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## TALENT MANAGEMENT: FOCUS ON SLOVAK ENTERPRISES

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**Abstract.** *Purpose* of this paper is to determine the level (intensity) of talent management implementation at Slovak companies. The authors examine the main reasons for the implementation or, respectively, non-implementation of talent management, differences in views on importance of talent management implementation as well as approach to employees' talent development between organizations of different sizes. It can be concluded that Slovak businesses are beginning to increasingly implement talent management (or some of its processes and practices), while the size of the enterprise plays an important role. Survey *results* (in the context of the results of previous research conducted in this field and in this business environment) indicate certain dynamism and an accelerated introduction and implementation of talent management at Slovak enterprises. The study may be useful for Human Resource practitioners as it will enable them to develop and implement talent management in their organizations.

**Keywords:** Human Resources; Talents; Talent Management; Enterprises.

**JEL Classification:** M1; M5

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### ТАЛАНТ-МЕНЕДЖМЕНТ: В ФОКУСЕ СЛОВАЦКИЕ КОМПАНИИ

**Аннотация.** В данной статье рассматривается степень внедрения талант-менеджмента в словацком бизнесе. В исследовании определены главные причины наличия или отсутствия талант-менеджмента, а также различные взгляды на необходимость и значимость его внедрения. Можно констатировать, что талант-менеджмент начинает все чаще находить свое место в словацком бизнесе, причем степень его реализации зависит от величины компании. Поэтому в статье уделено внимание проблематике доступности возможностей для развития способностей сотрудников в зависимости от размера фирмы. Результаты проведенного опроса (в контексте предыдущих исследований авторов в этой области и в данной бизнес-среде) указывают на определенный динамизм и ускорение внедрения талант-менеджмента на словацких предприятиях. Исследование может быть полезным для руководителей, менеджеров и специалистов в области управления человеческими ресурсами, т.к. позволит им развивать и эффективно осуществлять управление талантами в своих организациях.

**Ключевые слова:** человеческие ресурсы; талант; талант-менеджмент; компании.

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### ТАЛАНТ-МЕНЕДЖМЕНТ: У ФОКУСІ СЛОВАЦЬКІ КОМПАНІЇ

**Анотація.** У цій статті розглядається ступінь упровадження талант-менеджменту в словацькому бізнесі. У дослідженні визначено головні причини наявності або відсутності талант-менеджменту, а також різні погляди на необхідність і значущість його впровадження. Можна констатувати, що талант-менеджмент починає дедалі частіше знаходити своє місце у словацькому бізнесі, причому ступінь його реалізації залежить від величини компанії. Тому в статті приділено увагу проблематиці доступності можливостей для розвитку здібностей співробітників залежно від розміру фірми. Результати проведеного опитування (у контексті попередніх досліджень авторів у цій галузі й у цьому бізнес-середовищі) указують на певний динамізм та прискорення впровадження талант-менеджменту на словацьких підприємствах. Дослідження може бути корисним для керівників, менеджерів і фахівців у сфері управління людськими ресурсами, оскільки дозволить їм розвивати та ефективно здійснювати управління талантами у своїх організаціях.

**Ключові слова:** людські ресурси; талант; талант-менеджмент; компанії.

## 1. Introduction

Talent management (also called Human Capital Management) is connected with Human resource agenda. In fact, human resource (HR) processes help to identify talents (i.e. individuals with an exceptional abilities, skills or experience) and managing talents is a part of HR strategy. Talent management plays an important role in precise business execution, in keeping an organisation progressive and innovative. For this purpose, organizations use a wide range of strategies, procedures, and practices aimed at recruitment, development, and retention of talented people [1, 2].

Since the talented people are able to ensure the development and long-term success and prosperity of the organizations, it is logical that they should be given adequate attention. Nevertheless, many organizations do not pay sufficient attention to talent management. Several authors came to a similar conclusion, for example Sonnenberg (2010) [3], who argues that Talent Management receives minimal attention within organizations: «investments are low and organizations find it often unclear how to best design Talent Management, what practices are most effective and by what talented employees are driven».

**Talent: Perception and Definition.** When clarifying the concept of talent management, it is necessary to start with the identification of talent i.e. to identify what kind of people in the organization with specific abilities, knowledge, skills and experience can be regarded as talented.

And just because every organization perceives talents differently (which is related to different conditions and environment they operating in and different requirements on employees necessary for performing a particular job), there is absence of clear and generally accepted definition of talents. Chartered Institute of Personnel and Development CIPD [4] research shows that (the way) how talents are defined is: (1) organisationally specific, (2) highly influenced by the type of industry and the nature of its work, (3) dynamic, and so likely to change over time according to organizational priorities.

In general terms, a talent is a high-potential person with special knowledge, skills, capabilities or experience (that are essential to job performance) who is difficult to replace. According to Carole Tansley (2011) [5], «common notion of organisational talent refers to those who are identified as having the potential to reach high levels of achievement». Michaels et al. (2013) [6] describe the talent as «the sum of a person's abilities – his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgment, attitude, character and drive. It also includes his or her ability to learn and grow». Talent refers to the human capital in the organization that is both valuable (having potential to contribute to organization's core competence and enhance its competitive advantage) and unique (difficult to replace) [7].

Meyers et al. (2013) [8] state that there are two basic views of talent – first is based upon the assumption that talent is mostly innate, and the second assumes that talent can be acquired. In the first (innate talent) case a crucial and important components of the talent management are recruitment, identification, and retention; in efforts to attract sufficient amounts of qualified job applicants the emphasis should be placed to the organization's reputation. Gallardo-Gallardo et al (2013) [6] reported: if the talent is conceptualized as a natural ability, it is quasi-impossible to learn or teach. On the contrary, if the talent is perceived as something that can be acquired and procurable through training, «talent management systems necessarily underline the importance of HR development and make use of a diverse set of HR practices that aim at expanding employees' knowledge, skills, and abilities». In a case the talent is not innate (based on innate factors), then potentially more people can be categorized as «talent» and can become talented [8].

Sonnenberg et al. (2014) [9] point to the possible incongruence in talent perception. These discrepancies occurs when the organization's executives perceive as «talent» an employee who is unaware of this, or conversely when an employee consider himself/herself as a talent, but organization's executives do not. Thus, «in order to have the desired impact on employees' attitudes and behaviour, it is essential that employees' per-

ceptions are in line with the distinction made by the organization» [9].

The way how the talent is perceived and defined determines the views on its possible development and acquisition. More specifically, «people who define talent as a set of knowledge, skills, and abilities are more likely to think that it can be acquired than people who define talent in terms of personal characteristics, cognitive abilities, or motivation» [10]. Regardless of how the organization defines talent and who is considered to be a talent, the fact is that, as states Mourdoukoutas (2013) [11]: «talented employees are in limited supply and very much in demand». In this context Serban and Andanut (2014) [12] point out that «talent shortages are becoming eminent in certain areas and all countries need to determine how these shortages can be met in the short term and prevented in the long term». Since the talents are hard to find and their recruiting is costly (especially for smaller organizations), the solution is to do everything to retain them and provide the right conditions for career development [11].

**Talent Management: Concept and Content.** Talent management covers a wide range of Human Resource activities that consist of identifying, attracting and recruiting, training of and developing, promoting, rewarding and retaining the best/high potential/skilled employees, summarily, talents (people of value to an organization). We should not forget that succession (planning) and leadership are an important part of the agenda of talent management. Lewis and Heckman (2006) [13] distinguish three distinct perspectives (views) on talent management: (1) from the first, basic perspective the talent management is seen as a set of typical human resource department practices, functions and activities i.e. recruiting, selection, development, career and succession management; (2) the second perspective focuses primarily on the concept of talent pools and talent management is conceived as processes designed to ensure a flow of employees into jobs within the organization; (3) the third perspective focuses on talent generally – without regard to organizational boundaries or specific positions. According to Egerova et al. (2013) [14], there are two ways of understanding the concept of talent management: narrow perception of talent management is focusing on a single process or a selected group of employees, and broad perception is incorporated with a variety of processes, components and a large group of employees.

«Talent management is, according to Sonnenberg, the capability to create and continuously optimize the talent resources needed to execute a business strategy. This means attracting and developing them, guiding their performance toward optimal productivity in light of strategic goals and finding new sources of value in their performance through innovation and continuous improvement» [3]. Many of modern interpretations of talent management conceive talent management as a transformation process, i.e. process of transforming inputs into outputs, in which talents represent input that are managed and developed (using spectrum of HR practices) in order to get the desired output (goal) [15].

«Talent management is an integrated set of processes, programs, and cultural norms in an organization designed and implemented to attract, develop, deploy, and retain talent to achieve strategic objectives and meet future business needs» [7]. Collings, Mellahi, Al Ariss et al. (2014) [16] define talent management as follows: talent management is «activities and processes that involve the systematic identification of key positions that 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».

Talent management means «facilitating the development and career progress of highly talented and skilled individuals in the organization, using formalized procedures, resources, policies, and processes». It focuses «on developing employees and leaders for the future of the organization» [17]. Basistova

and Stankovic (2012) mention that the environment in which we manage talent is rapidly changing [18].

Association for Talent Development (ATD, former American Society for Training & Development – ASTD) in the ASTD-i4cp study asked respondents about a list of twenty elements that fall under the «umbrella» of talent management (and the extent to which each of the element is integrated into organizational talent management programs). Based on the survey, the top nine the most likely integrated elements were identified as follows: (1) compensation and rewards, (2) engagement, (3) high-potential employee development, (4) individual professional development, (5) leadership development, (6) learning/training, (7) performance management, (8) recruitment, (9) succession planning [19]. Thereto the talent management policies and practices within talent management include specific types of recruitment, selection, diversity programs, appraisal/assessment, compensation, career development, coaching, cross-cultural learning, feedback, training, relocation etc [20].

The ASTD-i4cp study results (of later conducted study) show that high-performing organizations have a tendency to integrate talent management components more than low-performing organizations and «many organizations are still at the beginning of the talent management journey, while others have successfully integrated some talent management components» [19].

Schuler (2015) identify major challenges in managing talents: «(1) dealing with talent shortages; (2) dealing with talent motivation, engagement, energy and focus; (3) dealing with talent surplus, reduction and removal; (4) dealing with location and relocation of the talent; (5) dealing with the need for constant adaptation and flexibility» [20].

**Talent management in Slovak business environment.** INSEAD's publication The Global Talent Competitiveness Index (GTCI) is an annual benchmarking study, encompassing 103 countries that monitors/explores the connection of talent/human capital to competitiveness (INSEAD) [21]. In the context of the GTCI, talent competitiveness refers to the set of policies and practices that enables a country to attract, develop and retain human capital that contribute to its productivity [22]. The GTCI represents Input/Output model that combines an assessment of what countries do to produce and acquire talents (Input), and the kind of skills that are available to them as a result (Output). The index is computed as the simple arithmetic average of the scores registered on each of the six pillars – four input pillars (Enablers, Attract, Grow, Retain) and two output pillars (Labour and Vocational skills and Global Knowledge skills). Slovakia in The Global Talent Competitiveness Index 2014 rankings achieved a score of 50.73 and among all the 93 countries is on 31st place (and the 20th place within European countries). Slovakia (on the 2nd place) together with Czech Republic (on the 1st place) leads the world on the Labour and Vocational skills). Talent competitiveness is closely correlated with wealth, as the top-scoring countries in the GTCI 2014 are those with high income. It is not surprising, since rich countries tend to have better education (universities) and a greater ability to attract foreign talents [23].

In previous three years we conducted surveys investigating the implementation of talent management in Slovak business environment. We also participated in an international Visegrad Fund Standard Grant project «Integrated talent management – challenge and future for organizations in the Visegrad countries» involving the Visegrad countries (V4) – Czech Republic, Hungary, Poland, Slovakia aimed at talent management (its development and implementation) in the context of business organizations in these countries [14]. One of our previous research on talent management in Slovak business environment, for example, showed that majority of examined (questioned) organizations in Slovakia have defined talents and talent management itself. We have also found that the declaration of talent management strategy in organization is not associated with the size of the organization but with the kind of equity participation, whereby organizations with foreign capital participation to a greater extent declare talent management than domestic ones [24].

## 2. Purpose

To undertake survey in order to identify processes related to the talent management and its implementation in Slovak business context. We interviewed representatives of the Slovak companies (owners, managers or HR professionals) in an effort to understand the ways and to what extent companies implement talent management and to find out how companies perceive and identify talented employees.

## 3. Methodology

The main objective of our study was to determine whether the Slovak organizations implement talent management, the main reasons for the implementation respectively non-implementation of talent management. Respondents were asked to express the level of agreement/disagreement on 5-point Likert scale: 1 – strongly agree; 2 – agree; 3 – neutral (neither agree nor disagree); 4 – disagree; 5 – strongly disagree. The items in the questionnaire were positively formulated (e.g. talent management is respectively should be implemented, the organization develops employees' talent etc.).

## 4. Sample and Data Collection

Primary data collection was conducted through a survey (anonymous questionnaire) among representatives of Slovak enterprises. A statistical population includes all organizations operating (having business activities) in Slovakia. The research sample consists of 114 organizations of different sizes. For the purposes of research, we defined four categories of enterprises-microenterprise, small businesses, medium-sized enterprises and large enterprises. The composition of the research sample was as follows: 28 microenterprises, 30 small, 28 medium sized and 28 large enterprises. For analysing the data gathered were used descriptive and inferential statistical methods, specifically Student's t-test using statistical software Statistica 12.

## 5. Results

Research results have shown that 61% of companies, mainly large ones (93%), implement talent management. The rest 39% of the organizations do not have implemented a system of talent management in their Human resource (HR) strategy – especially small companies, while 75% of micro and 60% of small business do not have a talent management system.

Organizations that use talent management were asked to indicate the main reasons for the implementation of talent management. Based on their responses, we identified the main reasons for the implementation of talent management in organizations:

- Talented employees are a priority of HR strategy (20% of the companies);
  - Talent management is perceived as a competitive tool to differentiate from the rest of the organizations (19% of the companies);
  - Implementation of talent management was triggered by the need for high-potential employees in management positions (18% of the companies);
  - Talent management improve business results (18% of the companies);
  - Talent management increase the organization's performance (15% of the companies);
  - Talent management improves the qualifications of employees (10% of the companies).
- Since relatively large number (39%) of the organizations does not have implemented a system of talent management, we examined the main reasons for the non-implementation of talent management. These are the main reasons for the non-implementation of talent management in organizations:
- A lack of knowledge/unawareness of the talent management (47% of the companies);
  - There is no need to apply it in the organization (40% of the companies);
  - Deficiency of funds (5% of the companies);
  - A lack of staff resources (5% of the companies);
  - Talent management is organisationally and time-consuming (3% of the companies).

In relation to the talent management, various problems and short coming occur. The most common problems that emerge in the organizations implementing talent management are:



- A problem with attracting and recruiting of talented people (this option indicated 20% of the companies);
- A lack of funds (7% of the companies);
- A lack of development tools for (talented) employees (14% of the companies);
- A problem with retention of talented employees (10% of the companies).

Surveyed companies (8%) also admitted that talent management processes are managed inefficiently. On the other hand, 8% of surveyed companies declared that there are (they have) no significant problems in managing talents.

Talented employees have specific characteristics differentiating them from the others and making them attractive for organizations. We examined how organizations in Slovakia perceive and define talent, so who is considered a talent. Talents are those employees who:

- are extremely original, creative and have a lot of ideas (24% of the companies);
- have a set of skills which enable them to serve more than average performance (22% of the companies);
- have rich professional experience (10% of the companies);
- gifted and willing to learn (10% of the companies);
- are very diligent and responsible in work (11% of the companies).

It can be assumed that with increasing size of the enterprise will increase the need for implementation of talent management. Grounding on this assumption, a hypothesis ( $H$ ) has been formulated, which determines whether the size of the company is related to the views on the importance of talent management implementation.

$H_0$ : There are no statistically significant differences in responses to questions concerning the importance of talent management implementation between organizations of different sizes.

$H_1$ : There are statistically significant differences in responses to questions concerning the importance of talent management implementation between organizations of different sizes.

Student's t-test was used for determining if the answers are significantly different from each other. The p-value was less than 0.05 that is why we reject the null hypothesis. We found statistically significant differences of opinion on the importance of the implementation of talent management in terms of company (enterprise) size. Our assumption that the increasing size of the enterprise will increase the need for implementation of talent management has been confirmed.

Assuming that talent is something that can be acquired, developed (through training) we examined whether the HR practices used in the surveyed enterprises are set «correctly» i.e. if they expand/improve employees' knowledge, skills, and capabilities. In this context, we investigated differences in companies of different sizes. The hypothesis determines whether the size of the company is related to the responses to the question about development of employees' talent.

$H_0$ : There are no statistically significant differences in responses to questions concerning the development employees' talent between organizations of different sizes.

$H_1$ : There are statistically significant differences in responses to questions concerning the development of employees' talent between organizations of different sizes.

The hypothesis testing shows that the p-value was less than 0.05, it means there are statistically significant differences in responses to questions concerning the development of employees' talent between organizations of different sizes.

## 6. Conclusion

A substantial body of HR literature highlights the importance of talent management. Talent development as one of talent management practices/areas is not an activity to which the enterprises in Slovakia (those with and without implemented ta-

lent management) devote considerable attention. In this context, it would be appropriate, for example, to develop potential talents with professional coaches and mentors, educate employees through training for a particular specialization, to enable employees to attend workshops and conferences, as well as internships abroad. It is possible to use a modular system of education that focuses on a particular activity and is completed with measurable output. Finally, very important for the talent development is corporate culture with positive working environment and pleasant atmosphere.

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