies and policies relative to career growth in the company (to motivate and efficiently employ managers after graduation from the university).

Ilim Pulp management felt that tight coordination between various divisions was necessary in order to make the corporate university a success. Among the constituent building blocks were:

- the members of the board and top operating managers, whose primary goal was the development of qualified personnel in the fields of strategic planning, the creation of a common vision and the unified description of the company's desired course;
- the corporate entrepreneur department (its work was directed towards identifying and developing the entrepreneurial potential of those managers and employees who could take on responsibility for separate business and service units);
- the administrative practices in large-scale corporate management and the business management departments (the primary goal here was the improvement of the administrative skills of the company's top managers and business unit directors);
- and the organizational change strategy department, designed to encourage managers and employees to participate in the corporate reforms.

As for the practicalities of establishing the corporate university, Ilim had to first create the teaching concept and structure, work out a budget, search for partners and contract out work to external training structures (business schools, training and consulting companies in St Petersburg and Moscow), develop training programs and courses, and hire career coaches and experts in personnel training.

To do all this, an independent division was established within Ilim headquarters: Ilim University; governed by a council, headed by a chairman (member of Ilim's board of directors) and including Ilim top managers as well as an external expert in management development (a consultant).³⁸ The council approves Ilim University's annual budget, the curricula of its programs, the participants in management training programs and the candidate pool. The council also evaluates the implementation of the programs and each participant's results, and then makes decisions regarding career promotions and development. The management of the university is conducted by its director, who was one of the company's senior managers.

Ilim University rolled out its curriculum in stages. In the first stage, top management was addressed, including shareholders, members of the board and the executive committee, and product line directors. International management programs were an important part of this training diet, with benchmarking vis-à-vis competitors actively used. Some training sessions were conducted abroad. Having the directors work together was considered a top priority in order to develop deeper, mutual understanding and learn how to speak the same language. Emphasis was also placed on strategic vision development skills, systems planning, the study of principles of reengineering, business process analysis, cutting-edge practices and modern concepts of talent management, and leadership and motivation skills. Business unit directors, who until then had typically been responsible for production subdivisions, were also trained in the first stage. The new corporate vision for business development required additional up-to-date knowledge in fields such as economics, tax, law, marketing, human resource management, psychology and business ethics. These programs included team exercises to improve corporate teamwork (including participation of corporate headquarters and product line directors). Program directors were instructed to develop ideas to both facilitate the adoption of the reformed system by each trainee and manage potential conflicts caused by the transformed company structure (change can hurt). In parallel with the first-stage classes, the company carried out a complete personnel audit. Merging the results of this audit with the defined five-year development strategic plan, specific growth plans were established for priority personnel resources.

For its selection of candidates, the university conducted a two-stage selection. During the first stage, the human resource department and top managers constituted a candidate pool of those who, in their opinion, were the most likely to succeed and move up the corporate ladder. The second stage consisted of an independent evaluation of these candidates by assessment centre methods. The assessment centre's work was organized and carried out by specially trained corporate university employees. The final list of program participants was approved by the Ilim CEO and the university council.

At the beginning of Ilim Corporate University, its founders counted on the corporate reformers to take initiatives at the company level, understand the general management processes under way, at the mills in particular, and also take initiative in new business projects and cooperate with headquarters and management at the mills. Initially three programs were established to kick off the university curriculum³⁹: the DS program (directors and shareholders) for top managers and shareholders; the CE development program (corporate entrepreneur) for top management candidates (talent pool); and the TOP 100 for company subdivision directors.

The DS program was designed to develop company leadership potential, by imparting the newest practices in organizational and business development analysis, modern techniques in group decision-making, management models and administrative team development. The final decision on group structure was made by the university council. The group structure did not change during the program implementation process. The DS program included six sessions, with two independent sessions limiting access to shareholders and directors, respectively. Three sessions, including the final session, were combined. The program lasted around one year in total. The CE entrepreneurial program participants were also invited to the final session. The final session included the following topics: history and theory of successful businesses, doing business in Ilim Pulp, corporate vision and culture, management model, mentoring and leadership, corporate management: history and theory, and business and organization development.

A renown training and consulting company was the main partner in terms of program implementation. The company handled the

event organization and provided program methodology and content. Employees from this consulting company participated in the DS sessions as coaches, moderators and process facilitators. Moreover, independent advisers and teachers were invited to take part in the program.

The corporate entrepreneurship (CE) program was of a different ilk altogether. It aimed to identify and then develop and promote younger employees with proven leadership potential. Although the CE program sought to develop entrepreneurial skills, its real focus was on intrapreneurship (i.e. within the company) and on fostering innovation. Participants were instructed on how to generate ideas, increase productivity and create value. Other classes covered general management topics: openness and the ability to learn, leadership skills, systematic vision and strategic thinking, and general management skills.

The CE program focused on young employees who showed leadership potential and were capable of quickly evaluating the changing situation and offering new, sometimes unorthodox, solutions to Ilim's operational problems. The CE program was designed for the education of new leaders who might be promoted to top management within a few years. Also known as the mini-MBA, the CE program was inspired from the MBA curriculum, yet with an emphasis on entrepreneurial skills, creativity, and productivity.

The CE program's intake consisted of two groups of 16 people each, trained over the course of a year. CE program candidates were to possess leadership potential, higher education, corporate experience and the desire to be a career administrator. As for the DS program, the final student selection was made by the university council on the basis of the assessment centre's recommendations.

The CE program lasted nine months and consisted of five sessions, each session lasted five working days, as well as a group project. The main CE program modules were the following: international management quality standards; business and corporate entrepreneurial skills development; corporate culture; company leadership and personal leadership; session of self-evaluation in managerial, business and leadership area; project management; financial management; strategic management; conflict management; risk assessment and accepting responsibility; creativity development; and finally, personal development prospects. An important feature of the

CE program was the participation of company managers on the faculty. Also present were leading professors from recognized Russian and Western business schools, authoritative advisors, and top managers of well-known Russian and global companies.

In 2003 and 2004, about 48 managers graduated from the CE program. Their careers developed in different ways. About half of them managed to show their skills during the training process and successfully defended their projects. As a result of the training, ten alumni were promoted, which was considered a success by Ilim management. This achievement was significant because Ilim University started as the company was undergoing its radical restructuring, which often made placing fresh young talent in existing management positions difficult.

The last program offered at Ilim University is the TOP 100 program, its broadest, which addresses the development of managerial skills, effective communication skills, marketing and financial management knowledge, time management and self-organizing skills, project management skills, creativity and self-development. Over the course of one year, six groups of 16–25 people undergo training.⁴⁰ The full program includes 30 modules of three days each, yet each group attends five modules only. The main modules of the TOP 100 program are as follows: basic managerial skills and leadership, project management, time management, conflict management, effective communication techniques, mentoring and subordinate development and evaluation, presentation skills, financial management, human resource management technologies, branch and company history, creativity development and corporate culture. The first batch to enrol in the TOP 100 program was in 2004, and included 100 highly evaluated young managers.

Since its inception, the corporate university, proceeding from identified strategic priorities and the company management's decision, has performed the following activities:

- developed the company's personnel policies with the aid of the corporation's personnel centre, on the basis of long-term plans and input from subdivision directors,
- determined the company's need for specialists of a certain quality (depending on competence and skill level),

- carried out the manpower audit (using sociological research results, personnel evaluation methods, personnel service data analysis, etc.),
- planned training and retraining of directors, specialists and ordinary workers,
- organized this training (the selection and drawing up of training programs; the search for higher educational institutions, training companies, advisers and teachers capable of conducting the classes; carrying out preliminary negotiations and executing contracts; controlling the activities of external providers; handling of organizational and technical issues during training; etc.),
- assisted in the formation of the necessary ideological views of the corporate directors and employees during training,
- supervised the activity of the holding company's educational centres,
- formed the company's candidate pool, in agreement with the Ilim personnel centre,
- determined the hiring policy and personnel motivation system (before training, during training, via the results of training),
- accumulated corporate knowledge, coordinated research and development, and encouraged labour-saving activities at the local level,
- provided feedback related to the training and monitored the efficiency of the programs,
- and developed projects related to industrial and structural improvements as well as business ideas (as some students' degree project programs).

Ilim Corporate University is itself an educational institution carrying out training (internal training) with the aid of company employees and the central corporate educational centre (and, in the future, off-site training as well).

The main objectives of the corporate university include current talent evaluation; changing the current status of the company, which implies a program for talent development; training itself, and accompanying solutions to organizational questions; and evaluating the efficacy of the training, which often means amendments to the program contents.

The key to the corporate university's success is in providing for the professional growth of the most talented employees in an efficient

corporate business management setting. Moreover, corporate university experts identify and analyze current problems and goals of the corporation's potential development of its human capital and evaluate current administrative and technical competency and knowledge levels as well as the existing demand for training. On the basis of this information, new training programs for technical experts and workers are devised and existing programs are amended.

According to company management, the university's goals are wider than those of an educational establishment, and that is why the university is not an independent legal entity and does not give out diplomas. For each individual manager, successful training at the university means inclusion into the candidate pool, or in other words, into the company's administrative 'array'. Also, according to company management, the university is considered to be a platform for the monitoring, analysis and development of creative solutions to the most complicated challenges that the company faces. The primary tool for this problem solving involves interaction: analytical sessions, brain storming procedures, courses and seminars. Ilim Pulp Corporate University aims to be a creative laboratory where everybody can test themselves and new management techniques, thus forming an environment for development.

At the end of the program, the students defend a project, which is directly connected to some Ilim activity, and the enrolment committee (teachers, members of the university council, and the corporation's and enterprises' top management) chooses the most promising projects. The most interesting work wins special nominations. In total, from the projects defended each year, approximately one project out of 12 is recommended for immediate introduction and ten for completion and introduction. After the end of the training, the university council creates a professional growth plan for each participant. Furthermore, the students' professional achievements and results are evaluated at least once a year. Moreover, special 'postgraduate support' meetings are held, enabling the participants to analyze their own results, exchange experiences and discuss further company development innovations.

The purposes of the project includes the simultaneous development of the participants' leadership potential, administrative skills and project management skills; the development of models for general solutions to

the company's conceptual issues; the strengthening of corporate culture and becoming acquainted with advanced theories and practices. The corporate university is supposed to serve as a platform for training about new approaches to business management. In this regard, the Ilim Pulp Corporate University is considered not as an educational establishment but as a tool for the development and fine-tuning of the company's future management system. At present, the focus is being put on a comparatively small number of programs. However, these programs are supposed to be taken from the beginning to the end. The contents of the programs is always determined by the company's current needs, which depend on internal issues decided by shareholders, the board of directors and the management system. The distribution of functions and interaction with human resource managers and personnel services of the corporation is a strategically important aspect of the corporate university's activity. Human resource managers and the corporate university coordinate their work, personnel services submit data for evaluation and analysis, their employees are invited as experts to enrolment and graduating commissions and they carry out placement according to the university council decisions on graduates' placement.

The corporate university contributes to the uniformity of corporate values and the promotion of the desired corporate culture. The training programs enable the company to transmit key values as well as establish both evaluation criteria and, most importantly, standards of desirable behaviour. Another key function of the corporate university is being a platform for process modelling and for testing of new ideas in the context of training. According to Ilim Pulp, the corporate university helps to reduce the resistance to planned innovations, for example, as a result of the activity of special expert groups focused on company problems.

Ilim Pulp considered the corporate university to be one of the key elements in the implementation of the board's policies and talent management practices, as a tool for preparing and carrying out changes and as a mechanism for providing ongoing improvement. The concept behind the Ilim Pulp Corporate University required several departments to work together to focus on training various categories and groups of employees in alignment with the talent management philosophy.

Infosys: The Best Corporate University in the Emerging World

Founded in 1981, Infosys Limited is one of the largest Indian MNCs, providing business consulting, software engineering, information technology and outsourcing services. Headquartered in Bangalore, Infosys' market capitalization is about \$40 billion, making it India's sixth-largest publicly traded company and the second-largest Indian IT service company. Infosys started when seven engineers launched the company with only \$250.

The founding principle of the company is to help develop and implement great ideas and provide valuable enterprise solutions that drive progress in client companies. *'We provide enterprises with strategic insights on what lies ahead. We help enterprises transform and thrive in a changing world through strategic consulting, operational leadership, and the co-creation of breakthrough solutions, including those in mobility, sustainability, big data, and cloud computing'* explains an Infosys co-founder.⁴¹

Infosys started growing rapidly at the end of 1980s. In 1987 the company went international with the opening of its first foreign office in Boston. In 1993 the company went public, with its share price growing more than 50 % in five months, thus generating substantial funds for further company expansion. During the late 1990s Infosys established new antennae in Canada, Germany, Sweden, Belgium, Austria, the United States, and France. The company experienced enormous growth during that period, with revenue doubling every year from \$100 million in 1999 to \$400 million in 2001.⁴² From 2000 to 2003 Infosys expanded its global footprint, with new offices in Hong Kong, the United Arab Emirates, Argentina, the Netherlands, Singapore, China, Australia and Switzerland. By 2008 Infosys reached \$4 billion in revenue and annual net profits of \$1 billion. Staff exceeded 100,000 people.⁴³ Growth was mostly organic, with only four large acquisitions: EIS in Australia in 2003,⁴⁴ McCamish in the United States in 2009,⁴⁵ Portland in Australia in 2011 and Swiss-based Lodestone Management Consultants in 2012.⁴⁶

In 2012 Infosys was recognized as one of the most innovative companies in the world. Infosys is the first Indian company to be listed on the

NASDAQ and the source of India's first salaried millionaires. Currently, Infosys is a publicly traded company with revenue of about \$8.64 billion,⁴⁷ employing more than 179,000 people, with offices in more than 50 countries and it is at the forefront of the IT industry in India.⁴⁸

Infosys consists of several main business units. Infosys Lodestone is a global consulting firm providing solutions in strategy, process optimization and IT transformation. Infosys BPO Limited is a subsidiary focused on business process outsourcing, delivered benefits such as cost reduction programs, ongoing productivity improvement programs and process re-engineering. Infosys Public Services Inc., based in the United States, assists public and healthcare sector organizations to stay a step ahead of emerging business trends through the implementing of innovations.⁴⁹

As the leading Indian software company, Infosys has been recognized as the best employer in the country by many human resource management surveys in recent years. In 2014 over 1.3 million people applied for a job at Infosys, and only 1 % of them were hired.⁵⁰ Indeed, Infosys tries to recruit the best talent from around the world in order to fulfil its vision of being a globally respected corporation.

Talent management practices in Infosys deal with recruiting, development and rewarding, the main instruments for attracting and retaining talent according to the Infosys philosophy. *'Our people are our biggest assets. At the end of the day, when everyone goes home, our assets go down to zero'*, claimed Infosys.⁵¹

The recruiting process starts with a tough selection process consisting of up to ten steps, including many tests and interviews. Hiring is very structured and similar across all business units. The company conducts a huge amount of hiring programs, yielding strong relationships with leading universities worldwide. For instance, the global recruitment program hires MBA graduates from leading business schools as well as 100 master's graduates for its sales teams in 2015.⁵² In addition, Infosys recruits up to 300 management and technology graduates from leading US universities.⁵³ Infosys hires high-quality people with innovative skills and a good track record in innovation.

Each new hire starts his or her career with a 14-week training program. Moreover, every employee has to attend training courses every year. The trend to grow employees from within the company led to the creation

of a considerable internship program for undergraduates. New employees are assigned mentors, who held higher positions. Mentors educate and guide newcomers, thus providing constructive feedback and assessing employee performance.

Every year the company conducts different workshops to increase the professional and leadership skills of employees.

Given the complexity of its team projects, Infosys introduced Global Delivery Model (GDM),⁵⁴ a framework for distributed project management and multilocation team engagement. By connecting infrastructure and a quality orientation, GDM reduces engagement risks for Infosys customers. By allocating its global resources in the most cost-effective and lowest-risk manner, GDM helps deliver high process and quality standards while taking into account cost and skill differentials of personnel in different locations. In order to create its GDM, where employees all over the world work constantly on one product, Infosys established international development centres around the globe. The end effect? The sun never sets on the Infosys empire, with staff being able to work round-the-clock on projects in 'seamless' coordination. At the outset, the development centres employed overwhelmingly Indian employees (97 %). However, in order to create global diversity and remain innovative and diverse, Infosys targets to hire at least 30 % non-Indian new staff every year.⁵⁵

To reach this goal, the Global Talent Program was launched as an experiment with about 126 recruits from US universities. These young employees were first trained in Mysore (India) before being transferred to American offices. One year later, further UK and US recruits joined the program.

In its efforts to be more successful and stimulate its growth, Infosys has expanded its innovation fund from \$100 million to \$500 million.⁵⁶ A global ecosystem of strategic partnerships is fostered by investing in innovative and developing firms and organizations.

The company actively implements the strategy for global talent management, leadership development and diversity management. Infosys has an exclusive diversity office to take care of the specialized needs and aspirations of its diversified workforce that includes women, who comprise 32.4 % of the total workforce, foreign nationalities representing nearly

70 countries, newly recruited employees, physically challenged people and working mothers.⁵⁷

Since the very beginning, the company adopted the philosophy of meritocracy (a system in which promotions are based on achievements). Infosys therefore closely tracks and assesses the work of its employees. The performance appraisal system of Infosys is based on three tracks.⁵⁸ The first track deals with performance assessment, based on feedback regarding personal competencies. Infosys actively uses a role model; in other words, all employees have a position and responsibilities related with this position. In turn, direct managers assess the quality of work and completion of the assigned tasks.

The second track covers senior management appraisal. Managers in leadership positions undergo annual review, consisting of a self-appraisal form which is brought forward to a discussion panel. The panel includes the head of the department, the immediate supervisor of the appraisee and senior management personnel from another department. Promotions are then decided on the basis of their review.⁵⁹

Finally, the third track is called 360-degree appraisal for all departments and business units.⁶⁰ The hierarchies covered include the head of delivery, heads of departments or practice units, all direct reportees to the heads and all other leadership positions in the company.

For Infosys, 360-degree feedback is the mechanism to gather data about an individual's performance and abilities, with the data collected from colleagues (including peers, subordinates, managers) and from customers. Personal development plans (PDPs) are prepared on the basis of information received during evaluation. Development assignments aim to identify high-potential employees to be trained at various functions of the company through job rotations and cross-functional assignments.⁶¹ This approach supports employees during training and development process and stimulates acquisition of new competencies often outside their own professional expertise.

Infosys culture workshops are developed to spread the Infosys values amongst all employees, support them in communication and feedback processes and help talent to be integrated with the company's strategic vision and plans.

Systemic training and development processes in Infosys aim to create a view that is shared by all employees inside the company to stimulate overall talent involvement in achieving strategic objectives. Great attention to real-life challenges and practical exercises reflecting current organizational situations helps Infosys be proactive in decision-making processes.

Infosys uses Consolidate Relative Rating (CRR) for its assessments, with grades ranging from 1 (highest) to 4 (lowest).⁶² The CRR system gives employees and managers a clear and structured understanding on how to achieve targets successfully. Further, it helps employees to understand which result the company is expecting from them and how their work is being assessed. In other words, it eliminates misunderstanding because everybody knows what he or she has to do. Although many studies have shown that the most effective incentive is either pay or reward for individual achievement, the career model that Infosys created could be described as 'individual growth within organizational goals'.⁶³

Infosys provides an integrated set of services addressing employee and retiree savings and retirement programs, stock plan and health and welfare benefits. The company's compensation system is based on the idea that the benefits granted depend primarily on the status of the employee. Within Infosys, the Employee Benefit Service department is responsible for the provision of benefits. It also determines salary levels and decides what compensation employees receive. Among the basic perks offered to the employees are life insurance, health club memberships, paid sick leave and paid holidays.⁶⁴ Salaries for employees of the same designation vary on the basis of qualification and years of experience. Naturally the academic qualification and educational profile also influence salaries.

Infosys satisfies financial needs by a well-structured reward system based on bonuses for great performance, overtime pay and skill-based pay, insurance system (including extra facilities for the feeling of comfort, for example, transportation), non-financial benefits (internal communication program (InSynk) and organization of different kinds of other events).⁶⁵

Infosys sets itself apart from other companies by its multidimensional approach to training and ongoing education. In 2002 Infosys opened its corporate university, with an initial batch of 50 students. The class size has now jumped to around 15,000 employees.⁶⁶

The corporate university occupies a campus of about 140,000 sqm in Mysore, with 200 classrooms and 500 instructors.⁶⁷ The corporate university operates with both internal employees and with external clients. There are four main educational institutions, making it the world's largest corporate university: Education and Research, Infosys Leadership Institute, InStep and Campus Connect.

The largest section of the whole university is Education and Research (E + R), which is now the biggest 'technical university' in Asia, providing training for over 30,000 new hires of the various Infosys engineering and technical departments, and to new employees of strategic partners every year. E + R covers technical topics and project management for both staff and for key customers. In addition, E + R is the guardian of the teaching assets within the company: it provides, manages and supports all the learning infrastructure. E + R even extends its reach to schoolchildren, for whom it provides IT educational programs. Five of the E + R training programs deserve mention here given their importance for Infosys. The *On-Line Learning Program* was created to enable access to training programs from remote locations. The *Foundation Program* is designed for newcomers, who undergo 12–14 weeks of full-time rigorous educational training before induction into operational activities. The *Just-in-Time (JIT)* courses are delivered to Infosys employees based on sudden or unforeseen requirements, namely to meet any urgent customer requests. The *Knowledge Management* group is the hub of all knowledge sharing within Infosys. This is a very active platform and uses multiple channels for knowledge sharing. The *Certifications Program* is very important since deepening competencies is a strategic imperative with twin objectives: giving employees an opportunity to continuously enhance their competencies and helping them achieve their career aspirations. The internal certification program encompasses technical and business-related certifications for all employees.

Second in importance within the corporate university is the Infosys Leadership Institute (ILI), a business school designed to improve leadership and interpersonal skills. This is an essential part of personnel development that drives company success and widens personal horizons. The ILI consists of two faculties: the *Global Business Finishing School* offers training programs of six weeks for individuals with IT backgrounds

or 14 weeks for individuals with non-IT backgrounds; the *Role-based Training Faculty* offers multiple learning forums, providing various learning styles for various fields of study.

InStep is a global program of internships, organized in collaboration with some of the best universities from around the world (e.g. MIT, Stanford, Harvard, Oxford). The program provides internships and workshops outside India, focusing mostly on business and technology students, selecting about 125 individuals annually from over 7000 applicants. The candidates, who undergo competitive selection, work on different projects with Infosys teams. The InStep internships include a compensation package with a monthly stipend, round-trip airfare, guest house accommodation (on campus) and medical insurance. Guidance comes from project mentors and support from student mentors. Lifetime membership in the InStep alumni network is also granted. The typical duration of an InStep project is 8–12 weeks (the exact duration depends on the nature of the project and the intern's academic calendar); the program is open to students from a select list of universities.⁶⁸ InStep is also perceived as a way of attracting foreign employees to India and other developing markets.

The final program at the corporate university is called Campus Connect, an engineering and management platform for IT talent. Campus Connect is a large forum, where best practices from Infosys and other companies are discussed and shared in an educational context. Campus Connect not only equips graduates in computer science and software engineering with best practices but also helps them apply their learning to practical situations with a special emphasis on teamwork, project management, cross-functional networking and effective communication.

Campus Connect consists of several programs. The *Foundation Program* aligns technical competency to a student's individual needs; it consists of real-life case studies and insights into application of technology.⁶⁹ The *Faculty Enablement Program* introduces teachers to nine generic courses, new teaching methodologies and prepares them to roll out the Foundation Program in their colleges.⁷⁰ This means major changes in the way these teachers train the students, assess them and put technology to use. The *Soft Skills Program* aims at grooming individuals into excellent team players who will have strong communication skills and will adapt

to the corporate work culture easily.⁷¹ The *Student Industrial Visit* is a student–faculty group from different engineering disciplines who visit Infosys for a half-day.⁷² The purpose of this visit is to show the real challenges and tasks of IT business. Deep Dive Technology (Train the Trainer Program or TTT) is a technical workshop for engineering college faculty conducted on the Infosys campus.⁷³ TTT covers a range numbers of industry-oriented courses for a particular focus area and latest trends in IT technology.⁷⁴ Program courses are based on team discussions and analysis of real-life case studies or projects. TTT can be considered a good tool for internal interaction and knowledge sharing.

About 100,000 entry-level graduates successfully completed programs in the Infosys university.⁷⁵ These training programs have an enormous influence on talent development in Infosys. The volume of training programs, in which every employee has to participate every year, gives Infosys considerable advantage by increasing the level of professionalism of its employees. The ability to train and develop its employees allows Infosys to compete successfully in the market and continue to grow despite competition. If Infosys calls training one of its core competencies, the ability to learn is, conversely, one of the main selection criteria for hirees. For Infosys, learning refers to the ability to generalize from specific situations and use this knowledge in new and unstructured situations.

Leadership development is based on the five main Infosys corporate values (C-Life). The program divides leaders into several categories based on their personality and work experience. The company also organizes special training sessions for senior leaders, who also have the opportunity to study at top universities in India or abroad. To assess the work of Infosys conducts annual surveys and asks participants about the effectiveness of such programs. The company also evaluates trainees. For these purposes, managers use a leadership index, which consists of nine dimensions and rates each person on a 1–5 (highest) scale. According to Infosys philosophy, a true leader must not only possess certain qualities and skills but must also to be able to teach other employees. The ILI also enumerates important pillars for leadership development.

Career development is a key element of the company's talent strategy. For this purpose, Infosys has introduced different programs. One of the

internal programs is called Pathfinder NEXT. This web-based platform enables new employees to choose work opportunities and plan their career paths. This can help in job enrichment, vertical or lateral exposure, hands-on learning and development, depending on the specific needs. With over 2600 applicants, 500 internships and over 100,000 hits since its launch in 2012, the demand for PathFinder NEXT is sustained.⁷⁶ Job Shadowing is another interesting program that provides new employees with first-hand insights as they observe the work of their mentors. This helps employees to see eventual career perspectives, since mentors occupy higher positions in the same areas of activity.

In 2009 Infosys launched a program called Role and Career Enhancement (RCE). This tool maps positions in the company with the relevant experience and professional skills of employees to create a role-based career structure that fits both the business requirements and the needs of employees. RCE thus aligns career structures with the organization's business imperatives, organizational culture, philosophy and employees aspirations. RCE also grades employees across different levels according to their roles.

RCE is not just a short-term evaluation that includes different surveys but is instead a long-term approach used as a tool for promotion. The RCE tool defines specific periods when a particular employee may be promoted (for example, based on length on job or project completion). Employees are evaluated according to their achieved goals, and if the work of a particular employee is not good enough, not only will promotion be denied but there is a risk of being demoted. In one revealing incident, a project manager with 3.5 years of experience was demoted to technical specialist and had to work for two years to regain project manager status.

Infosys has placed great effort in developing a talent management system based on learning and development, thus developing its corporate culture and its brand image as a highly regarded employer. The fact that Infosys operates the largest Asian corporate university underlines the extent of its commitment to developing and retaining its employees. One of the reasons why Infosys, the world's leading IT outsourcing company, has grown so rapidly while upholding the quality of the talent recruited is because their culture is based on principles highly valued by

knowledge workers: professional freedom, innovation and opportunities to learn. Today Infosys holds a leading position in corporate education and serves as a model for other companies developing their own educational systems.

The different examples of corporate universities presented in this chapter highlight the importance of corporate education for emerging market firms. These corporate universities are, first of all, aimed at the development of competencies at different levels: organizational, group and individual. The universities also offer different training platforms for new approaches to business management, a serious step towards the improvement of business culture and for the development of a positive, forward-thinking atmosphere in the company.

The cases show the universal role of corporate universities in talent management implementation. They provide the link between talent evaluation, development and retention. Banco do Brasil, Ilim Pulp and Infosys launched corporate universities not only for training and development purposes but also for the purpose of creating overall educational platforms where talent can be assessed, trained, developed and integrated into organizational growth and corporate strategic objectives.

Yet corporate universities go beyond training. They also serve as an important tool for establishing and developing the organizational culture by involving employees in knowledge creation and knowledge sharing processes. Moreover, those competencies and skills which are necessary for the realization of strategic goals are determined within the realm of the corporate university.

Ilim Pulp as a corporate educational institution conducts training, makes assessments, provides feedback and accumulates corporate knowledge. At Infosys, huge efforts are made by the company to create a learning organization and guarantee training and development for all employees through a great variety of educational programs and projects. Banco do Brasil invested a lot in developing e-learning and distance learning, thus making training and development practices accessible and valuable for employees in different geographical locations. Another important advantage of corporate universities is that emerging multinationals, being often spread out over large geographical areas, need to standardize and unify their training contents, which implies work upfront to conceive uniform,

precise and defined training sessions, as is the case for Ilim Pulp and Banco do Brasil.

The case studies in this chapter show that corporate universities are tightly linked with career planning and development, by providing options for career growth and for talent and organizational knowledge development. Following on this lead, corporate universities are important motivating factors, since they provide feedback about participant competencies, value to company, and therefore potential for career development. The three cases provide ample proof that corporate universities in emerging markets act as an engine for organizational development by generating ideas and stimulating continuous development within the companies. In the talent competition occurring in the emerging market context, the battle will be won by companies with a strong educational focus. From this point of view, it is hard to find better educational assets than a corporate university.

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9

Rewarding Strategies of Emerging Market Firms: Creating and Supporting Talent Motivation

Whether in emerging markets or developed ones, reward systems are key components of the talent management tool kit. They are widely used to provide a better fit between employees and the organizational values and performance targets of the companies that employ them. The reward system aims to attract, motivate and retain employees by increasing their willingness to work within the organization and perform productively. Proof of the effectiveness of these reward systems is their broad spread, using monetary compensation and social benefits that vary according to the company's strategic priorities and the employee's position.

Reward systems can be structured with both tangible and intangible incentives. The tangible part includes monetary compensation, which can take different forms: salary, bonus, and benefits (e.g. stock options) to encourage efforts to meet both short-term and long-term objectives. Companies from emerging economies are currently paying increasing attention to the intangible part, those talent-retention practices using reward systems that include training and development prizes. Such far-sighted compensation solutions stimulate organizational growth and the development of key competencies.

In this final chapter, companies from emerging markets provide insights into reward systems: the Brazilian oil giant Petrobras, the Russian industrial engineering company Rakurs, and the Indian conglomerate Tata. For Petrobras, given its strong links to the Brazilian government, its compensation plan places special emphasis on internal equity so as to provide fair compensation, including both fixed and variable components. To attract employees who will deliver results, Petrobras relies on performance-based pay, linking actual pay to measured output, while base salaries take account of staff qualifications and skills. Rakurs exemplifies how rewards and compensation can be used to give a firm a leading market position. Rakurs exerted innovative efforts to structure long-term motivational targets in such a way as to successfully compete for top management positions. And since engineers are at the core of Rakurs' business, expect mathematical formulae! The sprawling Tata conglomerate, with more than 100 business divisions, illustrates how to align an effective reward and motivation system with a company's strategy, operational goals and organizational development.

Petrobras's Talent Pipeline: Motivation Via Compensation and Training

Petrobras is a state-controlled Brazilian energy MNC, active in the following oil sectors: exploration and production, refining, transportation, petrochemicals, oil product distribution, natural gas, electricity production, chemical gas and biofuels. As of January 1, 2015, the parent company employed about 58,500 employees (of which 15.8 % were women and 38.2 % were university graduates, of which a slightly higher share were women, at 21.2 %). The Petrobras Group employs about 86,000 people, of which almost 7000 are abroad,¹ via operations in 28 countries, mainly in Latin America and West Africa.²

The company was founded in 1953 by then-president Getúlio Vargas in order to undertake oil-sector activities in Brazil. In 1954, Petrobras inherited the Mataripe and Cubatão refineries from the National Petroleum Council, the company's first assets.

From 1954 to 1997, Petrobras enjoyed state monopoly status for drilling and production, whereas downstream retail distribution (service stations) was left open to private competition.³ After the release of a gloomy prospect report, the company created a research centre called CENPES⁴⁵ in 1963 and then proceeded to reverse its fortunes thanks to deep water drilling. The first offshore rig operated in depths of up to 30 meters and discovered the Guaricema field on the Brazilian continental shelf, followed by the Bacia de Campos deposit.⁶ Given the expense and risk of offshore drilling, Petrobras also started relying on 'wildcatters' for exploration.

In 1997 Petrobras lost its monopoly status but reached a production level of one million barrels/day (bpd).⁷ To diversify its geographic risks, the company signed deals in other Latin American markets. In 2003, barely five years later, the company passed the two million bpd level and expanded into Argentina, Bolivia, Peru and Paraguay via the acquisition of PECOM Energia. With an eye on the Japanese ethanol market, Petrobras signed a joint venture with Nippon Alcohol Hanbai in 2005.⁸

Petrobras is the current market leader in Brazil and is present in 18 countries worldwide⁹ (Angola, Argentina, Benin, Bolivia, Chile, Colombia, Gabon, Japan, Libya, Mexico, Namibia, Nigeria, Paraguay, Peru, Tanzania, the United States, Uruguay and Venezuela). It also has representative offices in Turkey, China, Singapore, the United Kingdom and Holland.

In 2013 Petrobras employed a total of 86,111 people, of which 62,692 were employed in Brazil, a further 15,903 were employed in Brazilian subsidiaries, and another 7516¹⁰ were employed in other countries. In 2013 Petrobras spent R\$27.6 billion on its personnel, including salary, profit-sharing bonus, benefits, retirement and pension plans, health plans and payroll charges.¹¹

As could be expected from such a large company, the Petrobras corporate mission is extensive: performing in the oil and gas industry in an ethical, safe and profitable way; exerting social and environmental responsibility; providing products suited to the needs of its clients; and contributing to the development of Brazil and the other countries where it operates. The company's talent management system is structured accordingly.

By the year 2020, Petrobras has set its sights on becoming one of the top five integrated energy companies worldwide.¹² The plan emphasizes excellence in human resources and talent management, considered to be key factors for reaching this objective. The strategic human resource goal is to guarantee the adequacy of the workforce needed for the 2020 strategy, via the development of technical and managerial competences. Petrobras has developed and disseminated staff guidelines to encourage sustainable development, integrated performance and accountability for results and to cultivate readiness for change embodied in an enterprising, innovative spirit in order to overcome challenges. Among the guidelines is a code of ethics to which all staff members have access. This represents the base of the values and beliefs of the company and strengthens the communal spirit among employees. The strong identification with the values contributes to a stable and safe corporate culture, which represents a further motivator for employees. What is more, the company engages in many cultural, environmental and social projects proving to the general public that Petrobras takes its corporate social responsibility seriously. Promoting occupational safety, preventing risks and encouraging healthier lifestyles are also priorities.

To ensure company growth, the human resource management department analyzed the profile of the workforce, which was determined to have an average age of 42 years and great loyalty, with 48 % of employees having over 20 years of tenure. Looking at the 2030 strategic plan, we see the company's long-term human resource goal is to have an innovative and flexible talent management model, based on employee valorization, that contributes to Petrobras sustainability.¹³ Yet securing talent has become increasingly topical since Petrobras lost its monopoly on Brazilian oil and gas activities in 1997, and with global exploration and production competition becoming more intense.¹⁴

As Petrobras implemented several strategic plans for its business areas to maintain its position as an integrated energy company, Petrobras' talent management works to ensure that the company sets the means to reach its goals. Indeed, the company continuously needs qualified geoscientists, engineers and other highly skilled technicians. This has two consequences: first, a real need to build a secure talent pipeline by attracting, motivating and retaining the talent pool; second, to continuously train a significant share of its workforce.

In terms of talent attraction, the recruitment process at Petrobras is considered to be one of the most selective in Brazil, leading to a so-called 'esprit de corps' and a two-tier elitist system: young talent on one side, and then other recruits on the other. Article 37 of the Brazilian Federal Constitution stipulates that employees in Brazil must be hired via public exams.¹⁵ Petrobras recruits petroleum engineers through a nationwide exam offered to those with engineering diplomas. This exam is held simultaneously in several Brazilian cities; afterwards, the successful candidates undergo medical and psychological evaluations and a social-functional survey. If the candidates pass all these exams, they are hired by Petrobras and enrolled in special classes given by the Petrobras Corporate University.

Its extensive workforce needs led Petrobras to develop pre-recruitment channels through scholarships, internships, apprenticeships. The company understands that younger, better-educated professionals are much more mobile in switching between firms. Selection is based on interviews and résumé analysis. Hiring members from the local workforce is always given priority, in alignment with government policy for each region, pursuant to local legislation.

As for talent training and continuous education, Petrobras has deployed a generic strategy called 'Skills driving the strategies', which relies on external training as well as the Petrobras corporate university. In 2012, this institution welcomed 73,000 attendees at courses and conferences in addition to providing basic training courses for newcomers.¹⁶ Even if it is not marketed as a mentoring program, Petrobras also enhances knowledge-sharing mechanisms between experienced employees and newcomers. Within Petrobras, career plans include about 56 different occupations requiring secondary or higher education.¹⁷ Functional job analysis helps identify employees who best fit specific openings.

For Petrobras, it is normal to invest in staff development in order to enhance their talents. The company offers continuous education for employees throughout their professional lives and thus provides the chance for career advancement. The training programs can be loosely divided into three categories. One important category includes programs focused on improving managerial skills and professional knowledge. Another important set of programs cover interpersonal evaluation and product-specific training sessions. Finally, there are the very technical

seminars, namely on petroleum engineering topics. In its 2014–2018 Business and Management Plan, the company created Mobiliza, an internal mobility program that helps fill personnel needs and exposes staff to the different organizational units of the company. The Mobiliza job rotation program selected 1133 professionals and ran until the second half of 2014, enabling substantial reductions in new staff hiring costs.¹⁸

To provide its array of classes, Petrobras set up a special education division. The courses are taught either by specialists from the company's operational units, or by foreign experts. The main venue for these classes, Petrobras corporate university (PCU), offers a variety of courses and dozens of seminars for new professionals. PCU is headquartered in Rio de Janeiro, with another campus in Salvador. PCU is equipped with classrooms, laboratories, special distance education cabins and tutoring rooms. The curriculum for petroleum engineers is called the Course of Petroleum (CEP).¹⁹ The hydrocarbon candidates undergo a special selection process before being accepted into CEP. It consists of two phases, the first of which (Institutional Dimension) provides general information on Petrobras and its activities. The second phase lasts about 47 weeks, when the engineers receive specialized technical education. The technical dimension is divided into five periods, each including four to five disciplines. Given the technical sophistication of the courses, employees who fail to pass are dismissed from Petrobras.

After successful completion of the CEP, engineers are assigned to an operational unit. At first, they work as petroleum engineer trainees for one year and then start work as full-fledged petroleum engineers. Furthermore, some petroleum engineers participate in a specialisation program that normally lasts three months. The course includes drilling design, completion design, directional drilling, reservoir characterization and well testing. During that course, employees are disengaged from normal duties to focus entirely on course requirements. The final two programs in the Petrobras curriculum are high-level programs conducted at universities in Brazil, America or Europe that last from two to three-and-a-half years.²⁰

A further important part of the continuous education program is the Petrobras Well Control Training and Certification Program (WellCAP). This program is designed to train and certify all Petrobras employees directly involved in onshore and offshore drilling and on rig operations.

In July 1996 the program was accredited by the International Association of Drilling Contractors' WellCAP.²¹ The WellCAP program is based on the principle that proper training, emphasizing the knowledge and practical skills critical to successful well control, produces competent rig crews. Using quality benchmarks developed with operators, drilling contractors, professional trainers and well control specialists, WellCAP ensures that well control training schools adhere to a core curriculum developed by industry. Accreditation is achieved only after an extensive review of the affiliated school's curriculum, testing practices, faculty, facilities and administrative procedures. To its credit, the Petrobras corporate university is the first major oil company school to provide WellCAP-certified training.

A last program worth mentioning is the two-year training system for young people from economically challenged families,²² combining social support and an education at Petrobras. It includes basic training, which lasts four months, and a nine-month experience at the National Service of Industrial Education (Senai). The trainees receive a basic salary, a Christmas bonus, holiday and additional money for food and transport. Petrobras considers all applicants between 15 and 21 years from families facing difficult social circumstances. All in all, Petrobras offers around 35 different positions for college graduates and about 19 positions for high school graduates.²³

Non-governmental educational programs, and especially corporate universities, are quite common in Brazil. Like many other developing countries, Brazil is characterized by wide gaps in wealth distribution, with about 20 percent of its population functionally illiterate and living below the poverty line. For these reasons, Brazil's corporate sector decided to establish corporate universities to train and educate staff with a view to be competitive in the emerging global economy. The established educational opportunities provided by Brazil's corporate sector are intensifying the demand for provision of distance education. The publicly funded educational system is excessively regulated, highly bureaucratic and tightly centralized, which makes access to specialized higher education, especially distance education, very difficult.

Another point to mention is that Petrobras invests in its employees by offering scholarships in different phases of education. Brazilian law stipulates

that concessionaires in highly productive gas and oil production fields can invest about 1 % of their gross income in research and development.

Petrobras implements a specialist, position-based definition of its talent pool. Since mid-2009, the company leads regular firm-wide audits to identify the most critical positions within the company, considering criteria such as degree of specialization, availability of qualified profiles for the key positions and the nature of day-to-day operational tasks.

In Petrobras both fixed and variable pay is paid as compensation to the employees. Even though Petrobras introduced performance appraisal in the early 2000s as a reaction to the market opening in 1997, variable pay so far remains indexed on a company-wide profit sharing mechanism rather than individual performance.²⁴

Being a large state-owned company, trade unions at Petrobras play an important role in setting employee compensation levels. The employment scenario in 2008 started with strong demands from unions in connection with salary increases in light of the existing high inflation level. Government-aligned unions were the first to agree on around a 19.5 % increase taken as reference for the rest of the negotiations. The most combative unions also negotiated one-time payments to reach final agreements. New salary conditions were negotiated directly with the Private Oil Workers Union, with negotiations focusing on the recovery of purchasing power and job classification. The focus of recent negotiations has been on avoiding layoffs, given the drastic drop in crude oil prices and the subsequent belt-tightening regarding costs.

The compensation policy for top management is a better example of how Petrobras implements its talent retention strategy. For the board of directors, compensation is determined at the general regular shareholder's meeting in compliance with laws governing business associations.²⁵ The maximum here is capped at 25 % of company profits, including salaries and any other form of compensation, covering the performance of regular technical and administrative functions.²⁶ If the company pays no shareholder dividends, the envelope can reach a maximum of 5 % of profits. Pro rata increases based on the dividend payout are allowed, up to the 25 % cap, when all profits are distributed.²⁷

Petrobras top executives receive a compensation package, including annual salary payments and benefits, with the salary levels determined by

the job description for the relevant position as well as individual qualifications. Such compensation consists of a monthly fixed payments and an annual variable compensation dependent upon operational results and the achievement of individual objectives. Benefits granted to executive officers are similar to those granted to Petrobras employees, such as life insurance, health care plan and a supplementary pension plan.²⁸

Petrobras is no exception to the general approach of paying both direct and indirect compensation. Due to the strong hierarchy that is shown in the organizational chart the pay system is elitist, meaning that different compensation systems coexist at different organizational levels. The net effect is that some positions are paid below market rates, whereas others, the more important ones, are paid above market rates. Petrobras maintains an open pay policy, granting staff full access to pay data so as to ensure internal equity. Since Petrobras is partly owned by the Brazilian government, the decisions about rewarding are centralized.

Petrobras has a wide range of bonuses and benefits in its compensation plan that help the company successfully solve talent motivation issues. The compensation system at Petrobras includes benefits for all employees and represents a strong motivating factor for candidates to join the company. In fact, non-monetary benefits are more likely seen in the important job sector of engineers.

Given the constraints on monetary compensation, Petrobras displays ingenuity and resolve in its continued investment in the well-being of its employees, both in the short and long terms, via a substantial benefits palette. Apart from the basic wage and profit-sharing bonuses, Petrobras provides health plans (medical and dental benefits), pension plans, 180 days of maternity leave, educational benefits for children from kindergarten to high school (in the form of reimbursement of school expenses), as well as state-decreed benefits such as transport vouchers and the annual bonus of one month's pay, and additional benefits like food and restaurant vouchers and seniority extras.²⁹ To maintain its competitiveness, the pension plan was benchmarked in a comparative study in 2008, considering the best companies in the market within the sector. Petrobras has acknowledged same gender partners' rights to health care and pension benefits since 2007.³⁰

The loyalty to Petrobras manifests itself through responsibility, zeal and discipline at work and in all human dealings. Furthermore Petrobras

prides itself on transparent, true and correct communication, easily understandable and accessible to all interested parties. Equality and fairness among employees and other stakeholders are paramount. In this manner, the company wishes to ensure a stable corporate culture, shared by all employees.

Rakurs: Compensation System for Executives

Rakurs was founded in 1991 by a group of colleagues who worked at that time in the automation and electronic equipment maintenance departments of a company called Kirovsky Zavod.³¹ If the Rakurs name seems unfamiliar, it is partly because it is a B-to-B company, and partly because it specializes in process control systems for industrial clients. As such, the everyday activity of Rakurs consist of automating industrial production lines, selecting the right technological processes or training specialist client staff in the development and maintenance of automation systems, usually on factory floors. Rakurs' customers are huge Russian enterprises from different industries, although energy production represents an important client segment (power plants such as combined heat and power, thermal, district, nuclear, hydroelectric).

Rakurs' expansion since launch can be closely linked to its tight relationship with Omron, a leading Japanese manufacturer of equipment for industrial automation.³² Since 1992, Rakurs has been an official distributor and engineering partner of Omron's, and its official representative and distributor in Northwest Russia.³³ In 1994, Rakurs created a training and consultancy centre equipped with Omron's products to train customers' specialists in the development and maintenance of the automation systems.³⁴ In partnership with Omron, the centre was supplied with all necessary equipment, documentation, software and manuals. Students were taught by highly qualified professors from St Petersburg State Electrotechnical University (LETI) and the Rakurs specialists were trained by Omron. Rakurs's service centre opened in 2001 when the company opened a repair centre for Omron electric converters in Russia. Provided with a large stock of spare parts, the centre could diagnose and repair converters, allowing Rakurs to resolve all repair and maintenance

issues for its industrial clients. More than a hundred companies have relied on Rakurs for convenient service and profitable operations. Later Rakurs signed business deals with other industrial automation manufacturers such as Siemens (Germany) and Schneider Electric (France).

As the market for process control systems developed in Russia, competition emerged. Rakurs has two types of competitors. International manufacturers and joint ventures (Siemens, Hirschmann, Berthold Technologies, TREI, Metso, etc.) constitute the first type.³⁵ The second category includes Russian enterprises who simply distribute authorized control systems built outside of Russia. Most of these companies were created from the ashes of former Soviet research and development (R&D) institutes and enterprises. Some of the actors in this category are the All Russia R&D Project Institute for Automation and Control Systems, the Moscow Engineering and Physics Institute's automation department, the R&D Institute for Control Computers or the Central R&D Institute for Complex Automation.³⁶

In September 2002, Rakurs completed a certification audit that proved the company's quality management system complied with ISO9001:2000 requirements. The audit was held by two bodies: ASCERT Bureau (Russia) and AFAQ-ASCERT (Germany).³⁷ The certifications applied to all of Rakurs's business processes, from designing and commissioning to personnel training. Rakurs's development strategy relied on the competitiveness of Russian engineering along with the use of top-quality equipment.

With a goal of constantly developing its organizational versatility and meeting market objectives, Rakurs decided to implement a complex bonus system that would take into account various parameters: non-smoking, seniority or loyalty, tutoring efforts for young staff, ability to innovate, new business development and necessary skills development. Bonuses are calculated based on monthly, quarterly and yearly results. For example, the tutorship bonus awards experienced workers for sharing their knowledge and skills with novices, helping their smooth adaptation and training new qualified workers. This bonus is paid after new hires complete their probation. In the case of a failed probation or a departure from the company before completion of the probation, the tutor receives the bonus prorated.

The innovation bonus is granted to staff creating favourable conditions for employees to fulfil their creative potential and strengthen company competitiveness. It is paid upon recommendation of a division head to recognize successful innovations that increase efficiency or improve quality. Its value depends on the impact of the innovation. The new development bonus stimulates new development directions that create new or improve existing competitive advantage and corporate development. The bonus is paid to employees carrying out a special task or performing other duties that were secondary to their job and required extra efforts. The necessary skills bonus is paid to stimulate development of each employee's potential, i.e. their mastering new skills and applying them to their jobs. Rakurs' base salary covers basic efforts: raising efficiency, improving quality, increasing loyalty, developing a knowledge sharing system and stimulating creativity.

The reward system for executives is based mainly on the company's general remuneration principles and has been updated over the past several years. The current system was introduced in 2007.³⁸ The four goals of the system were defined as follows: to use the potential of each divisional director to achieve divisional and overall corporate targets; to develop talent and ensure employees' professional growth; to increase loyalty to the company and awareness of the corporate culture; to continuously develop the company's organizational advantages (customer relations, and corporate culture). The most important criteria in the reward calculations are the monthly, quarterly and annual revenues, as well as each director's personal efficiency or productivity.

The monetary envelopes for each bonus were set as:

- for monthly bonuses, the amount could go up to 30 % of the monthly salary, depending on the division's achievement vs. plan;
- the quarterly bonus could amount to maximum of 50 % of monthly salary;
- and moreover, for divisions achieving or surpassing their annual targets, and meeting their balanced scorecard indicators, an annual bonus of up to two months' salary is available.

At the discretion of the CEO, and paid from his specially allocated bonus fund, additional bonuses and extra payments for individual

managers are based on the display of qualities the company valued especially. In the end, the remuneration of each executive consists of basic monthly salary plus the three time-related bonuses as well as a non-smoking bonus (10 %) and a bonus for the company's year plan fulfilment (300 % of monthly salary).³⁹

The coefficient for the monthly bonus is calculated as follows:

$$C_b = C_m + C_q + C_e,$$

wherein C_b represents the complex bonus coefficient (max = 1), makes up to 30 % of monthly salary;

C_m represents the division's monthly plan fulfilment coefficient, 0–0.5;

C_q represents the quality coefficient, 0–0.25; and

C_e was the business efficiency coefficient, 0–0.25.

C_q and C_e were established by each director's monthly report of his or her division's performance delivered at special monthly meetings. Directors are responsible for their divisions' quality, while their own efficiency is also evaluated at the meetings.

The Rakurs CEO determines each top manager's coefficients, based on evaluations by colleague executives. C_q included the following parameters: quality performance of duties, timely fulfilment of CEO tasks, readiness for meetings, delegation of powers (deputies' performance), subordinates' awareness (meeting reports, feedback), subordinates' professional growth (training undergone and assessment) and managerial solutions developed and implemented (division's reorganizations, personnel motivation, etc.). C_e consisted of: assistance to other divisions (marketing department, meetings with partners, etc.), initiative, efficient cooperation with colleagues and proactive and enthusiasm to achieve goals. If approved by the CEO, some tasks could be postponed to the following month or exchanged for other ones. The CEO could initiate raising the coefficients' weight, with the extra amount (over 30 %) paid from his reserve fund, for example, if certain tasks of particular importance to the company were fulfilled.

The annual bonus is calculated as follows.⁴⁰

$$B_a = (P_a \times C_a \times 3S_m) + (C_p \times 3S_m),$$

wherein:

B_a represents the annual bonus;

P_a represents the percentage of the division's annual plan fulfilment, from 0.9;

C_a represents the division's annual plan fulfilment coefficient, up to 0.8;

$3S_m$ represents 300 % (three times) of the monthly base salary; and

C_p represents the personnel management coefficient, ranging from 0 to 0.2.

C_a is calculated depending on the achievement of the division's annual goals and planned indicators of the balanced scorecard. C_p is defined based on personnel management efficiency (power delegation, personnel's awareness, professional growth, loyalty, moral motivation). The bonus was paid upon the annual plan fulfilment, and if results came 10 % below plan, the bonus was waived.

Aside from financial incentives, Rakurs offered additional benefits, such as covering mobile phone expenses, providing laptops, good medical insurance, business class travel, memberships to fitness centres, and loans on favourable terms.

Early in 2008, the top executives agreed to restructure the company by creating independent divisions legally housed in different companies. The restructuring was pushed, on one hand, by the quickly developing market of process control systems and Western competitors entering the market, and on the other hand, by the intensive industrial growth in Russia. Some divisions had grown in terms of both personnel and functions, which had made them move out to larger premises, and the top executives decided it would be more convenient for them to be separate legal entities. New, higher-quality requirements made Rakurs raise its market positioning, strengthen its internal competitive advantage by optimizing its organizational structure and reconsider its overall human resource management, namely for the development and retention of key specialists. Additionally, Rakurs had won a government tender to build an innovative enterprise in a special economic zone, mandating a new company creation anyway.

The first division to become a separate company was sales, with manufacturing to follow. Thus, the directors of those divisions became directors of independent companies within a new holding structure. Since these companies operated with their director's unique knowledge and experience in terms of manufacturing and business processes, personnel retention in the new environment became critical. Lack of qualified specialists (especially managers possessing both technical and management competence) made the retention of top executives a strategic mission.

Rakurs' international competitors were able to offer remuneration packages with more weight on director's personal efficiency, making

them fatally attractive to executives who were results-oriented. On the other hand, some Rakurs employees stressed the importance of new, creative challenges to develop their professional skills, opportunities that big bureaucratic organizations might not offer. Nonetheless, many were interested in both professional development and remuneration. The company understood that the existing reward system makes the directors' major goal to fulfil their divisions' plans, which was to be reflected in the whole company's balanced scorecard. Each executive's major task was to comply with financial targets provided by the CFO.

However, meeting divisional targets was not the only objective, since overall remuneration also depended on company-wide results. Since divisions depended on each other, it was essential that executives interact, discuss strategic plans and problems, and find solutions. The employment raids from competitors were a wake-up call for the talent management team at Rakurs: although loyalty was valued and rewarded, there was a clear signal that new challenges and opportunities were necessary to stimulate managers.

Turning the business divisions into separate entities within a holding meant changing key indicators and the assessment criteria for top executives. The reward and bonus system for top executives needed an overhaul to conform to the new structure. In particular, independent companies depend less on each other or on the holding company. The revised reward system included some indicators drawn from the holding's strategic directions and others dependent on policies within the newly independent companies: economic goals including revenue indicators (keeping the structure of sales and total volume of sales) and profit margin; customer quality (earnings per customer, income per customer, volume of repeat business, volume of returned purchases, receivables); personnel (value added per person, earnings divided on salary paid); sales (regional sales shares, sales by segment, number of exclusive sales); and financials. It was suggested that overall corporate profit be distributed by the holding, with a director's efficiency assessed as follows:

- 50 % constant part (base salary), and
- 50 % variable part (25 % per quarter, 25 % per year) were taken into account.⁴¹

The revised annual bonus includes percentages for achievement of planned targets and EBITDA.⁴² Since the quarterly bonuses reflect operational activities, they are based on sales profitability and EBITDA. After discussion of the new reward system, the division directors and the holding executives agreed to all of the above-listed indicators for assessment.

Given its complex reward system, performance appraisal at Rakurs is very important. Employee job performance is both qualitative and quantitative, in terms of key performance indicators, cost efficiency and time management-related issues. Performance appraisals are conducted regularly and pursue the following objectives: to measure and control the quantitative aspects of employees performance; to give feedback to employees in terms of knowledge gaps and future training needs; to agree on the coefficients for the reward system, including with top executives; to form a basis for decisions regarding salary increases (or decreases), promotions and transfers, and so on; to improve communication and employee–employer relationship; to align everyone’s objectives to the business goals and strategy; to evaluate and track those who deliver high performance and achieve good results; to ensure that people develop and perform so that Rakurs reaches its long-term goals.

For Rakurs, wages and bonuses are important as instruments to reflect true staff value in accordance with different levels of responsibility and actual performance. The reward structure is critical for employees to be ‘loyal’ to the organization. Most revealingly, the value of the reward system can be observed in the talent recruitment process, in job performance and in job satisfaction.

Tata: Indian Way of Employees’ Retention

The Tata Group is an Indian multinational conglomerate headquartered in Mumbai. Some of its subsidiaries, like Tata Steel, Tata Motors or Tata Consultancy Services are often considered as independent companies due to their size and autonomy. The group is also active in engineering, materials, services, energy, consumer products and chemicals, and derives most of its revenues from sales outside of India. With over 100 subsidiary

companies, the Tata Group altogether employs about 620,000 people (as of March 31, 2015).⁴³

This globally renown MNC was started less than 150 years ago, in 1868,⁴⁴ by visionary entrepreneur, nationalist and devoted philanthropist Jamsetji Tata, dubbed the father of Indian Industry. At the age of 29, he launched his business in Bombay, engaging progressively in steel, energy and textiles, and also hospitality, paving the way for the industrialization of India.⁴⁵ One of the first major industrial projects implemented by the Tata Group was the establishment of Empress Mills, a textile company based in Nagpur in central India in 1877.⁴⁶ During the twentieth century, the Tata Group pioneered several significant events in Indian business: the first textile industrial enterprise, the first water power plant, the first steel mill, the first university (Indian Institute of Science) and the first chain of luxury hotels (Taj Group), to name a few. In 1911 Tata founded its first scientific research centre and then gradually expanded its business scope. Despite tight government controls and outright ownership until 1990, the Tata Group prospered economically and expanded abroad.

Currently, the Tata Group comprises more than 100 companies operating in seven business sectors.⁴⁷ These sectors are information and telecom technologies, engineering, materials, services, energy, chemistry and consumer goods. The Group operates permanently in more than 100 countries on all six inhabited continents and exports products to 150 countries.⁴⁸ In the 2014–2015 fiscal year (India FY ends March 31), the combined revenue of all Tata companies was a staggering \$108.8 billion.⁴⁹ Each company under the Tata Group works completely independently, having its own management and shareholders.⁵⁰ Tata Group's major companies are now Tata Steel, Tata Power, Tata Motors, Tata Consultancy Services, Tata Communications, Tata Teleservices, Tata Chemicals, Titan, Tata Global Beverages and Indian Hotels Company.⁵¹ There are 29 publicly listed Tata enterprises with a combined market capitalization of about \$134 billion.⁵² The Tata brand ranks in 34th position among the 500 most valuable global brands, according to the 2014 Brand Finance Global 500.⁵³

The Tata Group has always been mindful of its social responsibilities, even at an early age. As far back as 1892, Jamsetji Tata founded the

J.N. Tata Endowment, which provided financial support for Indian scientists in higher education. The establishment of the foundation was the first of numerous charitable initiatives of the group. For several generations, Tata descendants have donated large parts of their personal wealth to many charitable funds. The Tata Group has also felt the need to spearhead social progress in business practices in India: for example the group introduced the eight-hour work day in 1912, well before many firms worldwide, and holidays and maternity leaves became standard benefits, once again before their nationwide application.⁵⁴

Tata's CEO has defined the key strategy of the company for the 2025 horizon (called 'Vision 2025') as being: 'among the 25 most admired corporate and employer brands globally, with a market capitalization comparable with the 25 most valuable companies in the world'.⁵⁵ To create the right environment and conditions to achieve Vision 2025, Tata is relying on its talent management practices. The salient points of Tata's talent management include a sense of pride and ownership, a co-creation atmosphere, understanding the Tata value for its clients and the 'LASER' approach: Learn, Apply, Share, Enjoy, Reflect. Within the group, employees across all business lines, levels, functional areas and age groups are part of the organizational business process.

The working experience in Tata is said to be positive and distinctive. The company provides challenging jobs, opportunities and rewards performance. Since the Tata Group's main asset is its staff, the relationship between the company and its workforce is a bond that is maintained by compassion and care. Tata has built its reputation as a caring employer, with strong respect for labour rights. India is a very spiritual land, and one could say that Tata follows the ethical teachings of its own guru, valuing highly integrity, transparency and accountability. The company's corporate culture binds the staff together and instils a mission: 'to have a personal responsibility to help preserve the human rights of everyone at work and in the larger community'.⁵⁶ The company went so far as to introduce, in 1998, a Code of Conduct which became a guide for employees regarding ethics, human values and business principles expected in the company.

The business ethos of the Code of Conduct is formulated in the company's management of business ethics,⁵⁷ which is based on four pillars: leadership (Tata employs a special consultant on ethics); communication

and awareness (following the Tata Code of Conduct is obligatory for both employees of the company and partners and suppliers; Tata provides its employees with training sessions on ethics); evaluation of effectiveness (taking into account new ideas, to evaluate and revise staff programs) and compliance structure (gift policy, whistle-blower policy).

Tata enforces equal opportunity hiring, without any discrimination on the basis of race, caste, religion, nationality, colour, age, gender, sexual orientation, marital status, ethnic origin or disability. When recruiting, developing and promoting employees, Tata's decisions are based solely on performance, merit, competence and potential. Tata has transparent and fair employee policies, and talent management is based on diversity and equality. Tata's top executives and managers must ensure that a conducive work environment exists, based on cooperation, understanding, tolerance and mutual respect. Tata tries to safeguard the privacy of data and information, with all employees vowing to respect and protect confidential information and intellectual property.

The talent management practices are oriented to manage a global workforce yet are customized to local as well as global requirements as per the needs of employees. Talent management can be summarized as 'Grooming the managers of today into the leaders of tomorrow'.⁵⁸ Yet beneath the catchy slogan, talent management practices are quite complicated due to the group's numerous business units. Some transparency is achieved via the centralization of several functions. For example, the centralized talent pool available for all units serves as an important resource for motivation and retention. This talent pool keeps future executives prepared to fill any vacancies at the top management level.

The Tata Business Leadership award is an annual business school event, where students in small groups are given a strategic problem relevant to the company. The case study presentations are evaluated by senior management, whereas the goals of the program are to create awareness among students about the Tata Group and to identify and possibly recruit the best and the brightest from India's top business schools.

Tata invests heavily in talent training and development. The Human Resource Development Program (HRDP) was launched in 2006 to identify and train potential human resource managers.⁵⁹ First, all participants go through three levels of filtering by senior top management after which

they work for three months at Tata companies. Those who were successful after their last assignment receive full time offers. Tata Management Training Centre (TMTC) is one of the company's key talent management tools and is where training and development programs for executives are held. The courses cover almost every subject relevant to the development of corporate managers. Another training asset is the Tata Administrative Service (TAS), which focuses on graduates or young postgraduates from leading business schools and puts them through a 12-month program.

Second Career Internship (SCI) was launched in 2008, to provide reinsertion options for women after maternity leaves in order to have women return to the job market. It is also called a 'career transition management program' which is aimed at ensuring flexitime and project-based employment. Since 2012 SCI is managed online.⁶⁰

Tata cooperates with the some of the best universities, namely in Asia, such as Singapore Management University, National University of Singapore, Peking University, Asian Institute of Management in Manila, Nanyang Technical University and Tsinghua University in Beijing.⁶¹ The topics covered in Tata's training programs include finance and ethics, leadership and organization, markets and customers, and strategy and innovation. The leadership development programs include Tata Group strategic and executive leadership seminars and Tata Group e-Merging leaders' seminar.

With training being of such importance, it did not take long for Tata to start several e-learning programs aimed for people who can be trained independently, thus achieving good results with lower investments. The e-learning platform consists of live e-classroom with online instructor feedback, live video broadcasts, and self-paced e-learning sessions whereby students can attend at their convenience on flexible schedules.⁶² 'Grooming the managers of today into the leaders of tomorrow—that's the agenda for leadership development programs and training processes in Tata'.⁶³

Tata also conducts rotational training modules, meaning that trainees are exposed to working in different departments and performing different functions. This type of short-term job rotation helps personnel to improve and develop their skills in different spheres and thus become more knowledgeable about the specifics of each functional area. The rotational training module lasts around 45 weeks, divided into three business shifts.

The Tata group maintains a goal of promoting employees from within whenever possible, instead of relying on new hires. To help support this aim, Tata provides a Learning Management System, wherein employees can choose more than 1000 study programs. This tool is particularly useful since every employee develops a career action plan that lays out career aspirations and outlines necessary development for the expected future functions.

The performance management process typically begins with a manager–employee meeting to discuss past performance and near-future goals of the employee. The main features to be assessed are employee competences, individual objectives and personal development expectations. The assessment of competencies determines whether an employee can reach both individual and organizational goals. Middle managers create a development plan, set main objectives and establish training requirements.

For the company's top management, in addition to good leadership and management, managers and employees must also display loyalty. Tata places particular value on—and respects—managers who display strong leadership skills and who know how to motivate their employees and colleagues. The company needs motivated employees who understand the organization's mission and whose personal goals coincide with organizational ones. As a sign of its trust, Tata's companies tend to give managers a high degree of decision-making autonomy so that they can contribute to overall corporate results.

Naturally, for Tata employees, training is a nice benefit, but rupees in the bank are what really counts. Tata's reward system, both monetary and in terms of side benefits, is a very significant factor for motivation and retention. For their salary, each month Tata employees receive almost 30 % prepayments on their monthly pay cheque. Employees may also receive premiums and bonuses, a variable portion of the compensation packages. The principles of calculation of both may differ, but the ultimate goal is to link personal contributions of each employee to company profit. Bonuses for employees provide fair allocation of rewards. Premiums are usually paid when an employee achieves certain specific results (e.g. productivity in output, sales results, quality control, new business development). Such variable compensation is paid depending on the work results of the individual employee, or his or her department, or even the entire organization throughout the year.

Moreover, Tata provides employees with comprehensive Health Reimbursement Accounts (HRA), covering full treatment expenses, which is considered an important component of compensation. For example, to care for the health of employees above 40, the company arranges free annual health check-ups. Moreover, health insurance covers not only employees but also family members. Tata also grants other allowances, such as food (nutrition during the day, Indian lunchboxes are renowned for their tastiness), mobile phone bills (for work-related calls) and pension retirement benefits. Another welfare program for Tata's employees is the Achieving Personal Excellence (APEX) program which helps to relieve stress, maintain work-life balance and teach leadership skills and self-management. Additionally, with operations around the globe, Tata offers a compensation policy covering foreign security, political and economic risks, and provides a mobility premium that is added as expatriation compensation.

To recognize the contributions of its employees, Tata has introduced its 'Rewards and Recognition Program' and 'Pro Club' for successful personnel. The Rewards and Recognition Program congratulates employees who achieved goals and gives them quarterly bonuses for exceptional work. But Pro Club remains the most coveted prize. Each year the company selects the best 1 % of employees who have truly stood out from the rest by achieving their goals and have made improvements and matured as managers; these employees are sent on a trip to exotic locations along with other winners and a team of top executives.

To illustrate how the Tata Group deals with talent management practices in general and with motivation and retention practices in particular, the example of Tata Motors is telling. Tata Motors employs about 67,000 people and its main focus is on skills of the workforce, officers and executives.⁶⁴ Tata Motors orients its talent management priorities to the changing labour context, with accountability, customer awareness, excellence and speed as the current top settings. The company's Talent Management Scheme (TMS) helps to identify, recognize and develop high potential or high-performers that either performance appraisal or a special development centre have identified. The TMS is also used within other Tata Group units. A balanced scorecard model helps develop individual performance plans down to the smallest work unit, ensuring connections

between business goals and market needs. Monthly and semi-annual reviews are held, and employees have the chance to discuss performance with supervisors. By contrast, high-potential talent is measured to ascertain suitability for middle and higher management positions.

The development centre helps Tata Motors to pick suitable candidates for given openings. The Fast Track Selection Scheme is at the core of human resource planning, since it identifies managers across all units, locations and functions. The Scheme registers the talent pool from different sectors (general, commercial and operations management), and subsequent training or other growth opportunities within the organization can be offered. Employees who are productive have the opportunity for career progress based on their level of preparation, improvements and a fair selection process. The feedback system in the company helps employees to improve their performance and set ambitious goals. After regular meetings with supervisors, each employee receives a report with the feedback. This system facilitates relationships with junior managers or staff, coaching employees via positive feedback about professional contributions. The target of coaching in Tata Motors is to promote the employee and solve performance problems.

The training and development system prepares employees for changes in the external environment and is carried out by the Tata Motors Academy. This Academy includes different schools: the Centre of Excellence school, the Manufacturing Excellence and Innovation school, the Management Development school and the Global Leadership school. Training programs are provided for different categories of employee and include external programs, rotational assignments, in-house training or cross-functional mobility. Tata Motors has moved from a trade-based training approach (e.g. welding or painting) to a process-based training approach (e.g. team building or analytical accounting). The company also has an initiative to build links with universities so as to increase the number of recruits from best universities and to increase its corporate image.

The reward system for Tata Motors employees consists of four parts: compensation, benefits, recognition and appreciation. Tata has concluded that staff incentives are the most effective motivators and can be designed so as to help meet business targets. Staff is paid in accordance with three-year agreements. The variable portion of the reward system consists of

profit-linked payments based on various indexed parameters such as quality, productivity and operating profit as well as individual performance and attendance. Among other things, the benefits include gratuity retirement payments, a post-retirement medical scheme, a provident fund, compensated absences and pension plans. Tata Motors has its pension plan available to employees upon retirement, and for life insurance in case of death while in employment or upon termination. The amount ranges from 15 to 30 days of salary per completed year of service.

Tata Motors operates two retirement plans: a defined benefit plan and a defined contribution plan. The members of the first are entitled to benefits defined based on years of service and salary drawn. The monthly pension benefits after retirement range from 0.75 % to 2 % of the annual basic salary for each year of service. For members of the second plan, the company contributes up to 15 % of salary every year. These pension plans were created in line with the second state pension system, which provides for a monthly pension after retirement according to salary drawn and service period.

A post-retirement medical scheme qualifies former staff for medical benefits. Certain restrictions apply, in terms of amounts reimbursed, periods after retirement and types of benefits, once again dependent on grade and location at the time of retirement. This program also covers permanent disability. Under the Provident Fund, Tata Motors employees also receive benefits. Both employees and the company make monthly contributions at a specified percentage (currently 12 % of employees' salary) into the Provident Fund. Employees are also entitled to vacation leave with pay, subject to certain rules. Leave can be accumulated subject to certain limits based on the number of days of unclaimed leave.

Last but not least, Tata Motors makes considerable efforts to provide a pleasant atmosphere to work, learn and grow. The company's objective is to improve working conditions, provide safe and healthy work practices and create well-being throughout the company. The Safety and Health Environment Council promotes safety for workers. Their 'Zero injury' goal is supported by training programs. From this point of view, training and development opportunities are considered to be an important motivational tool.

Rewarding is an important talent management tool that emerging MNCs use in different organizational settings. Rewarding systems are highly dependent both on constraints imposed by local legislation and on specific company policies. Base salary, variable pay, certain bonuses and various benefits are most commonly used to stimulate individual results as well as overall corporate orientations. The case studies show conclusively the importance of motivational effects provided by bonus systems, job security, professional challenges, desirable work environment and positive organizational climate, positive recognition, training, development and promotion opportunities. Social support is recognized as one of the vital components of reward systems in both India and Brazil, with Russian employees also considering social programs as necessary incentives.

Motivating the talent pool in emerging market firms is linked with training and development and of course with career opportunities and promotions. Successful compensation packages in emerging MNCs require coherence with the overall company strategy as well as talent management practices. These packages must recognize and stimulate job achievements and be competitive in sometimes tight labour markets in order to attract new talent. For emerging MNCs, the challenge is to raise the cost-effectiveness of the workforce and optimize the package payments.

Results-based rewards can be named as the most important features of the motivation systems within Rakurs, Petrobras and Tata. Linking pay to individual and divisional (or departmental) performance also characterizes how compensation is structured in these three companies. The promotion paths and compensation plans enable employees to view their individual career ladders, as well as gain a perspective on the potential for their own development and professional growth within the company. Fixed remuneration is based on the local realities of the labour market and is reflected in salary scales that attribute relative values to the different positions within the companies. Variable remuneration is connected to the firm's results and is usually measured periodically based on a planning process agreed upon between the management and employees. The example of Tata provides important insight about a holistic talent management philosophy, wherein performance evaluation, training, development and rewarding are all given full consideration for rewarding and

retaining. As for mathematically oriented Rakurs, its omnidirectional reward system is fine-tuned, with extremely sophisticated compensation for executives, providing long-term strategic orientation to protect the firm's market leadership.

In a somewhat different milieu due to Brazil's social context, Petrobras provides an excellent example of using varied social packages to protect employees and create a work environment both protective and productive, reflecting current labour and economic situations.

Such differences in reward system orientations help Rakurs, Petrobras and Tata to be more attractive as employers and succeed in recruiting talent despite the competitive emerging-market context. One can even conclude that well-designed reward packages help emerging MNCs to attract and retain talent, which in turn means maintaining corporate competitive advantage.

All the companies presented in this chapter understand the significance of rewarding for retention and the necessity of providing a results-oriented culture supported by a motivation system. Yet retaining top performers is not a one-time effort; it results from a continuous program adapted to the national needs. Chinese employers tend to focus on high salaries, stable job positions and high social status to keep their flock. Brazilian employers, on the other hand, pay more attention to benefits and perks such as qualified healthcare, profit sharing and other financial support, scholarships and training programs. This chapter highlights that talent motivation and rewarding should not only enhance employee performance (thus helping companies achieve their operational and strategic goals) but, more importantly, should serve as attraction and retention tools to welcome and keep key employees within a company on a long-term basis.

Notes

1. <http://www.petrobras.com.br/en/about-us/careers/>.
2. <http://www.petrobras.com.br/en/about-us/profile/>.
3. <http://us.wow.com/wiki/Petrobras>.

4. <http://www.petrobras.com/en/about-us/our-history/>.
5. <http://us.wow.com/wiki/Petrobras>.
6. Ibid.
7. <http://www.petrobras.com/en/about-us/our-history/>.
8. Ibid.
9. <http://www.petrobras.com/en/about-us/global-presence/>.
10. <http://www.petrobras.com.br/en/about-us/strategy/>.
11. Ibid.
12. https://www.google.ru/url?sa=t&rct=j&q=&esrc=s&source=web&cd=4&ved=0CEAQFjAD&url=http%3A%2F%2Fwww.kgu.or.kr%2Fdownload.php%3Ftb%3Dbbbs_017%26fn%3D5e12ef6dcd4b8d3c4bd008e2a5de8d23.pdf%26rn%3D2347.pdf&ei=41Q5VJzqIqS9ygPOj4HYBw&usg=AFQjCNG6MIKbZFGrcAaCty4Rw5P9sYLFwg&sig2=UOYM0uCW7p8ExDlbMR_xSg&bvm=bv.77161500,d.bGQ&cad=rjt.
13. <http://investidorpetrobras.com.br/pt./destaques/fato-relevante-plano-estrategico-petrobras-2030-e-plano-de-negocios-e-gestao-2014-2018.htm>.
14. <http://www.petrobras.com.br/en/society-and-environment/sustainability-report/>.
15. <http://www.petrobras.com.br/en/about-us/careers/working-at-petrobras/>.
16. Ibid.
17. <http://www.petrobras.com.br/en/about-us/careers/professions/>.
18. <http://www.petrobras.com.br/en/about-us/careers/working-at-petrobras/>.
19. <http://www.spe.org/twa/print/archives/2011/2011v7n1/12Pillars.pdf>.
20. Ibid.
21. <http://www.iadc.org/wellcap/>.
22. <http://www.petrobras.com.br/en/about-us/careers/labor-practices/>.
23. <http://www.petrobras.com.br/en/about-us/careers/professions/>.
24. Ibid.
25. <http://www.sec.gov/Archives/edgar/data/1449877/000144987714000006/f6k120314.htm>.
26. Ibid.
27. [http://www.wikinvest.com/stock/Petrobras_Energia_Participaciones_SA_\(PZE\)/Compensation_Benefits](http://www.wikinvest.com/stock/Petrobras_Energia_Participaciones_SA_(PZE)/Compensation_Benefits).
28. <http://www.petrobras.com.br/en/our-activities/performance-areas/>.
29. <http://www.petrobras.com.br/en/society-and-environment/sustainability-report/>.
30. <http://www.petrobras.com.br/en/about-us/careers/>.
31. The largest production plant in Russia, located in Saint-Petersburg.

32. <http://www.rakurs.com/eng/about/history/>.
33. Latukha, M. (2010). Incentive program for executives: the case of a Russian R&D company. *The European Case Clearing House (ECCH)*, 410-050-1.
34. <http://www.rakurs.com/eng/about/history/>.
35. Latukha, M. (2010). Incentive program for executives: the case of a Russian R&D company. *The European Case Clearing House (ECCH)*, 410-050-1.
36. Ibid.
37. Ibid.
38. Ibid.
39. Ibid.
40. Ibid.
41. Ibid.
42. EBITDA—Earnings Before Interest, Tax, Depreciation, Amortization; financial indicator used to measure financial performance.
43. <http://www.tata.com/aboutus/>.
44. <http://www.sajaforum.org/files/ag-wp-final.pdf>.
45. <http://www.tata.com/htm/heritage/HeritageOption1.html>.
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48. http://unctad.org/en/docs/diaeiia20083_en.pdf#page=93.
49. http://www.tata.com/aboutus/sub_index/Leadership-with-trust.
50. Ibid.
51. http://www.tata.com/aboutus/sub_index/Leadership-with-trust.
52. Data given as for March 31, 2015, Ibid.
53. http://brandirectory.com/league_tables/table/global-500-2014#.
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55. <http://www.tata.com/aboutus/>.
56. <http://www.tatasteel.com/corporate/ethics.asp>.
57. Ibid.
58. [http://www.tata.com/careers/articlesinside/H4ztwtiR!\\$\\$\\$\\$!8Y=/TLYVr3YPkMU](http://www.tata.com/careers/articlesinside/H4ztwtiR!$$$$!8Y=/TLYVr3YPkMU).
59. <http://www.tata.com/careers/articlesinside/Human-Resource-Development-Program>.
60. <http://www.tata.com/careers/articlesinside/Second-Career-Internship-Programme>.

61. <http://www.tata.com/careers/index/Career>.
62. <http://www.slideshare.net/pranks135/training-in-tata-group>.
63. [http://www.tata.com/careers/articlesinside/H4ztwtiR!\\$\\$\\$\\$!8Y=/TLYVr3YPkMU=](http://www.tata.com/careers/articlesinside/H4ztwtiR!$$$$!8Y=/TLYVr3YPkMU=).
64. <http://www.tata.com/media/interviewsinside/OOV0cZBPwcs=/TLYVr3YPkMU>.

10

Conclusion: The Lessons Learned

In the previous chapters, 19 examples have been presented to highlight how companies from emerging markets manage talented employees. The analysis of these companies confirms our hypothesis that the right set of talent management practices, implemented in alignment with organizational goals, can indeed provide a competitive advantage to an emerging market company.

With BRIC countries and other emerging markets becoming new business drivers for the global economy due to their rapid growth and unsaturated domestic markets, their leading companies absorb new managerial practices quickly, often acquiring experience faster than partners or competitors from developed countries. Talent management in emerging markets has been stimulated by the increasing competition for talent, since these intangible assets are key to organizational competitiveness. In fact, talent management practices by emerging market firms have helped these companies weather economic turbulence, develop organizational flexibility and introduce corporate cultures based on innovation and change.

Our examples presented in this book confirm that talent management practices in firms from emerging economies are based on human resource and talent management of companies from developed countries yet they

also integrate domestic innovations. Countries like China and India have more sophisticated talent management systems than Brazil or Russia due to their earlier involvement in the global economy through international trade. The massive presence of MNCs from developed countries also stimulated talent management in the Chinese and Indian markets.

Our examples also illustrate how cultural and historical issues dramatically affect talent management. High levels of power distance in China, Russia and India, Indian caste system and discrimination against woman, family ties in Brazil may serve as glass ceiling of some talent management practices. It has strong impact on promotion, retention and career development. Talent management also faces the cultural issue of loyalty. For the collectivist culture of China, or the family-oriented one in Brazil, or the paternalistic one of India, the high importance granted to loyalty can be a two-edged sword. Too much loyalty can spell the demise of productive performance. However, many emerging market firms perceive external recruitment as adding risk, especially in adapting newly hired employees into established corporate cultures. Our research confirms a higher focus on internal recruitment and promotion to alleviate this risk.

The communist legacies in China and Russia influenced the speed of business and management development in general, delaying the ripening of human resource and talent management. Russia, in particular, suffered from its lack of leadership and managerial education and lack of integration to world economy for a long period of time, whereas China became an active trading partner well before Russia. India and Brazil gained their economic wings more recently, helped by substantial governmental support, yet both still suffer from the heritage of poverty, demographics, and, in the case of Brazil, a special cultural background.

Emerging MNCs use different talent management practices based on their different perspectives. Some companies perceive talent management as a combination of typical human resource management roles and activities. For other companies, talent management means understanding how to internally lock in and develop already acquired talent by creating talent pools. For companies like Severstal, Infosys, Geely and Lenovo, important efforts are exerted for employee retention and development. In a third perspective, companies manage their talent by recognizing and acknowledging excellent individual performance. Lastly, some companies

take the perspective of the talent pipeline approach, wherein leadership development programs and succession planning become key talent management tools.

Talent recruitment has much to do with cultural norms and economic trends and is crucial for the implementation of the corporate strategic objectives. Many considerations influence the hiring and attraction processes in companies from emerging economies. Not only must legal issues be addressed (that may vary extensively by country) but also the problem of establishing a strong employer brand and establishing the package of benefits to attract qualified workers to work in different conditions must be dealt with. Recruiting faces very different contexts in the BRIC countries. Brazil may be easier, given higher unemployment, while the Chinese labour market may be tighter. In Russia the focus during recruitment is on searching for high-potential university graduates, where Russian Railways shows good results. Lenovo makes efforts to find skilled talent with sufficient knowledge and expertise, and then focuses on retaining employees by means of engagement and creation of loyalty. Vale appeals to recruits via its well-conceived induction programs. One common element within emerging market firms' recruitment is the emphasis on hunting for interns and graduates from leading universities. These hires are universally considered to be the talent that will be able to provide new perspectives, fresh ideas and a culture of learning.

After recruiting, talent management can really kick in. Yet unlike their developed market counterparts, emerging market MNCs cannot count on 'ready to use' graduates or recruits. For instance, in both India and China, the number of university graduates is high. Yet few of them are actually prepared for their jobs. So although the number of graduates in numerous emerging countries has risen by 30–50 % in recent years, as few as 10–20 % of graduates actually fit local or international standards. The principal cause of the talent paucity in these countries is insufficient education and training. Operating in these uncertain environments, many companies adopt strategies to increase their flexibility. They do it by offering opportunities for career advancement on both global and local scales; motivational tactics that emphasize retention; leadership development programs; corporate culture stressing openness and deep respect for innovative, fresh ideas, which are born in emerging markets.

Performance management in emerging market firms aims to reach two important objectives: serving as a tool to create a performance-oriented culture and set organizational values and providing a solid basis for attraction, training, development, promotion and rewarding. In companies such as Embraer, Geely, GAIL and MTS, talent appraisal not only evaluates individual performance but also helps to identify competency gaps in solving short- and long-term tasks. Within Embraer, performance evaluation is connected with innovations and corporate excellence, leadership development and motivation. For GAIL and Geely, performance management is linked to training and development, considered part of one integrated approach. Attention to both short- and long-term results is an important feature of firms from emerging markets, confirming the introduction of specific adaptations for local company requirements. MTS built its performance evaluation using a system of key performance indicators and then integrated it into its development, retention and training practices. The performance appraisal programs are characterized by regular feedback from managers, peers, and partners, leading to personal career and promotion plans. In the end, the performance evaluation methods build results-oriented corporate cultures, making the new emerging MNCs sustainably competitive.

Training and development are perhaps the key differentiator in talent management in companies from emerging economies, as the case studies clearly show. Due to the challenge of a labour shortage in some markets, the growing demand for qualified professional talent and the education gap in some countries, training and development is a critical asset. It serves mostly for career planning, performance management and staff retention. Wipro, PetroChina and Severstal all created sophisticated talent development practices and invested heavily in launching educational programs so as to spawn a learning culture within their ranks. Sophisticated training and development programs—in conjunction with proper performance assessment—play a very important role in the motivation and rewarding systems. Although many of the companies we covered have developed internship programs to attract new recruits, it appears that the increased competition for talent is only one reason behind that choice. For example, in China, the long-standing tradition of lifelong employment means that workers expect to be trained on an

ongoing basis. Brazil's streak of paternalistic capitalism has a similar effect: Companies also expect high loyalty, and therefore deliver training and education as a perk in exchange for long tenure. Most companies from our sample have implemented long-term training programs that help employees to adjust to new professional assignments and even new cultural norms. Infosys, Severstal and Banco do Brasil have very strong and efficient talent management systems, ensuring successful employee development in emerging markets. As for Wipro and Severstal, their great attention to the training and induction of new recruits helps to retain them for the long term, which in turn helps to confront the talent shortage in the Indian and Russian labour markets. PetroChina illustrates the value of generosity in training: Its holistic development philosophy includes both local employees and expatriates.

For companies from emerging markets, including Ilim Pulp, Infosys, and Banco do Brasil, corporate universities provide a universal platform for corporate education and development. Here, talent can be assessed, trained, developed and integrated into the organizational growth and the company's strategic objectives. Corporate universities also aim to be 'innovation laboratories', providing open and less formal atmospheres. Such initiatives provide the companies with means to access knowledge from the outside world and support continuous development and organizational growth. For Banco do Brasil, Infosys and Ilim Pulp, corporate universities also serve as a platform to either create or disseminate their corporate culture and instil a learning culture that builds knowledge sharing processes throughout the company.

Lastly, talent management within emerging market firms makes innovative use of reward systems. These companies often faced the dilemma of retaining talent in the face of strong competition from developed MNCs with deeper pockets. This forced our emerging giants to invent creative reward systems that function in the context of both local legislation and company policies. Although emerging MNCs round up the usual suspects—base salary, variable pay and bonuses—they have also been creative in offering less orthodox benefits to push organizational growth and to stimulate individual group and organizational efforts for meeting strategic objectives. The analysis of Petrobras, Rakurs and Tata clearly shows how a desirable work environment, a positive organizational

climate, professional recognition, training, development and professional challenges act as strong rewards—sometimes even in the face of higher remuneration at competitors.

Emerging MNCs place strong emphasis on social programs such as job security, health care and maternity leave, as well as inclusive programs for employee families. Although this trend is most obvious in Brazilian firms, India, China and Russia are catching up. Yet one should not neglect the bottom line: Talent motivation can mostly be considered to be results-dependent, providing cohesion between individual and division objectives, and strongly linked to training, development and promotion practices. Within our sample, compensation is clearly connected to company results, with additional attention paid to top management motivation so as to stimulate long-term strategic orientation.

Although globalization does tend to homogenize the corporate mould, there are interesting peculiarities in talent management practices in the BRIC quartet. Specifically, Brazilian companies pay attention to work–life balance, labour legislation issues (namely labour security), training and development investments (because of labour shortages and educational system shortcomings), talent retention and lifelong employment.

As for Russia, the main specificity lies with the anti-management legacy of the Soviet era. Paradoxically, although the general education standards in Russia are excellent, business studies were long considered blasphemous, and Russian MNCs are only now catching up. This is why many Russian companies now focus on internships to identify talent and on career development, talent development and results-oriented performance management. India's very individualistic context and traditionally strict hierarchy implies an agenda for gender balance and equal opportunity for development for all employees. The development of educational platforms has built leaders in corporate education and internal recruitment. Chinese organizations, with their strong collective and family values, also view training and development as a key factor in supporting an environment that enhances loyalty for retention yet also enables new talent attraction.

As in overall perspectives, talent management in emerging market firms seems to be well-developed aiming to provide the following benefits, such as continuous training and development, preparing employees to face with dynamic market' challenges and enhancing leadership

potential and professional competencies. Moreover companies adjust performance management system to its strategic objectives, focusing on creation distinctive organizational culture and working environment, and development and support young talent. Attraction practices are considered to be in close connection with training and development, as well as rewarding and motivation. It allows us to make a conclusion about systematic approach to talent management in emerging market firms from China, Brazil, India and Russia. Emerging MNCs have come to espouse the long-term view on talent management: It is of utmost importance, since it provides a competitive edge and can provide a leading position in both domestic and foreign markets. ‘Think global—act local’ has become the most important guideline for emerging companies. Yet managers in developed countries should pay attention also, since talent management in emerging markets can also contribute two lessons. First, emerging MNCs are able to compete with companies from developed countries and sometimes even be one step ahead in the development and implementation of talent management practices. Second, while adopting existing managerial practices, emerging MNCs also created well-integrated, innovative talent management systems to confront challenges from domestic and global environments.

Our examples show that today talent management practices from emerging market firms, following global strategies and overcoming local challenges, have become a key source of competitive advantage, putting them in a position to compete with—and sometimes beat—developed MNCs.

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