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Bc. Yuliya Ibragimova

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New Methods in Human Resources Management

(diploma thesis)

Author: Bc. Ibragimova Yuliya

Thesis supervisor: Ing.Vladimíra Khelerová, CSc.

Proclamation:

I declare that I worked on this thesis “New Methods in Human Resources Management” by myself using the literature and information cited at the end of the thesis.

Prohlášení:

Prohlašuji, že jsem diplomovou práci na téma „Nové metody v oblasti managementu lidských zdrojů“ vypracovala samostatně s využitím literatury a informací, na něž odkazuji.

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Title of the Master’s Thesis:

New Methods in Human Resources Management

Abstract:

This diploma thesis concentrates on relationship between employee satisfaction and usage of new methods in Human Resources Management, particularly coaching and talent management. As employee satisfaction becomes one of the most important sources of influence on company’s performance, it is also discussed in the theoretical background the relationship between employee satisfaction and company performance.

The goal of the thesis is to find relationship between usage of new HRM methods (coaching and talent management) and employee satisfaction.

The thesis has four chapters. First two chapters “Measurement Systems in an Organization” and “Methods in HR Management” set a theoretical background for the research. The third chapter concentrates on the research itself: employees of five Russian companies both with and without coaching and talent management, are tested. In the last chapter are compared research outcomes and theoretical approach, as well as, recommendations are given.

Key words:

Employee satisfaction, coaching, talent management, HR methods, performance measurement, Russian companies

Název diplomové práce:

Nové metody v oblasti managementu lidských zdrojů

Abstrakt:

Tato diplomová práce se zabývá vztahem mezi spokojeností zaměstnanců a používáním nových metod HR managementu, především pak coachingu a talent managementu. V teoretické části práce je také diskutován vztah mezi spokojeností zaměstanců a výkonností firem, neboť je průkazné, že právě spokojenost zaměstnanců má výrazný dopad na hospodaření firem.

Cílem práce je odvození vztahu mezi použitím nových metod HR managementu (coaching a talent managemement) a spokojeností zaměstnanců.

Práce se skládá ze čtyř kapitol. První dvě kapitoly "Measurement Systems in an Organization" a "Methods in HR Management" jsou teoretickou částí, která je nutným metodologickým minimem pro splnění hlavního výzkumného cíle. Třetí kapitola se věnuje samotnému výzkumu. Zaměstnanci pěti společností v Rusku (mezi společnosti jsou zařázené jak ty, co používají coaching nebo talent management v oblasti HR, tak i ty, co nepoužívají ani jednu z těchto dvou metod) jsou testováni z hlediska spokojenosti. V poslední kapitole jsou porovnávány výsledky výzkumu s teoritickými předpoklady. Práce rovněž poskytuje konkrétní doporučení jednotlivým firmám.

Key words:

Spokojenost zaměstnanců, coaching, talent management, HR metody, měření výkonnosti, ruské firmy

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Introduction

This thesis concentrates on new HR management (HRM) methods used by companies nowadays, in particular on coaching and talent management. Author wonders if HR management tactics are interconnected somehow with performance measurement systems. Performance measurement is used by companies for evaluating the progress of an organization for making some changes, by investors to evaluate if the project is worth investing, by job applicants to see how the company is doing and by other stakeholders for their own purposes. Human resources management is becoming more and more important in the companies as it is believed, that companies' most important asset are their employees. That is why different new methods of HRM are being introduced into organization as a part of HR management strategy. In some research papers relationships between performance and coaching or talent management are investigated, the other papers concentrate on relationship between employee satisfaction and usage of coaching. These facts are motivation for writing this thesis.

The goal of the thesis is to find relationship between usage of new HRM methods (coaching and talent management) and employee satisfaction. Author's hypothesis stands, firstly, that companies, where the new methods of HR management (coaching or talent management) are introduced, show higher employee satisfaction, and secondly, that companies, where there are no new HR methods (no coaching or no talent management), show lower employee satisfaction. Main research question is: "Is the employee satisfaction higher in companies where new methods of HR management (coaching or talent management) are introduced?" Method of research is questionnaire created by Gallup Institute. According to the theory, the conclusion about performance of the tested companies should be stated as well.

This thesis consists of four chapters. First chapter shows the logic of development of performance measurement: from accounting-based to non-financial measures (operations, marketing, HRM). Second chapter discusses HR management's new methods being used recently by the companies and philosophy behind it, focusing on coaching and talent management. Third chapter is a research part, where results of testing several chosen Russian companies are represented. Testing is conducted with recognized Gallup Institute's questionnaire, which links development of the company (performance measurement) to development of employees (employee satisfaction). Russian companies had been chosen out of personal interest and because of existing contacts needed for the research. The fourth chapter discusses the results of the research and compares them with theoretical suggestions. Companies with and without new methods are compared in order to find the relationship. The recommendations for improvements are also given to each company.

1. Measurement Systems in an Organization

As it was mentioned in introduction, in this chapter performance measurement is discussed. First of all, reasons and benefits of measuring companies' performances are outlined. Afterwards, different types of measurement are introduced: author takes the development historically, so at first accounting-based methods and its critics are discussed. Logically, new financial methods for company's performance evaluation follow simple accounting. The last part of the chapter looks closely onto non-financial measures with the division on different types of management's contributions (operations, marketing, and human resources management).

It is quite crucial for the organizations to measure their performance. If one asks why, one can find a range of reasons. Effective measurement of organization performance influences in a great way effective management. Business excellence can only be achieved if the effective system of performance measurement is introduced in the company. The reason for this is the following: if the way to the excellence is known in an organization, methods for the improvement as well as necessary resources could be identified and introduced. Measurement system thus is created: firstly, to check how close the organization is to achievement of its goals, secondly, to drive the future decisions about allocation of resources, thirdly, to play a communicative tool, meaning to let people know what is important to the organization's success and what can be improved in the organization. (Kanji, 2002: 716)

1.1. Reasons and Benefits

Benefits from introducing a measurement system in the company have both managers and employees. If we look at managers' benefit we can define the following. First benefit of introducing a measurement system is *ability of internal control*. With timely and meaningful feedback companies have ability to recognize new opportunities, thus company can be secured from hazards on the market. Companies have better control and enough time to see the deviations so that they can improve them without much harm to the performance. The other benefit measurement system's introduction brings is *clear responsibilities and objectives*. Performance measures specify who is responsible for what and it is clear whom to blame for the poor results. This fact influences prioritization of daily operating decisions, self-correcting feedback and even prevention of possible conflicts on base of finger-pointing in case someone's mistake in unclear. Further benefit for managers is the *strategic alignment of objectives*: company strategy should be communicated through performance measures in order to control if operating units are acting according to the strategy; and even effectiveness of the strategy could be evaluated if the set objectives are met. (Kaydos, 1998: 1-4). Other benefit of using performance measures is an *understanding of business process* it gives: they show the reality contrasting the thoughts of it; furthermore, benefit is an *understanding a capability of the process*, which can be defined during the measurement. *Quality improvement and productivity* is also a benefit of using the measures of performance. Improving quality and productivity includes three steps: firstly, measuring the gap between reality and customer expectation, secondly, measuring the process of providing goods or services, thirdly, measuring the performance gap after changes have been made. The important issues in the organization improve quality in a great way within short period of time with the help of measures, introduced communication standards, and self-improvement of employees. *More efficient allocation of resources* takes place after the introduction of performance measures, because the latter helps to prioritize the problems and opportunities and thus help to allocate the resources. *Better planning and forecasting* is possible after introducing performance measures. *The freedom to delegate* tasks appears as the functioning of the process reduces fear of manager to delegate. (Kaydos, 1998: 4-11) *CYA (Covering Your Ankles) and defending your position*: the benefit that could appear after introducing the performance measures. If there is a problem in one area, but one doesn't have real data about the problem, it's hard to defend one's position, because only assumptions about the problem are not enough. Performance measures can be a powerful *catalyst for changing a company's culture*. If the shared goal is created, the playground for the teamwork is created at the same time. Teamwork is also reinforced, when the concrete tasks are defined on the way to achieve the common goal. Concrete tasks make concrete persons accountable for the tasks, so performance measures can test how effective are lower levels of organizational units on the way of supporting higher level of management. Due to definition of clear objectives and responsibilities, fewer conflicts can arise in the organization. Performance measures draw the attention to the problems and not to personalities, so conflicts can be reduced due to that fact as well. Because of performance measures, people are prompted to debate on basis of facts and not on basis of subjective opinions. Problem-solving ability can be improved, as once performance measures are introduced, people tend to search and solve problems based on performance measures result. More open and honest communication can be introduced because of the usage of performance measures and can ease the communication between employee and a manager. (Kaydos, 1998: 10-12)

Benefits for employees also take place after introduction of performance measures. *Clear responsibilities and objectives* give an advantage not only to managers, but to employees as well. Employees are more interested in the results of work they do in the company, so it's more sufficient to give the feedback and a space for improvement concerning the concrete problems and tasks, rather than talk generally about the improvement of performance of a whole company. Performance measures do exactly that: provide feedback to concrete tasks and processes as well as point on problems. The other benefit is seeing accomplishments and receiving the recognition. Performance measures allow receiving feedback not only when something goes wrong. It is important especially for the employees who are doing only part of manufacturing process and are not familiar with final results. Achievements as well as recognition for contributions are two the most important motivators for the employees. If their accomplishments become visible with the help of performance measures, the probability of recognition from the management rises. The latter then contribute to the better performance in the future and employee satisfaction. Further benefit for employees is the possibility of being evaluated objectively. Performance measures are a better tool for employee performance evaluation, than subjective opinion of a manager. Performance measures justify the fact that one person is remunerated, so favoritism and prejudice can be limited with the help of performance measures. Thus fairness of the evaluation can be improved. Performance measures bring more empowerment to employees as a manager can delegate responsibility and manage from distance, thus it gives space and freedom for supervisors, employees, and work teams and makes job more enjoyable. (Kaydos, 1998: 12-14)

1.2. Accounting-Based Measurement and its Critics

Traditional metrics driven from the accounting (like earnings, ex. Earnings per Share or EPS, and return on investment) had been used for evaluation of companies' performance for a long time. These measures face a lot of critics nowadays, but they are still very actual and many companies have inclination to use them. This inclination has several reasons described below.

First of all, the world is complex and there are a lot of financial metrics at disposal and managers sometimes are not sure, which of them they should implement for a company evaluation. Investors want a simple approach that sums up corporate performance that is understandable and comparable across companies. EPS satisfies these criteria. Secondly, the EPS approach is widely distributed by the media. Thirdly, it is quite simple for analysts to put together all the available information and sum it up in one number –EPS. Finally, analysts make predictions about a firm's progress based on whether a company meets consensus EPS, and investment banks evaluate analysts' performance by measuring how closely they predicted the EPS reported by firms. (Venanzi, 2012: 12)

Even though accounting measures are widely spread, they have been criticized for not taking into consideration cost of capital and for being too much influenced by external reporting rules. The critics they face are more closely described in further paragraphs. Accounting based measures are not exact as it could seem, rather they could be inaccurate and subjective. Accounting principles provide companies space for manipulations. Alternative accounting methods could be used in order to compute the earnings, which can affect them, but not the cash flow and economic value. This practice makes comparison of data within different years of performance unreliable. What is more, moral hazard among management can appear as they can manipulate with accounting data. Managers always prefer to earn revenues in a short-term, while deferring expenses into the future. Accounting figures could also be influenced by inflation: in determining traditional accounting measures of return heterogeneous numbers (not expressed in the same monitory unit) are put together. For example, ROI (return of investment) could be influenced by inflation by increasing capital turnover, if sales are in current values and invested capital is not. Even though International Reporting Standards' are trying to reduce such practices, they continue to be used. (Venanzi, 2012: 2-3)

According to Baruch Lev, professor of finance and accounting at New York University's Stern School of Business, the assets and liabilities listed on a company's balance sheet now state to only 60 percent of its real market value. In the 1970s and 1980s, 25 percent of the changes in a company's market value could happen due to changes in its profits. Today, according to Professor Lev, that number is only 10 percent. (Buckingham, 1999)

Accounting based performance measures of return often fail to align with the goal of maximizing shareholder value. In an effort of maximizing earnings managers are not able to distinguish the effective amount of capital invested with the intention to produce earnings. Basically, it means that any investment is good no matter what return it will earn or which risks are connected with it, that it is why company always prefers to reinvest its earnings, rather than pay dividends to shareholders. ROI is not a reliable tool for calculation DCF (discounted cash flow), being an accounting measure of return it cannot be compared to the capital measure economic return demanded by investors. It was found out that ROI underestimates the rates of return during the first years of investment and, on the contrary, overestimates them during the last years of investments. These errors are not being offset during the years. Accounting information cannot be used as a base for explanation of market valuation, nor for comparison between the different firms. (Venanzi, 2012: 3-6)

Accounting based performance measures influence managers' decisions in a way of orientation to maximizing current performance measures. Managers can maximize current profits if they reduce discretionary expenses that may positively affect future profitability by a reduction of future revenues (ex., R&D, training, brand marketing, advertising, etc.) or an increase in future costs (ex., plant and machinery maintenance). These investments are translated into financial results in a long run period and as suggested in the strategy textbooks are inevitable for reaching company's growth. So preference of short-term benefits by management oriented on accounting performance measures are undermining future development and even existence of the company. What is more, ROI will decline as company tries to increase its market share: while increasing competitive position, company will increase its new product development and marketing spending, price aggressively, and invest in expanded production capacity, as well as, working capital. These activities will contribute to strength of the organization's long term strategic position and higher market value, but ROI is likely to decline for the time these measures are being implemented. On the contrary, a harvesting strategy will result in better ROIs, but with an erosion of market share and a very small residual value. (Venanzi, 2012: 7)

Accounting measures face critics as they only evaluate the decision been made and don't possess explanatory and predictive power. That is why most accounting measures have a backward-looking focus. What is more, traditional accounting measures are focused only on individual or function, so the processes at the core of the management remain neglected. Process management needs cross measures to be considered in the evaluation, which are not provided by the accounting measures. Traditional performance measures lack the strategic focus, thus support only short-term vision. The nature of accounting measures causes the situation when an individual instead of continuous improving focuses only on conforming to standards and supports only local optimization. To know only amount of gross profit or loss is definitely not enough, it is necessary to know what kind of the driving forces behind the financial results are. What is more, it is better to focus on organizational excellence, rather than on reasons of success from historical point of view. If one is focusing only onto accounting figures, one will never understand what is leading to poor or good financial results, because accounting measures do not explain improvement of customer satisfaction, quality, cycle time, employee motivation. Operational measures drive the future financial performance, and financial success is the result of doing fundamentals well. (Kanji, 2002: 716)

1.3. Financial Measurement: New Metrics

Accounting-based measurements were no longer useful for adequate measurement of organizational performance as it was recognized by most of managers during 90s. This statement supports the research conducted by Institute of Management Accounting (IMA), in which it was found out that only 15% of respondents' existing performance measurement systems encourage top managements' goals in a good way, when 43% were poor and unreliable. 60% of respondents said about their plans to replace or restore their performance measurement systems. (Venanzi, 2012: 10) The perceived inconsistencies in traditional accounting-based performance measures have caused creation of a variety of performance measurement innovations: from ''improved'' financial metrics such as ''economic value'' measures to ''balanced scorecards'' of integrated financial and nonfinancial measures. (Ittner(1), 1998: 205). Even though most economic theories thinking about the choice of performance measures conclude that performance measurement and reward systems should incorporate any financial or nonfinancial measure that provides incremental information on managerial effort, firms have based their performance measurement systems almost only on financial measures such as profits, budgets, accounting or stock returns. (Ittner(1), 1998: 206). Schiemann and Associates conducted a survey in 1996, in which they were discovering the quality, usage and perceived importance of different financial and nonfinancial performance measures. Their results can be found on picture 1 below. While 82 % of the respondents valued financial information highly, 92 % clearly defined financial measures in each performance area, 98% included these measures in regular management reviews, and 94% linked compensation to financial performance. In contrast, 67% valued employee performance highly, but only 57% percent included employee performance measures in management reviews, just 17% clearly defined employee performance criteria for each performance area, 29% used these measures for driving organizational change, and only 20% linked compensation to employee performance. Similar odds exist for measures of operating efficiency, customer satisfaction, community and environment, and innovation and change. What is more, most executives were not confident enough about any of their measures, because only 61% were willing to bet their jobs on the quality of their financial performance information and only 41% on the quality of operating efficiency indicators, which was the highest rated nonfinancial measure. The conclusion is that there is a space between what is valued as important and what is accurate. (Ittner(1), 1998: 206-208)

Picture 1: Uses, Quality and Importance of Financial and Non-financial Measures

	Type of Performance Measure					
	Financial Performance	Customer Satisfaction	Operating Efficiency	Employee Performance	Community/ Environment	Innovation/ Change
Information is highly valued[a]	82%	85%	79%	67%	53%	52%
Willing to bet job on the quality of the information[a]	61	29	41	16	25	16
Measures are clearly defined in each performance area[a]	92	48	68	17	25	13
Measures are included in regular management reviews[b]	98	76	82	57	44	33
Measures are used to drive organizational change[b]	80	48	62	29	9	23
Measures are linked to compensation[b]	94	37	54	20	6	12

Source: Ittner(1), 1998: 207.

These inconsistencies led managers to "improve" accounting measures. Although there was a will for changing to new metrics, survey in 2005 and 2006 conducted by Graham among 400 financial executives found out, that most firms (two-thirds in the survey) still prefer traditional accounting measures such as earnings and not cash flow or "new metrics", less than 22% chose cash flows as the most important and only 3% other metrics as EVA (economic value added). (Venanzi, 2012: 12) This traditional behavior in financial performance measurement was confirmed in more recent survey about the most common financial metrics. This analysis was conducted in 2010 by the U.S. National Association of Corporate Directors (NACD) among 1,300 individual from public company boardrooms in 24 industry sectors. The results were the following: profits and EPS (earnings per share) and similar ratios made 97%, cash flow 36%, economic value measures like EVA 16%, and stock price based measures 31%. (Venanzi, 2012: 13) New financial metrics – measuring economic value – are described in the following paragraphs.

One of the metrics used by firms is *Economic value added* (EVA). EVA is calculated by adjusted operating income minus a capital charge, with the assumption that a manager's actions only add economic value when the resulting profits exceed the cost of capital. Four basic scenarios could be implemented for increasing value: first one is to increase EVA via improvements in return in invested capital (ROIC), second is to invest in growth bringing profit, meaning to invest until ROIC exceeds the cost of capital, third is to reduce investments, whose ROIC is less than cost of capital, and last one is to increase EVA by reducing cost of capital. (Venanzi, 2012: 18)

A second economic value measure that has been used a lot recently is the *cash flow return on investment* (CFROI) and its variants. CFROI is a modified version of internal rate of return (IRR), created for investments, which have already been made. The CFROI of a firm is compared to the cost of capital to find out, if a company's investments are good, neutral or poor. In order to support company's value, a firm needs to increase the gap between its CFROI and its cost of capital. CFROI can be calculated with the usage of four inputs. The first input is the gross investment (GI) that the firm has in its assets in place. The second input stands for the gross cash flow (GCF) earned in the current year on that asset. The third input we take to calculate CFROI is the expected life of the assets in place (n), at the time of the original investment, which differs from industry to industry but shows the earning life of the questioned investments. The expected value of the assets (the salvage value SV) at the end of this life, in current dollars, is the final input. (Venanzi, 2012: 24-25)

The third measure of economic value of organization is the *shareholder value added* (SVA) introduced by Rappaport (1986) and LEK/Alcar Consulting Group, based on DCF logic. The key-factors in determining SVA are the following: growth rate of sales, rate of operating profit margin, (cash) tax rate, rate of incremental fixed capital investment, in terms of rate of capital intensity of sales, rate of incremental working capital investment, cost of capital, expressed in terms of weighted average cost of capital (WACC), value growth duration (planning period or competitive advantage period). SVA can measure historical performance periodically in terms of superior SVA, calculated as a difference between actual and expected SVA. This measure should help for correct orientation of the operating managers to find ways with the highest potential for increasing value, avoiding the short-term performance orientation. (Venanzi, 2012: 27-28)

The other measure is the *economic margin* (EM) calculation, which is based on three components—operating cash flow, invested capital, and a capital charge. It can be calculated the following way: operation cash flow less capital charge, the result divide by invested capital. EM is described by its creators as a unique mixture of the two metrics EVA and CFROI, for capturing the best qualities of each method. EM includes the required by investors return on capital in its capital charge, and thus it is a direct measure of shareholder wealth creation. This means, that company with a positive EM should create wealth, a zero EM should have the same level of wealth, and a negative EM should destroy wealth. Because of the fact, that the EM concept is based on the economic profit, it is easier to communicate and set goals. (Venanzi, 2012: 28-29)

The last measure the author wants to mention is *the cash value added* (CVA). CVA is based on a net present value (NPV) model and divide the NPV calculation into years, months or the time period chosen by user, and does not have to discount the investment's overall cash flows over its economic life. It divides investments into two categories: strategic and non-strategic. Strategic investments are investments, which aim is to create new value for shareholders, while non-strategic investments are created to maintain the value which was produced by the strategic investments. Thus several non-strategic investments always follow strategic investment, with the business unit's capital base accountable for the aggregate of every strategic investment's operating cash flow demand (OCFD). The CVA is the value creation from the shareholders' point of view, and can be calculated (by using yearly, monthly or quarterly data) as a difference between the operating cash flow (OCF) and the OCFD. (Venanzi, 2012: 29-30)

1.4. Critics of Financial "New Metrics" Measurement

New metrics described in the previous paragraphs face critics. They have a lot of shortcomings, which make the measured resulted more than doubtful. Some of the shortcomings are described below.

First of all, they face shortcomings in calculation. EVA, CFROI and EM are using accounting measures, so they are influenced by *accounting distortions*. EVA does not correct the *effect of inflation* as well. These features can create a lot of difficulties for a manager who wants to compare firms across time and industries for the purpose of identification of the best investment opportunity. Usage of economic metric like SVA or CVA, for example, for the purpose of comparability among companies regardless of their size would be too *time consuming*, because we would need to separate yearly cash flow estimates, cost of capital and forecast periods for each company. CFROI faces *problems with the IRR* in comparing alternatives: if we take two investments with equal NPV but different in timing and scale of cash flows, the IRR will often suggest contradictory answers. (Venanzi, 2012: 63-65)

Secondly, new metrics are being criticized for inconsistency with value creation. EVA produces quite incorrect results because of the *old plant trap's effect*: EVA is overstated because it looks at the remaining book value of assets (net plant). Because of that fact, when assets are depreciated and get older, EVA increases. What is more, if management compensation system is build in rewarding EVA improvements, managers are exposed to desire of resisting growth. It could happen, because each new project will decrease their EVA, while doing nothing will increase it, and this fact will be reflected in their bonuses. CFROI suffers the *hurdle rate problem* (companies decide on an acceptable rate of return (the cost of capital) and evaluate performance based on the actual rate achieved). Because of this problem companies are not supported to invest in projects that expected to achieve a lower return in a comparison to the currently employed assets. Positive cash flow after such as investment will be present, but a negative effect of a lower total rate on the portfolio of investments, as well as, lower overall performance evaluation criterion will take place. (Venanzi, 2012: 66) Both EVA and CFROI (and consequently EM) could follow the goals quite different from value creation, they rather can support managers' decisions leading to value destruction in order to meet the target performance measure. The value of a firm can be understood as a value of the assets in place and value of the expected future growth. The value of the assets in place depends on the capital invested into them and on the EVAs by these assets or the CFROIs on these assets. *Capital game* shortcoming is known as the incentive to keep the invested capital down, in case managers receive bonuses for performance of the EVA or CFROI of the assets in place. The *short-termism* could be understood as a case of evaluation of managerial performance based on the EVA or CFROI in the current year, or year-to-year changes. Further shortcoming is known as *the risk game*: a trade-off between the growth of the current EVA or CFROI and the growth of riskiness of future investments takes place (as well as of cost of capital), which leads to reduction of the present value of growth. In all these cases managers could sacrifice long term competitiveness pursuing instead short-term targets. So if managers are rewarded for a single component of the firm value and not for overall performance of the components, they face strong desire to make decisions that decrease value of a company as a whole. (Venanzi, 2012: 66-68) The SVA method faces its sensitivity to *the residual value*. The residual value can be the greatest part of the created value. It depends in a great way on the cash flow in the last forecast period and on the growth in perpetuity assumption: both variables are estimated subjectively and are unverifiable, which makes them open to manipulations. In some firms *capital rationing constraints* are significant, which makes important the issue of directing investments to those projects where they earn the highest possible returns for. For such firms, the value added measures that focus on absolute value may cause a *misallocation of resources*. Usage of a rate of return (for instance, CFROI, EM or CVA index), allows these firms to get the maximum return from a limited capital. (Venanzi, 2012: 68)

The other problem new metrics are facing is inadequacy in managerial compensation. As SVA focuses on future performance, some difficulties can appear while applying this metric for measurement of historic performance and then it could be less adequate in compensation systems. Building a compensation system based on SVA could be quite complicated. In addition, the SVA approach can be not very objective, because it includes managerial judgment and strategic thinking, as well as, specific forecasts about operating factors into the future. The SVA's subjectivity could seriously damage the verifiability of the aimed reliable measurements in compensation systems. If the divisions, or strategic business units' levels use any of the metrics, which requires the allocation of invested capital or costs to the sub-units, they can face subjectivity and non-verifiability of the used metric, because both the allocation and the required transfer prices are disputable and random. Possible misallocations are usually a result of individual divisions' power in influencing the process. EVA (and to a certain degree CFROI, EM and CVA) faces critics for being too complex to be used by frontline managers. (Venanzi, 2012: 68-69)

These shortcomings were taken into account and range of authors started to wonder what can be done about it. In the next paragraph their suggestions are represented.

1.5. Nonfinancial performance measurement

Based on described shortcomings many authors suggest to introduce some innovations of the performance measurement methods. Several authors (Stern and Shiely, Ehrbar, Bromwich and Bhimani, Johnson and Kaplan) suggest, that usage of profit-based measures can have negative impact on decision making and have to be combined with non-financial methods for more efficient evaluation. In their book *Relevance Lost* authors Johnson and Kaplan criticized the limitations coming from short-term financial measures and suggested to use more non-financial measures. In their opinion short-term financial measures are not relevant any longer, as situation in each industry changes very fast, and changes in technology, shorter product life cycles, and innovations are putting firms into dynamic business environment. They argue that selection of methods should be based on firm's strategy and should consist of measures of manufacturing, marketing and research and development. (Chenhall, 2007: 267). Howell and Soucy suggest to use non-financial methods such as: quality, inventory, material scrap, equipment maintenance and so on. Bromwich and Bhimani also suggested measuring quality, delivery time, inventory reduction, machine performance in this changed conditions nowadays. Ideas of these authors were taken into account and developed even more. (Chenhall, 2007: 267)

There can be found several benefits of using non-financial measures. Firstly, managers can see the business progress before they get to know financial data, secondly, can be surer about their investments allocations. Moreover, employees receive more concrete information about the steps needed for achievement of strategic goals. Investors also have better picture of company's overall performance, because nonfinancial measures draw attention to intangible realms as R&D productivity, which is ignored by financial indicators. The main problem is that only few companies use this method. It happens because they can't correctly identify, analyze and act according to the right nonfinancial measures. (Ittner(2), 2003: 1-2)

Each non-financial discipline contributed in developing their measurements, so operations, marketing, human resources, strategy management developed series of measurements evaluating performance in their area of activity. In next paragraphs author will look closer to contributions of each of them.

Operations management (also known as manufacturing and production management, or advanced manufacturing or world-class manufacturing) contributed to performance measurement. Operations management covers the problematic concerning processes of production in the company and focuses on operational improvements via more efficient design of production processes, as well as, effective control of operations. Production processes are perceived as not just passive systems that provide the output of a company, but rather as processes, which assess the competitive capability. Accounting methods were very much criticized by operations managers, as they perceived traditional accounting methods as an obstacle to innovations of production processes. Instead of reporting costs and variances of costs from budget, operational management offered the view on causes of costs. Operations measures brought with them customer-oriented approach and less complexity. (Chenhall, 2007: 267)

During 80s different practices designing and developing reliability and efficiency of production had become popular, among which were Total Quality Management (TQM), just-in-time systems (JIT), flexible management system (FMS), computer-aided design and computer-aided manufacture (CAD/CAM), lean manufacturing and value added manufacturing (VAM). These methods put challenges in front of control and performance management. In 1989 symposium organized by American Accounting Association gave a space for authors, who criticized accounting methods for being inadequate and suggested such methods of measurement that take into account customer's satisfaction, and are interconnected with strategy of a firm. Operation management emphasized the great meaning of developing performance measurement system based on direct measurement of inputs, outputs, throughputs of functions such as ordering, production, and delivery. Widely used approaches were production control system and statistical process control. Afterwards, more complex performance measurement systems were build that created relationships among production, marketing human resources management, financial functions. (Chenhall, 2007: 267-268)

Quality programs, as for example, TQM, concentrate on effective management of interconnections among production processes including relationships with customers, suppliers and so on. Performance measurement systems in this case are created for motivating managers and employees to act according to efficient requirements within TQM programs in order to provide the most efficient links through all value chain. Measures are in this case generated at both process and strategy level. TQM also requires continuous improvement and knowledge of the best practices in the business world in order to support innovations. Tools for achieving this are benchmarking and systems of recognizing connections between strategy and operations (balanced scorecard and strategic integrative controls). The linkage between choice of performance measurement and TQM was found. *Ittner and Larcker* found a linkage between quality and strategic controls, where the greatest effect on performance had managers while approving quality programs and team formulation. *Foster and Horngren* found that in flexible manufacturing systems (FMS) were used performance measures such as time, quality, operating efficiency and flexibility. Several authors such as *Banker, Fullerton and McWaters* said, that nontraditional performance measures are associated with more advanced JIT. There is evidence that the usage of non-financial methods for managers' evaluation in TQM provides interactive strategic control. (Chenhall, 2007: 268-270)

Sim and Killough conducted a research, which resulted in positive correlation performance gains and introduction of TQM or JIT and specific features of management accounting systems. Test results indicate that profit could be gained from complementarities between the production system and customer- or quality-related performance goals. (Sim, 1998: 341)

Perera suggests that changes in manufacturing strategies with emphasis on quality, flexibility, dependability and low cost should be followed by changes in formal performance measurement systems with a bigger part of non-financial (operation-based) performance measures and that customer-focused manufacturing and advanced manufacturing technology are connected to non-financial methods of measurement. (Perera, 1997: 569) All in all, operations management influenced companies to change their approach to measurement and take into account methods of measurement oriented on production processes.

Marketing is without any doubt needed for understanding customer satisfaction, brand equity and other aspects of marketing activities. There had been range of studies conducted that were discovering linkages between customer's satisfaction, service quality and organizational performance. Generally, during 70s it was believed that only a great market share can bring high profitability, but *Reichheld and Sasser* suggested as first that customer loyalty has more influence on profitability. S*ervice profit chain* (SPC) is a concept that builds connections between profitability, customer loyalty, and employee satisfaction, loyalty and productivity. The links are the following: profit and growth are created because of customer loyalty, which is a result of customer satisfaction. This satisfaction is influenced by value of services provided, which in its turn is created by satisfied, loyal and productive employees. Employees' satisfaction is created by high-quality internal services for them. (Heskett, 2008) Empirical tests of SPC framework were conducted by Kamakura and Gustafsson and Johnson. Kamakura linked individual marketing research data to behavioral measures and operational data in each branch of Brazilian bank. Gustafsson and Johnson introduced a linkage between financial performance and the way quality production improves customer loyalty and retention with application of data on Volvo Car Corporation. A lot of the research was conducted on service quality and its drivers, yet not on outcomes. For example, Parasuraman created a survey questionnaire SERVQUAL, which has 21 expectations and matching perceptions lines divided into 5 dimensions (tangibles, reliability, responsiveness, assurance and empathy). This survey is basically a tool for measurement of direct customer perception of services' importance valued by customers. There was a research in accounting literature which was trying to find links between customer satisfaction and financial returns, done by Anderson or Ittner and Larcker. Customer satisfaction can be evaluated in different ways, but companies, in which researches were conducted, used their own metrics. Smith and Wright used the SPC network and tried to explain the causal relations among product value attributes, product market features (ex. customer loyalty) and financial gains (ex. sales development). It was found out that product value influences directly customer loyalty and selling prices, while customer loyalty measures give an explanation to growth of revenue and profitability. (Chenhall, 2007: 270-271)

The other marketing measurement is measurement of customer lifetime value (CLV), which stands for profit or loss from customer's relations in the future in other words present value of future cash flows from the customer relationship. It is believed that customers staying longer with the firm create more profit than short-term customers, because of paid price premiums, growth of sales and thus revenue growth as well as costs effectiveness and attracted new customers by referrals. Marketing research concerning CLV covers three areas: models for CLV calculation, customer base analysis, and normative models for CLV. Two drivers that influence CLV had been identified: customer volume effect and profit per customer effect, however, consensus about how customer valuation should be measured couldn't be reached. (Chenhall, 2007: 271)

Customer migration model works with two groups: customers with long-term commitments to vendors and those who have several vendors. Optimal resource allocation model works with optimal balance between spending to gain customers and spending to retain customers in order to maximize CLV. Customer relationship models use mathematically-based Markov Chains Models to maintain both customer retention and customer migration scenarios. Models of customer base analysis predict purchases of individual customers in the future based on past behaviors; results of this modelling could be used to calculate CLV. Normative models test some of the core question of CLV as, for instance, assumption that long life customers are more profitable. (Chenhall, 2007: 271)

Measurement of brand equity uses several models: Brand Asset Valuator (32 items questionnaire) and EquiTrend or Brand Equity Trend (four dimensions: loyalty, perceived quality, associations, and awareness). There have been some studies conducted about customer based accounting performance measures. Among them are survey of Australian companies and their customer accounting practices (customer accounting, customer profitability analysis, customer segment profitability analysis, lifetime customer profitability analysis, and valuation of customer or customer group as assets) or case study of Vaivio who explained what kind of influence the fact that customer can be quantified has on responsibility and creation of new dimensions of performance. The latter case study showed how introduction of customer measures could change the short-term and limited reporting of number to the more up-to-date problems management faces. (Chenhall, 2007: 271-272)

Human Resources Management has not a strong focus on the development of performance measurement to foster the organizational performance. Different performance measures, however, have being used by HRM in remuneration in order to determine the rewards. But at the same time the debate appeared on how to develop performance measures with the intention to use the human capital of organization. HRM historically put an emphasis on personnel management with the goal of supporting their development. Later the other approach became popular: to maintain the management team as a whole in order to optimize all resources of organization, one of which is human capital. So the reason for developing employees is not altruistic motives, but aspiration to enhance organizational performance. So HRM functions are connected to broader organizational goals. Because of this change in approach several performance measurements that were initiated by HRM, among which are 360 degree performance ratings, development of quantitative way in usage of HRM outputs, The Human Capital Index, multi-attribute utility analysis, accounting for human or intellectual assets, balanced scorecards and intangible assets. (Chenhall, 2007: 272-273)

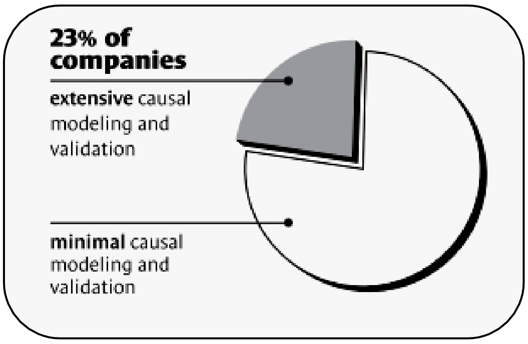
The method 360 degree performance rating is used for the purposes of planning and evaluating employee’s abilities, and it gives the idea about performance of employee from all degrees: from peers, supervisors, subordinates, customers and suppliers, which is more convenient than receiving information from just one source. Such ratings could be beneficial; firstly, because they can point on the areas that need improvement, secondly, they could bring more socialization while participating in such a performance measurement. From measurement point of view 360 degree performance rating can face problems with reliability (in case of peer's feedback), compatibility (different rates observing the same behavior) and other problems arising from usage of different dimensions of performance or definition of these dimensions differently. The other method for measurement was developed by consulting firm Watson-Wyatt for defining the correlation between HRM practices and shareholder value. They defined the list of HRM practices that had a great influence on shareholder value, by using which the Human Capital Index score for companies (0 to 100) was created, where high scores and superior HR practices are interconnected with higher share value. Publicly available financial data as well as Standard and Poor's data were used for analysis (market value, 3 or 5 years total return to stakeholders, for example). Thirty HR practices were named with 30% increase in market value. This index is a trial to connect HR practices to financial performance. (Chenhall, 2007: 273)

Importance of human resource management developed into human resources accounting (HRA). HRA evaluates how well workforce is motivated and educated, but the American Accounting Association Committee was not very successful in encouraging for research needed for usage of HRA. Two aspects needed to be broaden into the research: impact of HRA on employee's performance and on management decision making. The value of human assets was difficult to evaluate, so no research was conducted. Later people were recognized as competitive advantage of the company. Different frameworks were created in an attempt to connect intellectual capital with other aspects of performance including financial one. Among them is Skandia Navigator's framework (Swedish company) with five dimensions, where HR practices were connected to history of the firm, a financial question, today's operations from the customer and processes point of view, and future development. Marr and Adams provided the explanation about measurement of the intangible assets. The explanation of perceiving intangible assets as a strategic resource was provided by authors, and these assets consist of human capital, relational capital, organizational of structural capital. By human capital can be understood skills and attitudes of employees; relational capital covers relations between organization and other all stakeholders; organizational capital means intellectual property and unique methods. (Chenhall, 2007: 274)

In 1992 *Balanced Scorecard* (BSC) was introduced by Kaplan & Norton. BSC is a performance summary, in which financial measures are complemented by operational measures. Operational measures are at the same time the drivers of future financial performance. The word "Balanced" in BSC means that the system contains financial as well as non-financial measures, and all of them create four groups: financial perspective, customer perspective, internal business perspective, and innovation and learning. BSC is called strategic management system, because it starts its evaluation from the mission of the organization and continues translating of the strategy to concrete actions. This method gives an integral view of organization by taking into account all four important perspectives. Using this method companies have a chance to pursue the financial results at the same time with looking at the process of building capabilities and acquiring the assets companies need for the future growth. This tool concentrates on linkages for achieving the great performance in related measures. Management receives from BSC an idea about interdependency among different organizational areas. Due to the concentration on small number of critical features, information overload is avoided. System is also flexible and can be adjusted to individual organization. (Kanji, 2002: 716-717) On the other hand, this method also has its drawbacks. First of all, BSC is a conceptual model and cannot be perceived as a measurement model, because the variables are not clearly identified as well as the ways how they can be measured and how they relate to each other. The links between the four perspectives are problematic and doubtful. Interactions among criteria are not clear and BSC focuses only on top-down measurement what makes model static. (Kanji, 2002: 717) The last dimension of BSC included employee capacities, information systems capabilities, motivations and empowerment, in latest versions the last dimension consists of human capital, information and organizational capital. This dimension also faces critics as incomplete and partial. Relationships with customers are placed in the customer perspective dimension, so intangible assets are not covered completely as relational aspect is not present (relationships among firm and all key stakeholders). (Chenhall, 2007: 274-275)

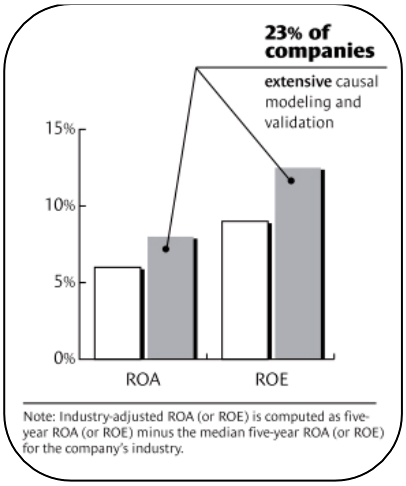
Ittner and Larcker conducted the research, where it was discovered, that most of the companies didn’t do much to identify areas of nonfinancial performance that could pursue their strategy, as well as, companies didn’t show the link between the improvement of indicators and better cash flow, profit, or stock price. Instead of that many companies adopted modified financial measurement systems as Kaplan and Norton’s Balanced Scorecard, Accenture’s Performance Prism, or Skandia’s Intellectual Capital Navigator. On the other hand, investors’ frameworks insist on creating more deep insight onto activities which affect frameworks’ broad domains, such as financial, customers, international business processes, innovation and learning in case of Balanced Scorecard. Businesses most of the time fail in establishing such links, because of the laziness and thoughtlessness. That is why managers possess data, which they can manipulate in order to make themselves look good. (Ittner(2), 2003: 2-3)

Picture 2: Number of companies in a survey used causal model



Source: Ittner(2), 2003: 4.

Picture 3: Influence of usage of causal models on ROA and ROE



Source: Ittner(2), 2003: 4.

According to the research of Ittner and Larcker (see pic. 2 and 3), companies that used nonfinancial measurements and then adopted causal link between those measures and financial results had higher returns on assets (ROA) and return on equity (ROE) over a five year period. Picture one shows that only 23% of the companies participated on the survey used causal models. On picture two we see, that ROA and ROE of the 23% of companies which used causal models are higher than of the rest of the companies. The misusage of nonfinancial measures can cause a lot of trouble because of great opportunity costs. (Ittner(2), 2003: 2-3)

Gallup institute developed the questions that should be answered by employees, afterwards it can be seen how performance is. They asked twenty-four different companies from twelve distinct industries, to gain scores measuring four different kinds of business outcome: productivity, profitability, employee retention, and customer satisfaction, all in all, they included over 2,500 business units in their study. This research was the first cross-industry investigation to find out the links between employee opinion and business unit performance. With the usage of meta-analysis formulas the Gallup institute analyzed data from over 105,000 employees. They found out that those employees who responded more positively to the twelve questions also were employed in business units with greater levels of productivity, profit, retention, and customer satisfaction. This demonstrated, for the first time, the link between employee satisfaction and business unit performance, across many different companies. They argue that every question out of 12 is linked to at least one of performance outcomes: productivity, profitability, retention, or customer satisfaction. Ten of the twelve are linked to productivity; eight out of twelve have the link to profitability measure, meaning, employees answering that questions more positively, are working in a more profitable firms; five questions are connected to retention (it was find out that retention influence immediate managers most of the time); and six questions has the strongest links to the most business outcomes. (Buckingham, 1999)

In this chapter author outlined the logic of development of performance measures, as well as their critics. In this limited space of diploma thesis only one area of performance management can be chosen. Author focuses on HRM measurement as the key measurement tactic in the organization. Employee satisfaction is one of the key elements to the success of the whole company, to the growth, and development. It was proven by studies (by Gallup Institute, for instance) that employee satisfaction influence the performance of the company. As employee satisfaction is so important for company's performance, author of this thesis decided to investigate if coaching and talent management used in the companies have a positive effect on employee satisfaction. The introduction to approaches of coaching and talent management can be found in the next chapter.

2. Methods in HR Management

In this chapter author looks closer on history, philosophy and development of two HR methods used more and more intensively by companies nowadays: couching and talent management. One might wonder why the change comes. John Whitmore (one of the founders of coaching) suggests that culture of business has to change, because of the several reasons: global competition forces firms to be more efficient, flexible, responsive and leaner; because of the technological innovation managers find that they have never learned the skills of the teams they employ; globalization, demographic changes, the further integration of Europe, immigration, and the effects of the internet and speeded up communication forced companies to change the business practices they are used to; the legal and social responsibility demands business to accept the climate change and act responsibly. The success of business depends in a great way on the global social and psychological, environmental and economic factors. (Whitmore, 2009: 10)

2.1. Coaching

In this sub-chapter author would like to look a little bit more deeply on the coaching as a concept. Concept of coaching came into business from sport, where new young generation of sportsmen as well as new kinds of sports required non-standard way of teaching sports. Harvard educationalist and tennis expert Timothy Gallwey, who introduced a book "*The Inner Game of Tennis*", followed by "*Inner Skiing*" and "*The Inner Game of Golf*", suggested the new idea: coach should help a sportsman to remove inner obstacles in order to achieve the natural ability to learn without much technical instructions by coach. Basically, coaching means "the unlocking people's potential to maximize their own performance". (Whitmore, 2009: 10)

John Whitmore was trained by Gallwey and founded the Inner Game in Britain, where Inner Game Coaches were trained; later the same philosophy was used in business. Coaching suppose a coach to think of his people in terms of their potential, not their performance, he has to believe that his people have more abilities, than they currently perform. (Whitmore, 2009: 46) Max Landsberg defines coaching the following way: "Coaching aims to enhance the performance and learning ability of others. It involves giving feedback, but it also includes other techniques such as motivation and effective questioning. And for a manager-coach it includes recognising the coachee's readiness to undertake a particular task, in terms of both their will and skill. Overall, the coach is aiming for the coachee to help her – or himself. And it is a dynamic interaction – it does not rely on a one-way flow of telling or instruction". (Landsberg, 2002)

Coaches use open questions in order to generate awareness and responsibility: questions that are seeking quantity or gather facts (what, when, who, how much, how many); starting with broad and finishing with detailed questions; questions that follow the interest of coachee not the coach. (Whitmore, 2009, 46-47) There should be special sequence of questions, according to model GROW suggested by John Whitmore:

1. Goal setting for the session as well as short and long term,
2. Reality checking to explore the current situation,
3. Options and alternative strategies or courses of action,
4. What is to be done, When, by Whom, and the Will to do it. (Whitmore, 2009: 55)

Coaching works with potential in a way that coach believe that the higher performance is real to achieve (ex. higher level of performance during crisis) and therefore, it helps a person have a sustainably high performance. “To use coaching successfully we have to adopt a far more optimistic view than usual of the dormant capability of all people” (Whitmore, 2009: 15) suggests John Whitmore and it was testified in number of studies, that more optimistic belief of someone’s ability helps to achieve higher results. Coaching can be used in many aspects, as John Whitmore suggests:

- Motivating staff,
- Delegating,
- Problem solving,
- Relationship issues,
- Team Building,
- Appraisals and Assessments,
- Task performance,
- Planning and reviewing,
- Staff development,
- Team working. (Whitmore, 2009: 15).

The critical in approach is to be a partner to employee, not to show a blame or irritation, as well as to help with building of self-belief in employee as it helps him to perform. Coaching is described by John Whitmore as “[…] a way of managing, a way of treating people, a way of thinking, a way of being” (Whitmore, 2009: 19)

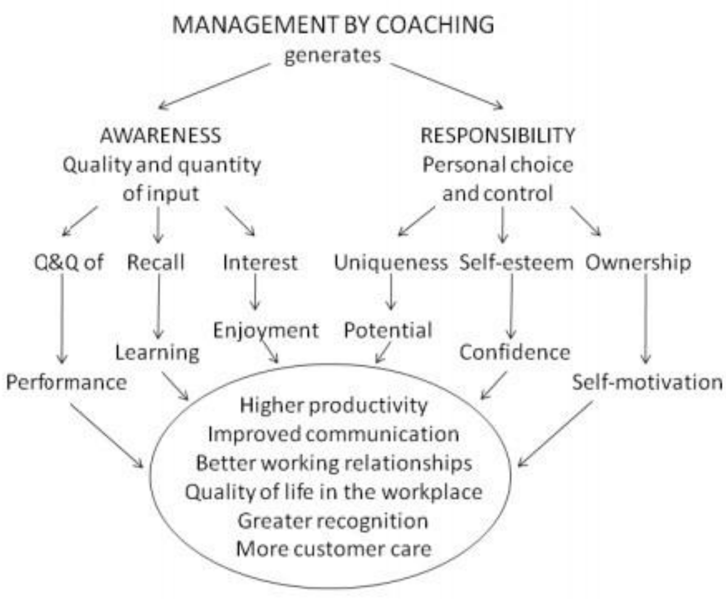
Two more issues are important for right way the coaching to be done: role of manager and context of change. Manager that uses coaching as a HR method should have such qualities as empathy, integrity, and detachment, as well as readiness to have a non-traditional approach to its staff (not the approach of so-called “carrot and stick”). There are several management styles: managers can dictate, persuade, discuss, abdicate or coach. *Dictator’s style* is so often because from the childhood we are told what to do, so we are just repeating the roles models. Dictator has a feeling that he has a control, however, he doesn’t as he leaves the staff frustrated and staff might perform good in the manager’s presence, but behind his back staff is not performing the best or even sabotaging. The other reason of failure of this management approach is an inability to remember what we are told: after some time we don’t recall, what we are been told. *Persuasion* style is a nicer way to dictate, but the result is the same: staff is doing exactly what boss wants. *Discussion* style often ends up in indecision. *Abdication* style leaves the employee to get on with it, but remains risky both for employee and manager: manager abdicates responsibility and employee might not perform well, as he has to take more responsibility unwillingly, so his performance will lack the benefit of self-motivation. In case of coaching manager knows what is the action’s plan and employee becomes aware of every aspect of task while answering on manager’s questions and willingly takes responsibility. As relationships are supportive, not threatening, employee’s behavior is the same, when manager is absent, so the manager’s control as well as employee’s responsibility are real, not illusory. (Whitmore, 2009: 20-26)

Change is the second issue to be mentioned in relation to coaching. Competition and growth are both losing on importance these days, instead stability, sustainability, and collaboration are becoming more important. Companies and individuals who don’t change their attitude to be open to what will be acceptable in the future won’t make it in our unstable markets. Opportunities for promotion and pay increases are shrinking in most sectors, so couching becomes an important way of motivation for staff. Companies have recognized that if they are eager to achieve real performance improvement, their managers must use a coaching-based management style. These companies have already realized that coaching is the management style of a transformed culture, and that as the style changes from directing to coaching, the culture of the organization will begin changing as well. Responsibility gained by employees will be rewarded by their higher performance. Blame culture is about history, fear, and the past, future is to be built on aspiration and hope. When choice and control are offered in the workplace to employees acknowledges and validates their capability and their self-esteem, so stress is eliminated. (Whitmore, 2009: 27-32)

The two key elements of coaching and the sequence they bring can be seen on picture 4. The first key element of coaching is awareness: the norm of our everyday awareness is quite poor, but it can be raised in a great way by focused attention and by practice. Awareness is raised by seeing and hearing in the workplace, but includes much more than that: it is collecting and perceiving the relevant facts and information, and the ability to state what is relevant. That ability consists of an understanding of systems, of dynamics, of relationships between things and people, as well as, some understanding of psychology. Awareness also includes self-awareness: recognition when and how emotions or desires distort one’s own perception. The coaching method of raising awareness marks the unique attributes of the body and mind of a person, at the same time builds the ability and the confidence to improve without someone’s prescription. It builds self-reliance, self-belief and confidence, as well as, self-responsibility. So the awareness-raising function of the expert coach is imperative. Two simple statements sums up the idea behind awareness:

1. Awareness is knowing what is happening around you. 2. Self-awareness is knowing what you are experiencing. (Whitmore, 2009: 33-36)

Picture 4: Results of coaching



Source: Whitmore, 2009: 54.

Responsibility (see pic. 4) is also crucial for high performance. Blame works worse, than choice: if someone gives advice to a person, and it didn’t work, the person will blame the adviser and this is where the responsibility lies. If a person chose to be responsible, he will have more motivation to be successful in what he is responsible for. Knowledge and experience does not guarantee the best performance, only state of mind does: in order to develop and maintain the winning state of mind for performance it is required to build awareness and responsibility continuously day by day through the skill-acquisition process. (Whitmore, 2009: 40-41) The GROW model described above should be used only according to these two key elements of coaching awareness and responsibility.

On the picture 4 performance, learning and enjoyment are the results of raised awareness. In order to express one's potential, it is necessary to take total responsibility or ownership. Coaching is the management style or tool for optimizing people's potential and performance. For performance it is crucial the existence of enjoyment and learning; these three issues are interconnected. The process of learning generally consists of unconscious incompetence, conscious incompetence, conscious competence, unconscious competence. There is no need to go through all of the stages if the coaching is used: instead of continuously trying to do something right, the nonjudgmental monitoring of what we are doing should be used. The effect of enjoyment is connected with the experiencing presence without thinking of past and future and receiving the enjoyment from it: this is done by raised awareness of the presence. (Whitmore, 2009: 100-105)

The results of coaching usage are the following:

1.Improved performance and productivity: expected performance is much better due to usage of coaching.

2.Staff development: development does not mean only sending to lectures.

3. Improved learning: coaching means learning on the fast track, without loss of time; enjoyment and retention are also improved.

4.Improved relationships: the process of asking someone a question values them and their answer. There is no interpersonal exchange, if a manager just tells the instructions.

5.Improved quality of life for individuals: the respect for individuals, the improved relationships, and the success come along with coaching, the atmosphere at work improves for the better.

6.More time for the manager: staff takes responsibility and does not need to be controlled, so manager has more time.

7.More creative ideas: coaching environment supports creative suggestions from all members of a team.

8.Better use of people, skills, and resources: a manager often doesn’t know what hidden resources are available to him until he uses coaching, many hidden talents in his team and solutions to the problems will be soon uncovered.

9.Faster and more effective emergency response: in the organization, where people are valued, response to emergency is greater and faster, than in the organization, where people are not valued.

10.Greater flexibility and adaptability to change: change is a core issue of coaching, and demand for flexibility will grow with help of coaching in particular. The coaching ethos is all about change, being responsive and responsible. Due to higher competition, technological innovation, instant global communication, economic uncertainty and social instability only the flexible will survive.

11.More motivated staff: coaching helps people to discover their self-motivation, because “carrot and stick method” is not working any more.

12.Culture change: with the help of coaching high-performance culture becomes achievable.

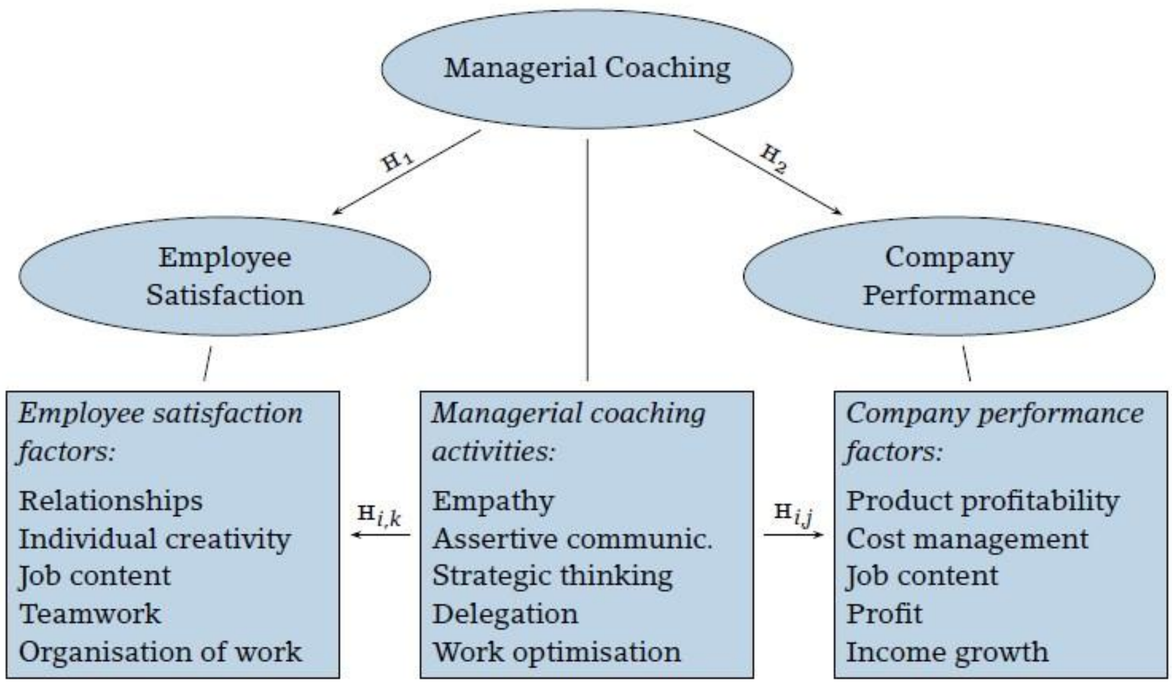
13.A life skill: coaching is known as an attitude and a behavior, which can be used not only at work, but as well in personal life. Even if people change their job, they will use the skills they got anyway. (Whitmore, 2009: 156-158)

2.2. Coaching, Employee Satisfaction and Performance

The author would like to take a look in this sub-chapter at some of the studies that discovered correlations between coaching and employee satisfaction and performance.

Recently, many companies (and even more managers) in the UK and Western Europe have started studying and implementing coaching with the intention to improve: personal and professional growth of the employees, building good relationships, building career, managing the business, planning the development, setting of strategic goals, as well as, business plans, building of values, and, last but not least, employee workplace satisfaction. (Cajnko, 2014: 287) There has been Managerial Coaching Model created (see Pic. 5): authors assume that with the help of coaching employee satisfaction and company performance are influenced in a great way. They measured the effect of five constructs of managerial coaching, which are empathy, assertive communication, strategic thinking, delegation and work optimization, on employee satisfaction (in particular on relationships, individual creativity, job content, teamwork and organization of work) and company performance (in particular on product profitability, cost management, job content, profit and income growth). Authors proved the existence of correlation between coaching and employee satisfaction and between coaching and performance: “Having confirmed all of the posed hypotheses we can also confirm the thesis and state that companies can, with some care put into implementing components of managerial coaching model, significantly improve employee satisfaction and company performance”. (Cajnko, 2014: 299)

Picture 5: Managerial Coaching Model

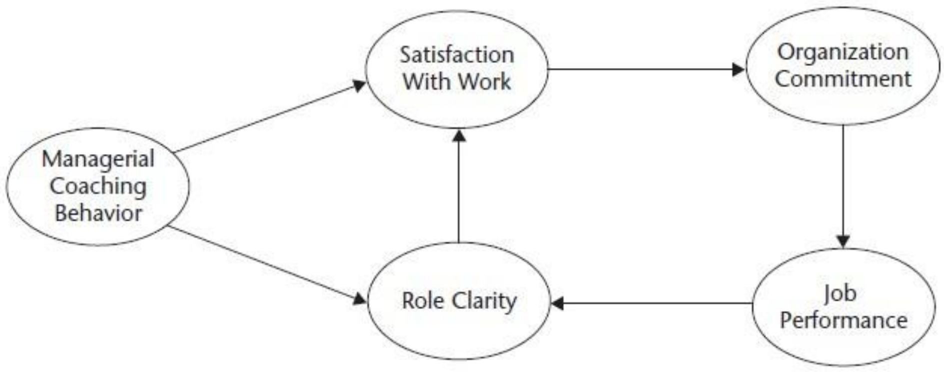


Source: Cajnko, 2014: 289.

The other study done by Kim et al. (2014) examined the direct and indirect effects of managerial coaching on employee outcomes (see pic. 6). In the study were investigated the relationships between and among perceived managerial coaching behavior and employee self-reported role clarity, satisfaction with work, organization commitment, and performance outcomes. Data from the research supported main predictions: managerial coaching is statistically and practically connected with employee work-related outcome variables. Research supported that managerial coaching impacts employee role clarity and satisfaction with work and indirectly influences satisfaction with work through role clarity, organization commitment through satisfaction with work, and job performance through role clarity. (Kim, 2014: 77-76)

It was found out in the research that respondents who thought their manager supported them with managerial coaching were clearer about job roles and goals, felt more satisfied and committed, and performed better than other respondents who didn’t believe that their manager supported them with coaching. Respondents who found that manager did not give a good support with coaching might be confused with job roles, distressed and disengaged in organizational life, and be ineffective on their job. The direct relationship between coaching and performance is insignificant according to the study. Employee cognition and attitude found to be important factors as they could explain some dynamic interactions with and impacts of managerial coaching toward performance effectiveness. Strong linkage was found between managerial coaching and employee role clarity. Role clarity in the study has a central role as it explained connections between managerial coaching and employee job performance as well as between managerial coaching and employee satisfaction with work and organization commitment in organizations. Satisfaction with work was an indirect path to organization commitment from managerial coaching. Authors believed that significant positive relation between satisfaction with work and job performance exist, however, research showed that employee satisfaction was not found to be connected to performance effectiveness. Managerial coaching also didn't have a significant indirect influence on employee job performance through satisfaction with work, but had a significant and positive indirect effect on organization commitment through satisfaction with work. (Kim, 2014: 77-78)

Picture 6: Analytical Findings of Managerial Coaching Model and Structural Relations



Source: Kim, 2014: 76.

The other study author wanted to mention in here is a study by Ellinger et al. that integrates the perceptions of supervisors and their employees in order to examine supervisory coaching behavior in an industrial context and find the linkage among such behavior and employee job satisfaction and performance. In the study was found out that coaching has positive effect on employee satisfaction: positive associations were found between employees' perceptions of coaching behavior practiced by supervisors with them and employees' perceptions of job satisfaction. The suggestion of the study's authors is the following: developing core coaching skills of supervisors and creating organizational environments inclined to coaching could increase the supervisory coaching, which could have a significant influence on employee job satisfaction and retention. It is believed that coaching has a positive influence on performance at the individual and organizational levels: the findings from this research support the idea of the efficiency of supervisory coaching behavior that improves employee performance. (Ellinger, 2003: 451-452)

In the other study conducted by Rowols (2008) development interventions in the organizations were investigated, among them was coaching, and their influence on job performance and work-related attitudes. In this study call center was investigated. Supervisors of call center provided coaching sessions to employees regarding work and career, hard and soft skills, dealing with difficult customers, and problems with technical and software equipment. In this particular study results showed that coaching has a positive effect on employees' job satisfaction. (Rowold, 2008, 37-40)

In the study conducted by Zaleska (2007) human resource developmental practices as perceived by employees and their associations with employee attitudes were investigated. The importance of self-motivation and coaching was highlighted: such high value given to coaching by employees can be explained by the fact that coaching is a one-to-one session that provides a more intense training and learning experience and is customized to the needs of each employee. An importance of coaching as the most important way of development means changes in the nature of managerial jobs, as coaching becomes one of the significant roles played by managers. The managers' ability and willingness to move from their traditional role as the controller to the role of coach and facilitator of learning is evident in six organizations, where the study was conducted. (Zaleska, 2007: 1006-1008)

There is evidence given in the presented studies that coaching has s positive influence not only on employee satisfaction, but also on performance.

2.3. Talent Management

The topic of talent management (TM) has received a lot of attention in the last decade. Different companies and institutions across the globe are interested in the concept. Some of these include, for example, McKinsey & Co., the Chartered Institute of Personnel and Development) (CIPD), the Society of Human Resource Management (SHRM), Asian and European governments, governments of Arab Gulf countries, and others. The term "war for talent" was used firstly by McKinsey consultants. But the concept lacks the theoretical approach, so there are uncertainties even in the subject of talent management: (1) TM is often used as a new term for common HR practices, (2) it can mean succession-planning practices or talent pools, or (3) it can refer more generally to the management of talented employees. In the first case, same HR practices done faster (via internet or outsourcing) or across the organization (not within a department or function). Broad definition of TM is narrowed by practitioners to some HR areas: recruiters understand TM as sourcing the best candidates possible, training and development specialists support “growing talent” with the help of training/leader development programs, compensation specialists tend to focus on the usage of compensation and performance management processes, finally, leadership-focused writers highlight succession planning and leader development. All in all, these authors use the term “Talent Management” instead of the traditional term “Human Resources”. (Lewis, 2006:140) This understanding of TM does not advance knowledge of the strategic and effective management of talent; it only updates the skills needed for HR generalist (ex. usage of internet). (Lewis, 2006: 141)

Second possibility of TM’s understanding is talent pools. These authors understand TM as a set of processes created to ensure the flow of employees into jobs throughout the enterprise. This approach is also known as succession planning or management or human resource planning, but can also include typical HR practices such as recruiting and selection. The main goal of these approaches is to predict the needs of enterprise in terms of employee roles and successfully satisfy the need with help of firm software. In these cases the focus is more internal than external. Flow of talents into roles while optimizing organizational resources has been an important topic to researchers in industrial engineering and industrial management, and is called “manpower” or “workforce” planning. Modeling organizational staffing/career flows are done by coding levels of hierarchy, rules for entering and exiting a position, and characteristics such as costs, anticipated tenure, and supply and demand. The flow of people to positions due to growth, attrition, and other factors programmed into the model has been used to solve organizational and staffing planning problems. Organization’s talent management systems that collect workforce skills and the demand and supply of employees have the advantage of taking into account more jobs at the same time than most manpower models, but basically do the same task. (Lewis, 2006: 140) This approach also repeats the practices of workforce or strategic succession planning and does not advance HR with new knowledge. (Lewis, 2006: 141)

A third understanding of TM looks on talent generically without any focus on organizational boundaries or specific roles. There are two views of this position. The first understands talent (high performing employees) as an unqualified good and a resource to be managed according to performance. This approach suggests that talented employees should be sought, hired, and differentially rewarded. While using this approach enterprise is encouraged to manage performance pools of talent generally instead of creating succession pools for specific jobs. This approach classify employees by performance level (e.g., “A”, “B”, and “C” levels to mark top, competent, and bottom performers) and either support terminating “C” players or “top grading” the organization via exclusively hiring “A” players. For example, top grading is defined as hiring only A players – high performers, from senior management to minimum wage employees. The second approach of generic talent understands it as an undifferentiated good and takes its roots from the both the humanistic and demographic perspectives: in the first case, talent is important because HR has a mission to manage everyone to high performance or because demographic and business trends make talent in general more valuable. (Lewis, 2006: 140)

Third understanding of TM is also ineffective: to manage talent hidden in each person is not very clear statement, as it’s not obvious how many resources should be allocated into this and how talent should be uncovered. In case all employees are equally valuable from economical and developmental perspective, it makes view of human resources inconsistent with demands. If managing of talents means only reducing low performance and provide others opportunities to growth, the definition is reduced to the first approach of TM as HR. Placing people in performance category is the same not effective, because some roles are better accessible on the market, what is more, because of the approach some roles are neglected. (Lewis, 2006: 141)

There are also uncertainties about if TM is about managing the talent of all employees (inclusive or strengths-based approach to TM), or if it is about the talents of employees with high potential and performance only (exclusive approach to TM). Topics that were observed by TM are identification of the talent required for international business operations, management of top-management talent, linkage of the strategic management of business operations and TM practices, and TM in organizational linkage mechanisms during mergers and acquisitions. Some studies even linked TM to skilled migration and expatriation, diversity management, and managing the various generations of the workforce. The challenge organizations face is the inability to manage talent even if the talents are attracted or identified in the recruitment process. (Ariss, 2014: 173)

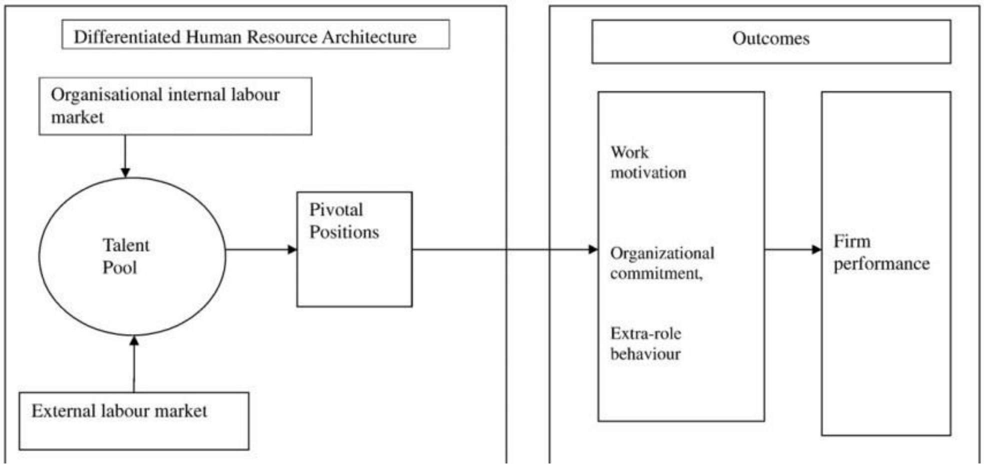
The HRM literature, which includes TM literature, is mostly investigating strategic investments in terms of talent-identification, selection, development, planning and retention. These are connected under the umbrella term talent management. Talent is typically viewed as human capital, which means different competencies, knowledge, social and personality attributes which allows producing economic value. (Nijs, 2014: 181)

Human capital can be understood in terms of value and uniqueness as suggested Lepak and Snell in HR architecture model. Value means the potential to contribute to an organization's main competencies and strength its competitive position. Uniqueness means the difficulty to replace human capital because of unique job or organization requirements and labor market scarcities. Talent can be identified as an employee who has high uniqueness and value. The value of talented employees depends on the specific roles they have in the company. Specifically, those roles for which small changes in improvement in quality or quantity result in an above-average return on strategic measures are seen as fundamental, high uniqueness employees are perceived as the most important talent of the company. (Nijs, 2014: 181)

Human capital approach believes that contribution of the different jobs to the organization is various, so this fact approves the disproportion of investment into some roles and people, and neglecting of another. What is more, past and current performance influences the seniority perception and is used to identify future leaders. Human capital perspective understands employees as a resource of humans, so that employees are connected directly with added value of organization. At the same time some authors warn that usage of 'human capital' can lead to the same results the other resources have. By characterizing humans as capital, the changing and highly unpredictable nature of individual attitudes and behaviors is not taken into account. Defining talent and talent management only from a resource-based view is insufficient for capturing the psychological mechanisms that have a great role when managing individuals. The talent-management literature is characterized by a lack of clearness regarding its definitions, frames and aims. This is partly a sequence of the limited clarity the human capital perspective gives about the meaning of the underlying construct 'talent'. (Nijs, 2014: 181-182)

In the beginning of a TM there was only focus on the recruitment especially of top-management talents. Later common definition appeared in the paper of Collings and Mellahi (2009): "We define strategic talent management as activities and processes that involve the systematic identification of key positions which differentially contribute to the organization's sustainable competitive advantage, the development of a talent pool of high potential and high performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents and to ensure their continued commitment to the organization." (Collings, 2009: 304) They also suggest that this definition is concerned not only top management team, but other levels in the organization. In order to exploit the potential of their internal talent, organizations must first identify those roles, which have the potential to have a great impact on performance (see pic. 7). Only after roles are identified as strategically important, organization can move to filling them. In such a case authors believe it is important to create a pool of talents: of employees with high potential and high performance in order to fill the strategic position. What is more, both two steps described should be supported with creation of HR architecture in order to maximize the potential for exploiting the talent pools. (Collings, 2009: 307-309)

Picture 7: Strategic Talent Management



Source: Collings, 2009: 306.

Recruitment has to be managed based on role requirements, and it is can be maintained through a combination of development of employees in talent pool and the external recruitment. The authors suggest that organizations should support work motivation, organizational commitment, and extra- role behavior among employees in order to get the best from their talents, to avoid turnover, and finally, to enhance the firm performance. (Collings, 2009: 307-311)

As businesses started to be international, global approach of talent management appeared, so called Global Talent Management (GTM). GTM can be understood as the initiatives of companies done with the intention to contribute to attracting, selecting, developing, and keeping the best employees for the most important roles worldwide. There are two understandings of GTM: the differentiated approach (limited to high-potential employees), and the inclusive approach (available to all employees). Generally, businesses try to avoid copying blindly practices from each other; they rather coordinate GTM practices with their strategies and values. Six key principles are suggested to be implemented for successful GTM: alignment with strategy, internal consistency, cultural embeddedness, management involvement, a balance of global and local needs, and employer branding through differentiation. For GTM expatriating is important issue. TM became connected to HRM practices because of the assumption that maximizing the talents of employees can be a source of competitive advantage. (Ariss, 2014: 174)

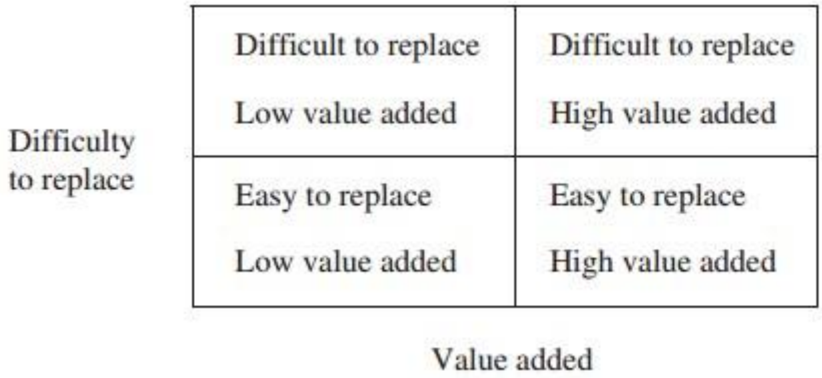
Organization may implement the concept of TM, but they very often fail in capitalizing on it: as the internal education organizations use methodic oriented on general competencies with attempt to reach a broad executive audience, so these programs' effectiveness doesn't have any influence on ROI (return on investment). "Strategy involves building on distinctive resources and creating hard-to-initiate value propositions for customers". (Joyce, 2012: 184)

One of the problems is that HR is not understood by CEO strategically; so resources (talents) are not adequate to strategic targets. Successful business strategies stand on created customer value that could not be so easily copied by competition, so TM has the potential to create value via improved strategy execution: talent cannot be copied so easily. Joyce and Slocum (2012) conducted a study, in which 200 companies participated from 40 industries within 10 years. Findings of the study showed that executives are the most significant assets of organizations, and that their role to build talent network within organization is important. TM is build according to the strategic capabilities: in strategy, structure, culture, execution. Managers should maintain and manage talents according to the strategic needs of the firm. Innovative structure in order to optimize operation and a supportive corporate culture will offer employees feeling of unity and improve their understanding and practice of the norms of their company. Finally, unique TM processes will lead to a competitive advantage, which will help to meet or exceed their customers' expectations. (Joyce, 2012: 185-193)

Global TM is connected to the employee's attitude to his/her job, co-workers, organization, and community, the more positive this attitude is, the more possible the employee will stay and seek for the opportunities within the organization with the consideration of the expatriation abroad. Facilitation of the process of expatriation can be done by shortening overseas assignments, improving the expatriation assessment and process of career-planning, strengthening the link with the home organization, and increasing the perceived cost of leaving. It is very critical to make sure that the HR managers responsible for expatriation have a full understanding of international assignments. The role of HR in GTM is a critical element. There is a change towards increasing of the HR function's contribution because of the participation of HR in decision-making process. Effective decision-making in TM have to be connected to the strategy and corporate culture of the organization. (Ariss, 2014: 175)

The "TM as architecture" can be an idea that suggests a systematic and strategic perspective, so TM becomes a concept that adds value. To this approach analogy between talent and strategy has to be made. There is an approach suggested by Zuboff, who believed that changes in technology create changes in the talent needed to use that technology. Other authors, like Stewart, connected the value of talent and the difficulty of replacing it. Two lower quadrants on pic. 8 show easily replaced roles because either they don’t add any unique value, or training time is shorten; or due to either the process that are automated or the readily availability of the replacement. In the upper left box role is difficult to replace, but low value added roles are located, such as highly specialized skills that makes no influence on customer. The upper right box are located a difficult to replace and high value added roles at the same time, and is the most important human capital in an organization. (Lewis, 2006: 144-145)

Picture 8: Talent classified by difficulty-to-replace and value



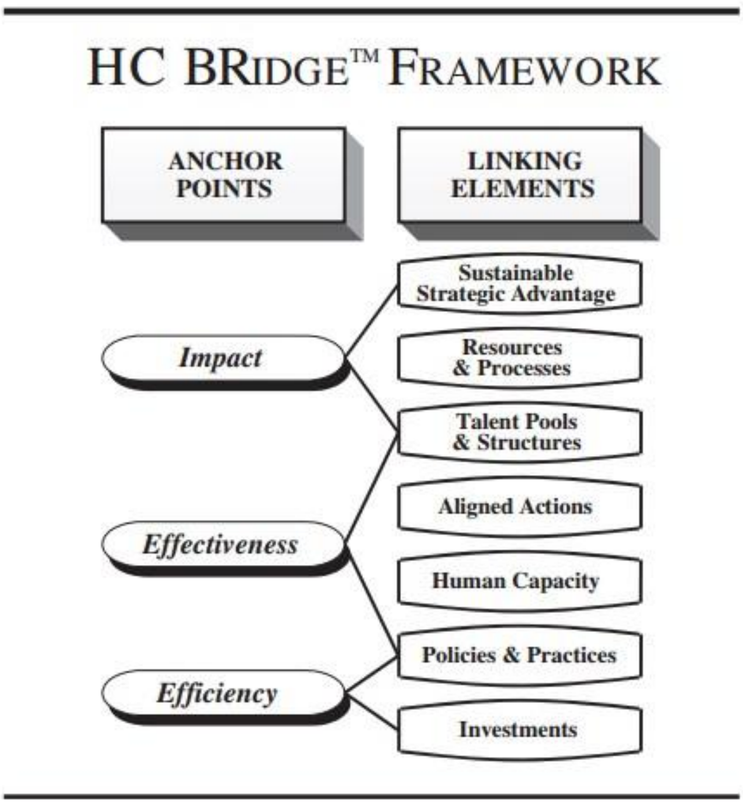
Source: Lewis, 2006: 144

Low value and difficult to replace should gain more value with the help of consultation and information exchange, while easy to replace and high value added roles should be differentiated from competition or outsourced or be defined in a different way so that to become unique. This approach can be viewed through market lenses: “difficult-to-replace” dimension is a labor market factor and the “value-added” dimension is a customer-related factor. This makes this approach quite different and more strategic than the methods introduced above regarding the talents, but it fails to explain how talent influences the development of strategy. Because of that TM should include organizational strategy, not only react quickly to the implications of strategy. TM needs to find an idea how talent decisions are made. (Lewis, 2006: 144-145)

There are two approaches outside human resources that can create a real strategic approach to TM. First one, resource-based view (RBV) perspective suggested by Barney came from the industrial organization management and economic literature to study the role of talent in creating for an organization wide or process specific results. Barney believes that in order to gain a competitive advantage firms hold valuable (to exploit opportunities), rare (to have more competitive advantage) and hard to imitate (to have an advantage over a long time) resources. It is suggested to characterize resources according these three dimensions in response to external factors in order to see what alternatives and consequences firm got. Using this approach to talents, one finds out that valuable resources dimension as well as rarity are not clear, yet imitability is closer to talent. Companies with the help of employees receive skills and abilities over time and create a culture, social networks, and an organizational/management structure that maintains those skills and is hard for competitors to copy it. The extent to which organizations have developed human resource-based practices have been covered in the research and it is the dominant theory of strategic HRM. Yet there is a lack of research on the description of the processes that explain the relationship between practices and an organization's performance. Studies of the field did not distinguish between the urge to invest in methods of managing talent (through HR practices and processes) and the need to invest selectively in talent (only one talent pool) versus the urge to select and develop talent in general. Strategic HRM research discussed first topic, while research from industrial psychology focused on the second and suggested how to improve a talent pool if it is already defined. Questions like "Which talent pool is important?", "How does it need to perform?" and "What practices support performance in the best way?", are left unanswered. (Lewis, 2006: 145-147)

Boudreau and Ramstad introduced the second approach; they interconnected principles of strategy, economics, and human resources, as well as of development of finance and marketing recently, and created a decision process that can support talent management. (Lewis, 2006: 145)

Picture 9: The HC Bridge Decision Framework



Source: Lewis, 2006: 146

The HC Bridge Decision Framework (see pic. 9) describes decisions at three levels of analysis: impact, effectiveness, and efficiency; it covers also the organizational tools, practices, and resources that cause and influence those decisions. Impact means the strategic impact of changing a talent pool: in what sense improving performance or depth of a concrete talent pool influences the firm's readiness to achieve critical strategic goals. Central issue for the impact dimension is segmentation: instead of treating all talents similarly, authors suggested that for impact dimension is more important identification of pivotal talent pools (those roles or groups of roles for which small improvements in quality or quantity result in large returns on measures of strategic interest). Effectiveness dimension means how interventions influence the behaviors of employees in the targeted talent pool. Effectiveness measure (improvement of a capability or process) is quite known measure in HR. The readiness to invest in an intervention because it is efficient (it will encourage the behaviors the organization marks as important) is not connected to impact (the extent to which the intervention targets strategically important pivotal talent pools). Because of that fact, taking into consideration effectiveness without regard for impact can create bad talent decisions. Efficiency measures the amount of activity created for the investment. Decisions are generally made in HR based on "efficiency" measures, such as number of persons trained per training session, cost per hire, and ratio of HR staff to total employees. Authors of the framework believe that an efficiency with the focus on effectiveness and impact will lead to low cost, standardized, and centralized HR practices. Decisions made only on the basis of efficiency can highlight metrics without a real understanding of the consequences of the metrics. Authors of this framework outlined the connection of strategy and talent, this model offers an opportunity to build non-recursive talent-strategy models (Lewis, 2006, 146-147)

Gallup Institute focused on research of how to make a working place more prosperous, and it was found out that talents are playing a great role in the performance. They interviewed a lot of managers from different industries to build an approach to talents based and proved on practice. They suggest all managers to focus on several keys, while creating their teams:

1. People should be selected based on their talent, not simply experience, intelligence, or determination.

Based on the research of Gallup Institute they define a talent as a periodic pattern of thought, feeling, or behavior that can be productively used: talents are understood as the behaviors a person does often. They argue that each person has a mental filter via which it perceives the world, reacts on some stimuli and other stimuli leaves unnoticed. The filter is a source of talent: they define where a person will be the best and where he will have problems, the mental pathways create a character and as neuroscience discovered this character cannot be changed after mid-teens. The key to great performance is matching talents of a person and the job at the company. “Every role, performed at excellence, requires talent, because every role, performed at excellence, requires certain recurring patterns of thought, feeling, or behavior.” (Buckingham, 1999) Talents have several characteristics: talents cannot be taught and talents are the driving forces behind an individual's job performance (experience, brainpower, and willpower are not unimportant, but employee's talents drive him, how he thinks, how he builds relationships – all that is more important). The role of managers is to help someone understand his filter and then use it via productive behavior: hidden talents of employees should be discovered. A manager can teach employees new skills and new knowledge, but skills, knowledge, and talents are not the same: skills and knowledge can easily be taught, but talents cannot. The combination of skills, knowledge and talents create a great potential, but talents cannot be confused with the other two components. The power of skills and knowledge is that it is easily transferable, but it is very specific, concerned on some concrete situation, while talent is a general ability to naturally act in some unknown situation, where skills and knowledge fail to help. (Buckingham, 1999)

Gallup Institute has studied the talents of 150 job roles and have identified a multitude of different talents. Striving talents explain the why of a person: why a person gets out of bed every day, why he is motivated to perform and to act. Thinking talents explain the how of a person: how he thinks, how he decides between alternatives. Relating talents explain the who of a person: whom he trusts, whom he builds relationships with, whom he confronts, and whom he ignores. These are the basic categories of talent, within which one can find different combination of mental pathways needed for the job. (Buckingham, 1999)
Managers are facing problems with talents: many people don’t know their hidden talents, people also try to look best during the job interview and sell themselves. Manager should know exactly which talents he wants, so he has to look beyond the job title and description and take into consideration the culture of his company, expectations and how person will be supervised, manager’s style, other team members, the total work environment into which this person must fit. This can be very complicated, so it is suggested to identify one critical talent in each of the three talent categories: striving, thinking, and relating and to focus on them in the process of the interviews. It is also recommended to study the best employees on the current roles, learn the whys, hows and whos that should help to identify the right person. (Buckingham, 1999)

2. Expectations should be set by defining outcomes, not the right steps.

It is suggested that as managers mostly are oriented on performance, their main responsibility is not to help a person grow, but rather to focus people toward performance. The best managers do not believe all authority should be transferred down to their people, because this could lead to creation of a team of fully self-actualized employees, which is not a productive team. Problem with retaining control and focus people on performance, can be solved by defining the right outcomes and let each employee find his own way how to get these outcomes. Gallup Institute's authors say: "The most efficient way to turn someone's talent into performance is to help him find his own path of least resistance toward the desired outcomes. Defining the right outcomes does expect a lot of employees, but there is probably no better way to nurture self-awareness and self-reliance in your people." (Buckingham, 1999)

3. Employees should be motivated with the focus on their strengths, not weaknesses.

The Gallup Institute recommends focusing on each person's strengths in order to cultivate his talents; and managing his weaknesses, not to fix them. As each person is different, he has unique talents, patterns of behavior and passions, managers should pay attention to what drives a person, how he thinks and builds relationships. Finding strengths and focusing on them is the most effective way to help people to achieve goals, to support people in taking responsibility for who they are. If a manager wants to turn a talent into performance, he should cast talent in the right role. It is important to see the inner person, not just the appearance, as well as, real talents, not just skills and knowledge. This could be done though work with each employee, asking them about strengths, weaknesses, goals, and dreams, watching the choices a person makes, how he interacts with others, who supports him and whom he supports. (Buckingham, 1999)

The expression "Everyone is exceptional" has a second meaning: everyone should be treated as they want, individually. Each employee with his individual mental filter demands something different from a manager. Each employee must obey certain standards of behavior and rules, nevertheless, each one should be treated differently. It is difficult to do that, so the main solution left to manager is to ask: about goals, current personal roles, aspirations, career headings and so on. The other suggestion for managers is to spend the most time with their most productive employees, because if best employees become neglected, they would perform poorly in order to catch attention. (Buckingham, 1999)

There are three reasons for that: firstly, it is the fairest thing to do (as employees deserve it); secondly, it is the best way to learn (it is better to learn from the best); thirdly, it is the only way to stay focused on excellence (excellence doesn't mean average, and best performers have more chances to be more productive). Poor performance of employees could be caused either by "mechanical" causes (ex. company does not provide employee with the tools needed to perform) or by “personal” causes (issues from personal life, ex. death of a significant other). But if the reason for poor performance is not between these causes, person lacks the talent for the role. Sometimes some encouragement is needed as a support system or complementary partner, in case this doesn’t work the alternative role should be found. (Buckingham, 1999)

4. Employee should be developed by helping him to find his right fit, not by moving to the next rung on the ladder.

It is suggested to help each person finding the right fit so that he could do what he is wired to do. The role should be found that would match the combination of strengths (talents, skills, and knowledge) a person possesses. The traditional career ladder supposes a person to be promoted from the role he is currently very successful. Each rung on the career ladder is a little more complex version of the previous rung. So if person is successful on one rung of the ladder, it does not mean, he will be at the next. Traditional career path is a constant source of conflict. Not all the roles have the same prestige and good money, so employees wish to climb high in order to gain this prestige as well as money. The other problem is that employees are often try to gain as much marketable skills and knowledge from different spheres in order to be successful in the career building. Because the distinction among skills, knowledge, and talent are not present, this mistake is often in companies. For instance, the talents needed to sell and the talents needed to manage are different. So if someone being promoted, his profile should be investigated very carefully, if he has talents for the new role. (Buckingham, 1999)

It is suggested to highlight the importance of every role performed at excellence. Companies should support employees on the development the expertise by creating levels of achievement, based on which the seniority and financial remuneration should be built. If the prestige and remuneration are fair to the excellence a person has in the role, there is no need to climb up the ladder and become possibly inefficient. (Buckingham, 1999)

Self-discovery is the most important force driving a career. The source of the successful career is existing talents in person, not marketable experiences. Person having some role should do a self-reflection and think if this role corresponds the best way to his talents. The point of self-discovery is not to fix a person’s nontalents, rather to learn about himself so that he can capitalize on who he is, to take responsibility and awareness of own career and take a thoughtful decisions while selecting the roles that correspond to the greatest talents of a person. (Buckingham, 1999)

The theory about TM is not consolidated, some evidence and suggestions are made from practice (Gallup Institute), but there were no scientific researches done in order to discover the relationship between the employee satisfaction and the usage of talent management concept.

3. Research

3.1. Methodology

Several Russian companies with and without new methods in HR management (coaching and talent management) were tested. In this chapter results of the research are discussed. Questionnaire used in the research is original questionnaire developed by Gallup Institute with some added demographical questions (see Appendix). Gallup Institute was the first institution, which discovered the relationship between employee satisfaction and performance of the company as it was mentioned in the chapter 1 and 2. The respondents could answer these question with the help of 1 (fully disagree) to 10 (fully agree) scale. Original scale was 1 to 5 scale, but the author of this thesis decided to modify it, as 1 to 10 scale gives a more space for showing opinion and a level of satisfaction. Scale 1 to 10 also suggests to use coach Marilyn Atkinson, the founder of Erickson Coaching International, in her book "*Flow. The Core of Coaching*". (Atkinson, 2011: 82) Respondents are asked to fill in name of the company, department, age, gender and level of education. Afterwards the 12 questions created by Gallup Institute are stated.

Each question of these 12 questions has a special meaning and is placed in a special order. Authors of the book "*First break all the rules*" Buckingham and Coffman (Buckingham, 1999) try to explain the order of the questions they developed with the help of the analogy of the mountain: employees are developed in stages as if a climber is climbing to the top of the mountain stage by stage. First stage is represented by *base camp*, employee is asking himself a question: "What do I get?" if he started in a new role in an organization. He wants to know what is expected from him, how much he is going to earn, how his office will look like and so on. Two basic questions measure this stage. These are 1. *Do I know what is expected of me at work?* and 2. *Do I have the materials and equipment I need to do my work right?* (Buckingham, 1999)

Afterwards authors say using analogy of mountain that employee climb a little bit higher and his view changes, so he wants to know how good he is at this job. This stage is called *Camp 1 "What do I give?"*, so it is concentrated on individual contributions of employee and others' people perception of it: it discovers if employee himself and others in his opinion think he is excelling at job and if colleagues are willing to help him. These four questions measure Camp 1: question *3. At work, do I have the opportunity to do what I do best every day?* helps to see if employee is doing fine in the role, *question 4. In the last seven days, have I received recognition or praise for doing good work?* uncovers if other people value employee's performance, *question 5. Does my supervisor, or someone at work, seem to care about me as a person?* shows if employee is valued at work as a person, and *question 6. Is there someone at work who encourages my development?* finds out if it is going to be invested at his growth. All these questions appeal to individual self-esteem and worth. (Buckingham, 1999)

The further stage is called *Camp 2 "Do I belong here?"* and consists of several questions: *7. At work, do my opinions seem to count? 8. Does the mission/purpose of my company make me feel my job is important? 9. Are my co-workers committed to doing quality work? 10. Do I have a best friend at work?* All these questions discover if employee belong to the team, if his own goal is the goal of his colleagues as well. (Buckingham, 1999)

By successfully reaching the stage *Camp 3* "How can we all grow?" it is suggested that it is possible to innovate and develop. This means that ideas can be applied as innovation because they are understood and can be implemented effectively. Only if employee is focused on the right expectation (Base Camp), employee has a confidence in his own experience (Camp 1) and employee understands if his idea will be accepted or rejected by colleagues (Camp 2) innovations and development are possible. If all three previous stages are unsatisfactory, innovations are impossible. Last stage is measured by *Camp 3*: *11. In the last six months, has someone at work talked to me about my progress? 12. This last year, have I had opportunities at work to learn and grow?* (Buckingham, 1999)

The scores are divided by author into three groups: 8-10 are so called "prosperous" scores, which means the highest satisfaction of employees and derived high performance; 5-7 scores are so called "satisfactory" scores: employees are quite satisfied, but this satisfaction is not high, so the derived performance should be rather stagnating; the last group of results are so called "negative" scores, which means the dissatisfaction of employees and derived poor performance. This data in the tables are marked with colors (as well as in further tables for other companies): scores from 8-10 (the best score) are marked with green color, 5-7 scores (satisfactory score) have yellow color and 1-4 scores (bad score) have red color. In each column the worst scores 1-4 are also highlighted with red.

3.2. Description of companies and results

3.2.1. First company

Table 1: First company's description

Type of company:	state company
Field of activity:	local e-government
Size of the company:	Micro, 11 employees
Sex:	All women
Age:	Young collective, mostly 20-30
Highest level of education:	Mostly university degree
New methods used in the company:	Talent management
Services of company:	Local e-government is working on basis of call centre of government of Samara region, Russia. The main activity of the employees is to process calls from Russian citizens in order to give information.

Source: author-made.

The average number in all company is *8 points*. This means that HR management is working correctly, and it should influence company performance positively: employees' satisfaction as well as, derived performance is high. As it can be seen from average per question in the last column of table 2 questions #4 *"In the last seven days, have I received recognition or praise for doing good work?"*, #9 *"Are my co-workers committed to doing quality work?"*, #10"Do I have a best friend at work?", #12 *"This last year, have I had opportunities at work to learn and grow?"* received satisfactory points, the rest of questions got very high prosperous scores.

Table 2: Average scores for the first company: by employee

Que	E1	E2	E3	E4	E5	E6	E7	E8	E9	E10	E11	Avg per que
1.	10	10	10	9	10	7	6	9	10	10	9	9
2.	10	10	10	9	10	5	9	10	10	10	10	9
3.	7	10	5	9	8	6	4	10	7	8	10	8
4.	1	10	1	10	10	10	1	10	10	8	10	7
5.	10	10	8	7	8	10	8	10	10	10	10	9
6.	1	10	1	7	10	8	9	10	10	10	10	8
7.	10	10	7	7	8	8	8	10	10	10	10	9
8.	10	10	8	10	6	7	10	10	8	8	10	9
9.	8	5	5	1	10	7	4	1	10	10	1	6
10.	1	10	10	7	5	3	5	10	7	4	10	7
11.	5	8	5	7	9	10	4	8	10	10	8	8
12.	1	10	1	7	7	4	10	10	7	8	10	7
Avg per emp	6	9	6	8	8	7	7	9	9	9	9	

Source: author-made.

To go into more details (see table 2), for question #3 average is prosperous, but one person gave negative score of 4. For the question #4 average is satisfactory, but several people put score of 1 as an answer. Question #6 has prosperous average, but two people again answered with 1 (the same as que. 4). Question #9 has satisfactory average, four people answered with low scores. Question #10 three employees answered with the low scores. For the question #11 one person answered with negative score. For the last question # 12 three people gave low scores. Even though some employees are not completely satisfied, most of employees seem to be satisfied and like their job, as the scores are high: average per employee (last row) are prosperous and only for are satisfactory.

3.2.2. Second company

Table 3: Second company's description

Type of company:	Ltd.
Field of activity:	Retail of bags
Size of the company:	Medium, 118
Sex:	Almost all women
Age:	Mixed
Highest level of education:	Mostly high school degree
New methods used in the company:	No new method is implemented
Services of company:	Retail selling bags, suitcases and accessorizes for men, women, children, represented in many Russian cities, tested in Samara region

Source: author-made.

Second company has 23 shops in the region, where only shopping assistants are employed, and one department is administration. From 3 to 7 people work at each shop (in Administration 7 people). All in all, company received *7 points*, which is a satisfactory number, but at the same time it is not within the "prosperous" numbers 8-10, which means that employees are not very satisfied and therefore derived performance can be negatively influenced by that. Because each of shop was quite different from the other, author decided to look more closely onto average number at each shop, results can be seen in two tables below. In two tables 4 and 5 below average scores for each shop per each question can be seen. The last row of the table stands for average score per shop, and the last column in table 5 shows average number per question. According to the results several shops have the best scores: shops (*seven*) #4, #6, #7, #8, #9, #15 and #21 received the prosperous score; majority of shops (*sixteen*) #1, #2, #3, #5, #11, #12, #13, #14, #16, #17, #18, #19, #20, #22, #23 and administration got satisfactory scores; *one* shop #10 received negative score.

Table 4: Average scores for the second company (part 1)

Que	Sh1	Sh2	Sh3	Sh4	Sh5	Sh6	Sh7	Sh8	Sh9	Sh10	Sh11	Sh12	Sh13
1.	9	10	9	10	10	10	10	10	9	5	8	10	8
2.	8	9	10	10	10	10	10	9	7	5	10	10	8
3.	6	3	7	7	9	10	10	9	9	3	8	1	7
4.	5	5	5	7	1	6	10	9	5	3	1	3	8
5.	7	4	6	10	5	10	9	8	8	3	4	8	7
6.	4	7	6	7	3	6	8	9	9	3	8	1	7
7.	5	7	8	9	7	10	10	10	7	2	9	6	8
8.	6	1	9	10	8	10	10	8	9	2	10	8	7
9.	8	10	9	8	10	10	10	10	10	9	10	10	9
10.	4	1	3	3	1	2	6	8	8	5	3	2	4
11.	3	4	2	7	1	5	9	9	7	3	1	3	2
12.	3	6	5	10	3	8	8	8	7	2	3	1	5
Avg per shop	6	5	7	8	6	8	9	9	8	4	6	5	7

Source:author-made.

In both tables we can see differences among all shops. Generally, *Base Camp* stage seems to be successful, as almost all *(twenty two)* shops received 8-10 points, except for shops #9 and #10, which got satisfactory scores. All in all, average points for these two questions are 9 (see table 5 last column).

Stage *Camp 1* is not that efficient, only *two* shops received high scores 8-10 points for all four questions for this stage: shop #7 and #8. Satisfactory points from 5 to 10 for all four questions at this stage receive *thirteen* shops #3, #4, #6, #9, #13, #15, #16, #18, #19, #20, #21, #22, #23. The rest of the shops (*nine*) received some negative points for at least one question out of four at this stage. Some of the questions were receiving higher scores, then the other.

The number of shops with poorest scores can be viewed in the table 7. The 3rd question *"At work, do I have the opportunity to do what I do best every day?"* got poorest scores at shop #2, #10, #12, #17, and on average got 7 points. The 4th question *"In the last seven days, have I received recognition or praise for doing good work?"* received the poorest points in shops #5, #10, #11, #12, #14, #17, and administration; on average it got 5 points. For the 5th question *"Does my supervisor, or someone at work, seem to care about me as a person?"* the results were poor in shops #2, #10, #11, on average the results were 7 points. The 6th question *"Is there someone at work who encourages my development?"* received the worst results in shops #1, #5, #10, #12, on average – 6 points.

Table 5: Average scores for the second company (part 2)

Que	Sh14	Sh15	Sh16	Sh17	Sh18	Sh19	Sh20	Sh21	Sh22	Sh23	Adm	Avg per que
1.	10	10	10	10	9	10	10	10	10	10	9	9
2.	8	10	8	9	9	10	9	10	9	9	8	9
3.	6	10	8	4	6	10	7	9	8	8	7	7
4.	3	5	6	4	5	9	6	7	6	7	3	5
5.	8	7	8	9	5	8	7	6	7	7	6	7
6.	6	8	6	6	7	5	6	6	6	6	6	6
7.	9	9	7	9	8	8	8	8	8	8	7	8
8.	8	9	7	5	7	7	6	10	8	8	6	7
9.	9	10	7	10	9	10	9	10	9	9	6	9
10.	5	5	5	5	2	3	4	8	6	5	7	4
11.	4	7	4	3	6	5	5	8	6	6	4	5
12.	6	6	4	3	7	4	4	10	7	6	3	5
Avg per shop	7	8	7	6	7	6	7	8	6	7	6	

Source:author-made.

Stage *Camp 2* shows that *two* shops #8 and #21 receive scores 8-10 for all four questions at this stage. Satisfactory points for at least one out of four questions at this stage got *nine* shops #7, #9, #14, #15, #16, #17, #22, #23, and administration department. The rest (*thirteen*) got for at least one of the questions at this stage negative results. For the 7th question *"At work, do my opinions seem to count?"* the negative results got only shop #10 and on average this question got score of 8.

Table 6: Analysis of results divided by stages

Base Stage		
# of shops with Score 8-10: 22	# of shops with Score 5-10: 2	# of shops with Score 1-10: 0
Camp 1		
# of shops with Score 8-10: 2	# of shops with Score 5-10: 13	# of shops with Score 1-10: 9
Camp 2		
# of shops with Score 8-10: 2	# of shops with Score 5-10: 9	# of shops with Score 1-10: 13
Camp 3		
# of shops with Score 8-10: 3	# of shops with Score 5-10: 7	# of shops with Score 1-10: 14

Source: author-made

The 8th question *"Does the mission/purpose of my company make me feel my job is important?"* received the worst answers at the shops #2 and #10 and on average it got satisfactory score 7. The 9th question "Are my co-workers committed to doing quality work?" didn't receive any poor results and on average got average score of 9. The 10^{th} question *"Do I have a best friend at work?"* received the worst results in *twelve* shop #1, #2, #3, #4, #5, #6, #11, #12, #13, #18, #19, #20 and on average got the negative result of 4 score.

The last stage *Camp 3* got the 8-10 points results at the shops #7, #8, #21. Satisfactory results 5-10 points received *seven* shops #4, #6, #9, #15, #18, #22, #23. The rest of the shops (*fourteen*) got at least one negative score. Negative scores in case of the 11^{th} question *"In the last six months, has someone at work talked to me about my progress?"* was in *twelve* shops #1, #2, #3, #5, #10, #11, #12, #13, #14, #16, #17 and administration. Negative results for 12^{th} question *"This last year, have I had opportunities at work to learn and grow?"* were in *ten* shops #1, #5, #10, #11, #12, #16, #17, #19, #20 and administration. Both 11^{th} and 12^{th} question got satisfactory 5 scores per average.

Table 7: Number of shops with 1-4 scores answers

Base Camp	
#1 Do I know what is expected of me at work? 0	#2 Do I have the materials and equipment I need to do my work right? 0
Camp 1	
#3 At work, do I have the opportunity to do what I do best every day? 4	#4 In the last seven days, have I received recognition or praise for doing good work? 7
#5 Does my supervisor, or someone at work, seem to care about me as a person? 3	#6 Is there someone at work who encourages my development? 4
Camp 2	
#7At work, do my opinions seem to count? 1	#8 Does the mission/purpose of my company make me feel my job is important? 2
#9 Are my co-workers committed to doing quality work? 0	#10 Do I have a best friend at work? 12
Camp 3	
#11 In the last six months, has someone at work talked to me about my progress? 12	#12 This last year, have I had opportunities at work to learn and grow? 10

Source: author-made.

If one looks at the results in the Table 6, one can say that poor results can be seen in a lot of shops, while the highest scores have except for the Base Camp only few of them. Satisfactory score is quite big, but from one stage to another it tends to decrease, and on the contrarily, number in group with negative scores increases as one moves from one stage to another.

The poorest results at all in Table 7 were received for the questions #10, #11, #12, when almost a half of shops got negative scores. As it was described in the beginning of the chapter the last stage is impossible to achieve without the perfect performance of the previous stages that is why the results are so poor for three last questions.

3.2.3. Third company

Table 8: Third company's description

Type of company:	Ltd.
Field of activity:	Medical Equipment
Size of the company:	Medium, 107
Sex:	Almost half men, half women
Age:	Mostly 20-30 and 30-40
Highest level of education:	Mostly university degree
New methods used in the company:	Coaching of management, sales and administration
Services of company:	Constructing and selling medical equipment to final consumer, providing all services with maintenance of equipment

Source: author-made.

The third company has 14 departments. In the Table 9 in the first row are these departments named: Top Management (Top Man), Administrative Management (Adm Man), Sales of Medical Equipment (Sales MedEq), Department of foreign economical activity (For EcAct), Logistics (Logistic), Engineering (Engi), Construction (Constr), Finance, Sales for laboratories (Sales Labs), Sales of expendable material (Sales ExMat), Tender, Procurement, Service, Accounting. The last row states the average score for each department, the last column states the average score per question.

Company as a whole received *7 points*, which is satisfactory number. Different department have quite a different scores. So Top Management, Administration Management, Sales of Medical Equipment, Finance, Procurement got 8 points and Service even 9, placing all these departments among prosperous scores. The rest of the department got satisfactory scores from 7: Logistics, Engineering, Construction, Sales for Laboratories and Accounting, to 6 in Sales of Expendable Material and 5 in departments of Foreign Economic Activity and Tender.

Base Camp stage is very successful: among all departments only prosperous scores can be found and average scores of both questions are 9. *Camp 1* stage has prosperous scores of 8 for 3rd "*At work, do I have the opportunity to do what I do best every day?"* and 5th *"Does my supervisor, or someone at work, seem to care about me as a person?"* questions on average, but 4th question *"In the last seven days, have I received recognition or praise for doing good work?"* as well as

6th question *"Is there someone at work who encourages my development?"* received only satisfactory scores 6 on average.

Table 9: Average scores for the third company

Que	Top Man	Adm Man	Sales MedEq	For EcAc	Logi stic	En gi	Co nst	Fina nce	Sales Labs	Sales ExMat	Ten der	Procure ment	Serv ice	Accou nting	Avg per que
1.	9	9	9	8	9	9	9	10	9	7	10	9	10	10	9
2.	9	8	10	9	9	10	9	10	9	8	8	10	8	9	9
3.	9	9	8	5	6	7	9	10	8	7	8	9	8	9	8
4.	6	7	8	3	6	8	7	9	6	4	1	7	8	5	6
5.	8	9	9	5	8	9	7	10	9	4	4	9	9	8	8
6.	8	8	9	1	6	8	7	8	6	5	3	6	9	6	6
7.	9	8	9	5	7	7	8	10	8	5	5	8	9	8	8
8.	9	9	9	5	8	9	9	10	8	6	7	9	9	8	8
9.	7	9	9	7	9	7	9	10	9	8	8	9	9	10	9
10.	4	2	4	8	6	4	3	1	3	5	2	8	6	3	4
11.	6	5	7	1	6	5	4	5	6	6	1	8	9	3	5
12.	8	9	8	4	4	5	5	7	7	4	4	7	9	4	6
Avg per dep	8	8	8	5	7	7	7	8	7	6	5	8	9	7	

Source: author-made.

Looking closer one can find out that prosperous scores 8-10 on all four questions in this stage received (*three*) Sales of Medical Equipment department, Finance, and Service; satisfactory 5-10 on at least one question out of four in this stage got (*eight)* departments of Top Management, Administrative Management, Logistics, Engineering, Construction , Sales for laboratories, Procurement, and Accounting; finally, the worst scores among four questions of this stage got (*three*) Department of foreign economical activity, Sales of expendable material, and Tender.

Question #3 didn't receive the worst 1-4 results, but question #4 did in departments of Foreign economical activity, Sales of expendable material, and Tender, as well as question #5 in case of departments of Sales of expendable material and Tender. Last 6th question in this stage got the worst results in departments of foreign economical activity and Tender.

Camp 2 received prosperous scores for 7th *"At work, do my opinions seem to count"?* question, for 8th question *"Does the mission/purpose of my company make me feel my job is important?",* these both question got 8 points, and 9th *" Are my co-workers committed to doing quality work?"* question, which got 9 points. For 10th *" Do I have a best friend at work?"* question received the worst score 4 on average. Prosperous scores 8-10 for all four questions in this stage got just *one* department of Procurement, satisfactory scores 5-10 received (*four*) departments of Foreign Economic Activity, Logistics, Sales of expendable material and Service; the rest of the departments (*nine*) got negative scores 1-10 at least for one question on this stage (10th question) Top Management, Administration Management, Sales of Medical Equipment, Engineering, Constructing, Finance, Sales for Laboratories, Tender, and Accounting. The worst scores in this stage got only 10th question.

Table 10: Analysis of results divided by stages

Base Stage		
# of departments with Score 8-10: 14 (all)	# of departments with Score 5-10: 0	# of departments with Score 1-10: 0
Camp 1		
# of departments with Score 8-10: 3	# of departments with Score 5-10: 8	# of departments with Score 1-10: 3
Camp 2		
# of departments with Score 8-10: 1	# of departments with Score 5-10: 4	# of departments with Score 1-10: 9
Camp 3		
# of departments with Score 8-10: 1	# of departments with Score 5-10: 7	# of departments with Score 1-10: 5

Source: author-made.

Camp 3 got satisfactory scores on average with 5 points for 11th question *"In the last six months, has someone at work talked to me about my progress?"* and 6 points for 12th question *"This last year, have I had opportunities at work to learn and grow?"*. Prosperous 8-10 for both question in this stage got only *one* department of Service. Satisfactory points from 5-10 got (*seven*) departments of Top Management, Administration Management, Sales of Medical Equipment, Engineering, Finance, Sales for Laboratories, and Procurement. The worst 1-10 scores got (*five*) departments of Foreign Economic Activity, Logistics, Constructing, Sales of expendable materials, Tender and Accounting. The worst result of 1-4 for the 11th questions got departments of Foreign Economic Activity, Constructing, Tender and Accounting; for the 12th question results 1-4 points got departments of Foreign Economic Activity, Logistics, Sales of expendable materials, Tender and Accounting.

From the Table 10 it is notable that satisfactory scores at all stages achieved only small number of departments except for Base Camp, for Camp 1 and Camp 3 the prevailing number of departments were placed within satisfactory scores and 10th question spoiled Camp 2 for many departments' results, so many departments can be found among those with negative scores.

From the Table 11 it is notable that questions #4, #5 and #6 got some negative scores, but the biggest problem of the company is 10th question. As usual, last stage is least successful, so #11 and #12 also received some negative scores in less than half of departments.

Table 11: Number of departments with 1-4 score answers

Base Camp	
#1 Do I know what is expected of me at work? 0	#2 Do I have the materials and equipment I need to do my work right? 0
Camp 1	
#3 At work, do I have the opportunity to do what I do best every day? 0	#4 In the last seven days, have I received recognition or praise for doing good work? 3
#5 Does my supervisor, or someone at work, seem to care about me as a person? 2	#6 Is there someone at work who encourages my development? 2
Camp 2	
#7At work, do my opinions seem to count? 0	#8 Does the mission/purpose of my company make me feel my job is important? 0
#9 Are my co-workers committed to doing quality work? 0	#10 Do I have a best friend at work? 9
Camp 3	
#11 In the last six months, has someone at work talked to me about my progress? 4	#12 This last year, have I had opportunities at work to learn and grow? 5

Source: author-made.

3.2.4. Fourth company

Table 12: Fourth company's description

Type of company:	Ltd.
Field of activity:	Sales of ventilation equipment
Size of the company:	Micro, 14
Sex:	More men (9 men, 5 women)
Age:	Mostly 20-30 and 30-40
Highest level of education:	All university degree
New methods used in the company:	No method used
Services of company:	Selling ventilation equipment to final consumer

Source: author-made.

This is the example of a micro company with no new method of HR management used in a firm. General score for overall company is *7 points*, which is satisfactory number. There are two small departments in the company sales and technical department, so author analysis scores within each department as well. The results can be found in the Table 13.

Base camp stage is successful: both questions received high scores, 9 points got 1st question "Do I know what is expected of me at work?" and 8 points got 2nd question "Do I have the materials and equipment I need to do my work?".

Camp 1 is not that successful as the previous stage, it shows score 8 in Sales and 9 in Technical department for 3rd question "*At work, do I have the opportunity to do what I do best every day?*", which are prosperous scores, 8 on average. Scores for 4th question *"In the last seven days, have I received recognition or praise for doing good work?"* are only satisfactory: 5 for Sales and 7 for Technical department, on average 6 points. Question #5 *"Does my supervisor, or someone at work, seem to care about me as a person?"* received on average 8 points, but Sales department showed only satisfactory score 7, while Technical department got prosperous 9 points. 6th question *"Is there someone at work who encourages my development?"* received only satisfactory score 7 on average (6 points in Sales and 7points in Technical department).

Table 13: Average score for the fourth company

Que	Sales	Technical	Avg per que
1.	9	9	9
2.	8	8	8
3.	8	9	8
4.	5	7	6
5.	7	9	8
6.	6	7	7
7.	7	7	7
8.	8	8	8
9.	8	9	8
10.	4	6	5
11.	3	6	5
12.	6	6	6
Avg per dep	7	7	

Source: author-made.

Camp 2 received satisfactory scores of 7 for 7th question *"At work, do my opinions seem to count"?* in both departments. 8th question *"Does the mission/purpose of my company make me feel my job is important?"* got prosperous scores of 8, as well as 9th *" Are my co-workers committed to doing quality work?"* question, which got 9 points in Technical department and 8 points in Sales (8 on average). Unfotunately, 10th question *"Do I have a best friend at work?"* received the negative score 4 in Sales and satisfactory 6 points in Technical department (on average 5). All in all, two questions 8th and 9th in this stage are showing prosperous trend and two questions 7th and 10th show satisfactory results on average with "red" score in case of 10th question in Sales department.

Camp 3 got satisfactory scores on averages: in case of 11th question *"In the last six months, has someone at work talked to me about my progress?"* the worst result got Sales (3 points), Technical department received 6 points, on average for this question is 5. Both departments got satisfactory 6 points for 12th question *"This last year, have I had opportunities at work to learn and grow?"*.

The biggest problem was with questions # 4, #6, #7, and then #10, #11, #12, so that in Sales department #10 and #11 questions got negative scores.

3.2.5. Fifth company

Table 14: Fifth company's description

Type of company:	Ltd.
Field of activity:	Car dealer
Size of the company:	Medium, 103
Sex:	More men (88 men, 15 women)
Age:	Mostly 20-30 (53) and 30-40 (34)
Highest level of education:	More university degree (39) and half high school diploma (43)
New methods used in the company:	Couching
Services of company:	Car dealer (one) KIA CENTRE novourickaya

Source: author-made.

Fifth company is a car dealer with 7 departments, see Table 15 (Autoparts, Warranty, Body shop, Machine Shop, Tuning, Customer Care, Management and Sales) and overall 103 employees. *Company's score is 8*, which is among prosperous scores. Even though score is prosperous, some of the departments have only satisfactory score: as departments of Warranty, Tuning and Management and Sales received 9 points on average, departments of Autoparts, Machine Shop and Customer Care got only 7 points and department of Body Shop received even 6 points on average, placing these departments only among satisfactory scores.

It is obvious from the Table 15 that *Base Camp* stage is successful: among all departments only prosperous scores can be found and average scores of 1st and 2nd questions are 10 and 9, respectively.

Camp 1 stage has prosperous scores of 8 on average for 3rd *"At work, do I have the opportunity to do what I do best every day?"*, but 4th question *"In the last seven days, have I received recognition or praise for doing good work?"* got satisfactory 7 points on average. Question #5 *"Does my supervisor, or someone at work, seem to care about me as a person?"* received 8 again, 6th question *"Is there someone at work who encourages my development?"* on the opposite got only satisfactory 6 points. All four questions on this stage received 8-10 points in (*three*) the most prosperous departments: Warranty, Tuning, Management and Sales. Satisfactory points 5-10 on at least one of the four questions on this stage got *one* department of Machine Shop, as in *three* departments the worst scores 1-10 could be found: Body Shop, Customer Care and Autoparts. The negative scores received Body Shop and Customer Care departments in case of 4th question, and Autoparts, Body Shop and Customer Care departments in case of 6th question.

Table 15: Average scores for the fifth company

Que	Autoparts	Warranty	Body Shop	Machine shop	Tuning	Customer Care	Management and Sales	Avg per que
1.	10	10	10	9	10	10	10	10
2.	10	10	8	8	9	9	10	9
3.	8	10	8	7	9	8	10	8
4.	6	9	3	6	9	4	9	7
5.	8	10	5	7	8	6	9	8
6.	4	10	3	6	8	4	9	6
7.	7	9	5	7	8	8	9	8
8.	4	10	7	8	9	8	8	8
9.	9	10	8	9	10	7	8	9
10.	5	6	5	6	4	7	9	6
11.	4	8	2	5	10	5	7	6
12.	5	10	5	7	10	7	9	7
Avg per dep	7	9	6	7	9	7	9	

Source: author-made.

Camp 2 was more succeful: 7th question *"At work, do my opinions seem to count"* and 8th question *"Does the mission/purpose of my company make me feel my job is important?"* got 8 points on average, as 9th *" Are my co-workers committed to doing quality work?"* got even 9 on average. Although 10th question *"Do I have a best friend at work?"* received 6 points on average.

Prosperous 8-10 points in case of all four questions for this stage got only *one* department of Management and Sales. Satisfactory points 5-10 received *four* departments: Warranty, Body Shop, Machine Shop, Customer Care. The negative points 1-10 received on at least one question out of four on this stage got *two* departments: Autoparts and Tuning. The negative results got *one* department in case of 8th question and *one* department in case of 10th question.

Table 16: Analysis of results divided by stages

Base Stage		
# of departments with Score 8-10: 7 (all)	# of departments with Score 5-10: 0	# of departments with Score 1-10: 0
Camp 1		
# of departments with Score 8-10: 3	# of departments with Score 5-10: 1	# of departments with Score 1-10: 3
Camp 2		
# of departments with Score 8-10: 1	# of departments with Score 5-10: 4	# of departments with Score 1-10: 2
Camp 3		
# of departments with Score 8-10: 2	# of departments with Score 5-10: 3	# of departments with Score 1-10: 2

Source: autor-made.

Camp 3 is characterized by satisfactory scores on average: 6 points in case of 11th question *"In the last six months, has someone at work talked to me about my progress?"* and 7 points for 12th question *"This last year, have I had opportunities at work to learn and grow?". Two* departments received prosperous 8-10 points: Warranty and Tuning departments, satisfactory 5-10 points got *three* departments: Machine Shop, Customer Care, Management and Sales, finally, negative scores 1-10 points could be found in *two* departments of Autoparts and Body Shop. The negative results 1-4 points could be found in case of 11th question in *two* departments.

From table 16 it is notable that Base Camp was successful, Camp 1 is characterized by the same number of departments within prosperous and negative scores as one department got satisfactory scores. Camp 2 received mostly satisfactory scores with some negative scores, while only one department received prosperous scores. Camp 3 is better than Camp 2: same numbers of departments received prosperous and negative scores, while half of the departments are in the middle with satisfactory scores.

At the same time in table 17 it can be seen there are not so much department with negative answers: some negative scores got departments for 4th, 6th, 8th, 10th and 11th questions, but number of these departments is low.

Table 17: Number of departments with 1-4 scores answers

Base Camp	
#1 Do I know what is expected of me at work? 0	#2 Do I have the materials and equipment I need to do my work right? 0
Camp 1	
#3 At work, do I have the opportunity to do what I do best every day? 0	#4 In the last seven days, have I received recognition or praise for doing good work? 2
#5 Does my supervisor, or someone at work, seem to care about me as a person? 0	#6 Is there someone at work who encourages my development? 3
Camp 2	
#7At work, do my opinions seem to count? 0	#8 Does the mission/purpose of my company make me feel my job is important? 1
#9 Are my co-workers committed to doing quality work? 0	#10 Do I have a best friend at work? 1
Camp 3	
#11 In the last six months, has someone at work talked to me about my progress? 2	#12 This last year, have I had opportunities at work to learn and grow? 0

Source: author-made.

4. Comparison between Research Outcomes and Theoretical Approach; Recommendations

In this thesis the author was looking at performance measures and new HR methods (coaching and talent management) in theoretical part, and at the research part author was testing employee satisfaction of five companies, which both use coaching or talent management, or don't use any of these HR practices.

Theory suggests that companies with coaching show higher employee satisfaction as well as performance levels. In 3rd and 5th companies, which have been tested, coaching is used as HR method: in 3rd company coaching is used partially for several departments (management, sales and administration) in 5th company all departments are coached. The overall results for these two companies are high, within prosperous scores, which means not only satisfaction of employees, but positive effect on performance of a company: based on Gallup's institute research, which found this correlation, mentioned in theoretical part.

In case of the 3rd company one can see that sales, management and administration departments, where coaching is used, show prosperous results, while the rest of them except of Procurement, Finance and Service departments show satisfactory results. Most of the averages per question are within prosperous scores, four of them are within satisfactory scores, but 10th question received the most negative answers. Several departments can be found among negative scores for questions # 4, #5, #6, #10, #11, and #12. These results can be interpreted the following way: even if the overall results are very good, coaching is introduced just partially, which does not allow the method to be used in the best way and lead to the greater employee satisfaction and higher derived performance indicator.

Recommendation for the 3rd company is to implement coaching among all employees. As question #4 "*In the last seven days, have I received recognition or praise for doing good work?"* measures if other people value employee's performance, it is important for the managers and supervisors to recognize the well done job by employee. The 5th question *"Does my supervisor, or someone at work, seem to care about me as a person?"* finds out if an employee is valued at work as a person, so 3rd company should concentrate on creating an atmosphere in the company, where people are viewed not only as a "human resource", but as normal people. Question #6 "*Is there someone at work who encourages my development?"* discovers if some intentions in investing into the employee's growth exist; this question also received bad scores, so company should concentrate on supporting employee's development. Question #10 "*Do I have a best* *friend at work?"* received more than half negative reaction in departments, so friendly climate in the organization should be maintained. Two last questions #11 "*In the last six months, has someone at work talked to me about my progress?*" and #12 "*This last year, have I had opportunities at work to learn and grow?*" also received negative reactions, so progress of employees should be more the issue as well as employees should have opportunities to grow and develop themselves, otherwise, innovation in the company are not possible.

In case of 5th company, where coaching is implemented in all organization, overall number of the company is a prosperous one, but three out of seven departments show prosperous results, while the rest only satisfactory. Again problems occur with question #4 and #6, and then with 10th, 11th, and 12th question, which all on average got satisfactory results. It is notable that company got only a few negative scores in departments per question. There were some negatives score for following questions (but mainly in 1 or 2 departments, once in 3): #4 "*In the last seven days, have I received recognition or praise for doing good work?*", #6 *"Is there someone at work who encourages my development?"*, #8 *"Does the mission/purpose of my company make me feel my job is important?"*, #10 "*Do I have a best friend at work?*", #11 "*In the last six months, has someone at work talked to me about my progress?"*. The interpretation of results is the following: even though overall number for the organization is prosperous, there are some weak issues in the organization to which company should pay attention. Nevertheless, small number of negative results comparing with the other company, where coaching is introduced partially, show the positive effect of employee satisfaction (and derived positive effect on performance). Recommendations for the 5th company are similar as for the 3rd company, as the questions with negative scores in the 5th company are almost the same. Company should concentrate on recognition of well done job, encourage development, stress the importance of the company's mission and discuss with employees their growth.

Theory about TM is not consolidated about the method, scientific researches were not conducted and theoretical background is not built. But Gallup Institute did research among managers and build some effective approaches to talent management based on practice, as it was discussed in the second chapter. It is suggested that companies with TM introduced have satisfied employees, even though there are no research studies that can support this statement. In the 1st company of this thesis's research talent management practices are used. It can be seen that results are good: score number for overall company is prosperous, questions #4, #9, #10 and #12 got satisfactory scores, and the rest of them got prosperous scores. The results can be interpreted the following way: it seems that there is a high employee satisfaction in this company, where talent management is used, it is not obvious though that talent management caused higher satisfaction and prosperous scores in the company, because it could be caused by small size of the company or by the fact that it is a state institution. More research in companies with talent management needed in order to derive some definite relationship between talent management introduction and employee satisfaction. It is recommended for the company to show more recognition for the well done job, as for question #4 "*In the last seven days, have I received recognition or praise for doing good work?*" company got only satisfactory score. Question #6 "*Is there someone at work who encourages my development?*" finds out if company is going to invest in the employee's growth, so it is recommended to encourage employees on their career paths. Question #10 "*Do I have a best friend at work?*" show that the atmosphere at work is not the friendliest, and company should focus on changing it. Finally, in order to improve situation with 12th question "*This last year, have I had opportunities at work to learn and grow?*" company should focus on creating opportunities for growth.

Second and fourth companies do not implement either coaching or talent management, they were chosen to compare results with those companies that do implement new methods. Second company is a medium-size company and fourth company is micro company.

Second company received only satisfactory overall company score. Scores per each question were also worse: only four scores per questions received prosperous scores (1st, 2nd, 7th, and 9th questions), 10th question got even negative score and the rest of questions are among satisfactory results. Base Camp was successful, but then from stage to stage the results became worse, placing a half of shops within negative scores in the last two Camps. Number of shops with negative scores is also higher for all questions except for first two, for last three questions number of shops with negative scores reach almost half.

For following questions there are negative scores at, at least, one shop. As at some of the shops there were negative answers for the question #3 "*At work, do I have the opportunity to do what I do best every day?*", it is recommended to improve selection process of the shop assistants, because some of them feel they are at the wrong place. As it was suggested for the other companies, which had negative results for the question #4 "*In the last seven days, have I received recognition or praise for doing good work?*", it is recommended to give more recognition for the well done job, as well as, concerning the question #5 *"Does my supervisor, or someone at work, seem to care about me as a person?",* company should focus on creating an atmosphere in the company, where people are viewed not only as a "human force", but as normal people. As to the question #6 *"Is there someone at work who encourages my development?"*, it is again recommended to encourage employees on their career paths. All in all, for 7th question

"At work, do my opinions seem to count?" the average is high, but one shop (10^{th}) got negative answer for the question, so at this particular shop it is recommended to encourage employees to express their opinions and create a feeling in them that their opinion is valuable at the workplace. Question #8 *"Does the mission/purpose of my company make me feel my job is important?"* got negative results in two shops (2^{nd} and 10^{th}), so it is recommended to highlight the importance of company's mission and explain it to the employees of these particular shops. Question #10 *"Do I have a best friend at work?"* again received a lot of negative responses, so the company should focus on changing the atmosphere inside of the company to friendlier one. Last two questions #11 *"In the last six months, has someone at work talked to me about my progress?"* and #12 *"This last year, have I had opportunities at work to learn and grow?"* received a lot of negative responses, thus it is suggested to focus on creating opportunities for growth and discuss employees' progress at work. All in all, employees' satisfaction with the company is much lower than in companies with coaching and talent management, as number of negative results as well as satisfactory is higher and number of prosperous results is lower. According to the theory derived performance of the company should be stagnating or worsening.

Fourth company also implements neither coaching, nor talent management. Overall score is only satisfactory; scores per both two departments are also satisfactory. Averages per half of the questions are prosperous, and per other half satisfactory (#4, #6, #7, #10, #11 and #12). Negative scores got technical departments for the questions #10 and #11. It is recommended to the company to give more recognition for a well done job, to create an atmosphere that encourages development, to support a free expression of opinions and to create a feeling that these opinions are important in the company, to create friendlier atmosphere in the company, to discuss with employees their progress and to create the opportunities for employees' growth. Results of fourth company are more relevant to compare with the result of the same-size first company; it can be noted that these results are worse; there are more negative scores as well as satisfactory scores and less prosperous ones. According to the theory derived performance of the company should be stagnating or worsening.

It can be stated that hypothesis of this thesis "Companies, where the new methods of HR management (coaching or talent management) are introduced, show higher employee satisfaction", can be approved, as it was discussed earlier in the research, companies with coaching and talent management show higher employee satisfaction. Nevertheless, more research on companies with talent management should be conducted in order to support the statement, that talent management is really the cause of employee satisfaction. It can be also stated that the second hypothesis of this thesis "Companies, where there are no new methods of

HR Management (no coaching or talent management), show lower employee satisfaction", can be approved. Based on approved hypotheses main research question "Is the employee satisfaction higher in companies where new methods of HR management (coaching and talent management) are introduced?" can be answered affirmatively. With the approval of hypotheses and answer on the main research question, the goal of the thesis "to find relationship between usage of new HRM methods (coaching and talent management) and employee satisfaction" can be counted as accomplished.

Conclusion

This thesis investigated the relationship between employee satisfaction and usage of two new HR methods (coaching and talent management). This thesis had a goal to find a relationship between usage of new HRM methods (coaching and talent management) and employee satisfaction. The hypotheses were defined in order to find this relationship: firstly, companies, where the new methods of HR management (coaching and talent management) are introduced, show higher employee satisfaction, and secondly, that companies, where there are no new HR methods (no coaching or no talent management), show lower employee satisfaction. Main research question was the following: "Is the employee satisfaction higher in companies where new methods of HR management (coaching and talent management) are introduced?" Method of research is questionnaire created by Gallup Institute (could be found with author's adjustments in the appendix). According to the theory, the conclusion about performance of the tested companies was stated as well.

This thesis has four chapters. First chapter builds a theoretical approach to the problem of performance measurement in the companies and generally emphasizes the importance of this measurement being conducted. It follows the logic of development of the measurement systems. Historically, accounting-based measures were used in the companies to evaluate the performance (like earnings, ex. Earnings per Share or EPS, and return on investment). Later on though they become ineffective as they didn't show all the picture. The shortcomings of these methods are among other inaccuracy and subjective approach, existence of space for manipulations, short-term orientation, failure in maximizing shareholder value, and lack of explanatory and predictive power. In order to reduce the shortcomings from accounting-based measures financial measures were introduced, so called new metrics, which are among other, for instance, economic value added (EVA), cash flow return on investment (CFROI) and its variants, shareholder value added (SVA), economic margin (EM) calculation, the cash value added (CVA). These methods are widely used, but as it was described in the chapter one, they face a lot of problems as well. Most of them are influenced both by accounting distortions and effect of inflation; they are too time consuming; they face problems with the IRR, with old plant trap's effect, hurdle rate problem, capital game, the risk game, and the residual value problem; some of them face critics because of their short-termism and decisions based on them are criticized due to the misallocation of resources and inadequacy of managerial compensation. All these problems were calling for creation of some other approach to performance measurement, so companies started to used nonfinancial measurements of performance because of several benefits they brought: managers could see the business progress before they knew financial data and could be surer about their investments allocations; investors could have a better picture of company's overall performance; and employees could receive more concrete information about the steps needed for achieving strategic goals. So different departments of companies (ex. operations, marketing, HR, and strategy management) created series of measurements, which could be used in evaluating the performance in their area of activity. Some of these approaches were discussed in the chapter one. One of these approaches is human resources management's approach, which puts employee in the center of its attention. Employee satisfaction is one of the key elements to the success of the whole company, to the growth, and development. It was proven by studies (by Gallup Institute, for instance) that employee satisfaction influence the performance of the company.

The second chapter was focused on two new HR methods used in the companies. As employee satisfaction is so important for company's performance, author of this thesis decided to investigate if coaching and talent management used in the companies have a positive effect on employee's satisfaction. First method overviewed was coaching: firstly introduced by Timothy Gallwey in sports as a method that helps sportsman to remove the inner obstacles so that to achieve the natural ability to learn without the technical instruction by a coach; later it became used in business with the same concept: to unlock potential of a person in order to maximize his performance by raising awareness and responsibility. Several researchers tested how managerial coaching influences the employee satisfaction, employee performance, and company performance in different combinations. It was found out that influence of coaching is positive in all aspects. The second HR method, at which author of the thesis decided to look more closely, is talent management. Talent management has not got a consolidated approach in the theoretical background, even definition of talent management is not the same, or does not carry the same idea: it is understood as a new term for common HR practices, or it can mean succession-planning practices or talent pools, or it can refer more generally to the management of talented employees. As there is no general idea behind the talent management there are not much theoretical concepts behind it in the field of HR either. Some authors suggested the approaches described in the second chapter that overcome the field of HR to other fields. From practice though Gallup Institute created the concept by interviewing managers that are the best in their fields. This concept is based on the four keys: employees should be selected based on their talents, not just experience, intelligence, or determination; expectation should be set by defining outcomes, not the right steps; employees should be motivated with the focus on their strengths, not weaknesses; employees should be developed by helping them to find their right fit, not by moving to the next rung on the ladder.

The third chapter focused on the research among five Russian companies. They are e-government company, retail of bags and accessorizes, company selling medical equipment, company selling ventilation equipment and car dealer. The sizes of the companies vary from micro (minimum 11 people) to medium (maximum 118 people). Coaching is used in two companies, in 3rd and 5th companies, talent management is used in 1st company, and none of these methods are used in 2nd and 4th companies. In this chapter the methodology was described and results of each company were presented.

The fourth chapter concentrated on the comparison between theoretical approach and research outcomes, also recommendations to the tested companies were given. Theory suggested that companies with coaching show higher employee satisfaction as well as performance. Results of two companies with coaching tested by author showed the results within prosperous scores, showed lower negative results, and overall higher employee satisfaction (so according to the theory, but it was not tested, performance should be also high). The 3rd company uses coaching only partially, and in those department, where the coaching is implemented, satisfaction is higher, than in most departments, where coaching is not used. The 5th company uses coaching for all employees, even though there some satisfactory scores among departments, the number of negative scores is lower generally. The 1st company uses talent management and it also has a prosperous score for overall company, so employees of this company are very satisfied. Based on these results as it was written in the fourth chapter, hypothesis that companies, where the new methods of HR management (coaching and talent management) are introduced, show higher employee satisfaction, stated to be approved. The other two companies, 2nd and 4th companies received only satisfactory scores for overall performance, 2nd company received more negative scores among its shops as well. Based on these results as it was written in the fourth chapter, hypothesis that companies, where there are no new HR methods (no coaching or no talent management), show lower employee satisfaction, stated to be approved. Based on approved hypotheses main research question "Is the employee satisfaction higher in companies where new methods of HR management (coaching or talent management) are introduced?" can be answered affirmatively. With the approval of hypotheses and answer to the main research question, the goal of the thesis "to find relationship between usage of new HRM methods (coaching or talent management) and employee satisfaction" can be counted as accomplished.

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Appendix

Questionnaire for the research

Demographic questions

Name of the company, **Department**:

Age:

a) 16-20
b) 21-30
c) 30-40
d) 41-50
e) 51- and more

Gender:

a) Male
b) Female

The highest level of completed education:

a) Basic
b) High school
c) University

Questions for the research:

On the scale from 1 (fully disagree) to 10 (fully agree) answer the following questions:

Questions:	Your answers on a scale from 1 (fully disagree) to 10 (fully agree):
1. Do I know what is expected of me at work?	
2. Do I have the materials and equipment I need to do my work right?	
3. At work, do I have the opportunity to do what I do best every day?	
4. In the last seven days, have I received recognition or praise for doing good work?	
5. Does my supervisor, or someone at work, seem to care about me as a person?	
6. Is there someone at work who encourages my development?	
7. At work, do my opinions seem to count?	
8. Does the mission/purpose of my company make me feel my job is important?	
9. Are my co-workers committed to doing quality work?	
10. Do I have a best friend at work?	
11. In the last six months, has someone at work talked to me about my progress?	
12. This last year, have I had opportunities at work to learn and grow?	

Thank you.