

SELECTED PROBLEMS RELATED TO THE IMPLEMENTATION OF TALENT MANAGEMENT PRACTICES

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ABSTRACT.

Aims: The paper deals with the concept of talent management as the last stage of human resource management development. **Background:** It emphasizes, that for the successful implementation of talent management it is necessary to apply a number of practices, that are based on principles. Practices, unlike principles, are more context-specific. **Methods, Sample and Results,:** Only procedures that go beyond normal human resource management procedures are presented in the paper. Based on research conducted in 124 Slovak companies, the paper presents partial findings and facts that emerged from the research, namely 14 defined problem areas, which provide a relatively comprehensive picture of the state of talent management and the result of hypothesis testing, which was focused on whether, the size of the company affects the application of talent management practices.

Keywords: talent, talent management, component of talent management

JEL Classification: M12, O12

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Introduction

The concept of talent has a relatively long history. The word “talent” is derived from the Latin word *talentum*, which means the weight unit of silver, and from the Greek word *talenton*, which means the scale. This term was already used in ancient times and became more widespread thanks to the Bible. Historically, the term was used for the first time by the Assyrians to describe a monetary unit to denote the weight of silver. In the fifteenth century, the word talent was used to express wealth, value, or mental abilities. In the seventeenth century, the term talent was used to express innate abilities of various kinds. In the nineteenth century, the term talent began to be used as something inherent in capable (talented) individuals (Sojka, 2013). Today, talent means unique innate creative abilities and skills. Talent is also an individual who is endowed with such talents. The term “talent management” started to appear in the early 90s of the last century. Cappeli (2008) attributes its origin to the changes in the economy that took place at that time. The aim of this paper is to clarify why talent management has recently become the subject of interest of business entities, what consequences the lack of talent has on the businesses, and to present the state of talent management in business entities of the Slovak Republic.

Theoretical background

In the 1960s and 1970s, talent management represented a marginal activity of human resources departments. However, nowadays it is considered an important issue in all departments (Sparrow & Makram, 2015). Therefore, most business entities strive to study and research talent, to predict possible future job positions and build a bridge between current and future talents. People in the top positions of business entities are aware of the fact that the talent and skills of staff are key factors in achieving success and help maintain the high potential of the staff. Currently, talent management is generally considered to be the last stage of human resource management (Guy & Doris, 2009).

However, times change relatively quickly nowadays, especially with the advent of globalization and the knowledge economy. In industrialized countries today, 50 % of gross domestic product is based on knowledge, intellectual assets, and intangible knowledge and skills of employees (Dess & Picken, 1999). This leads business entities to develop highly integrated talent management systems as these serve as a prerequisite for ensuring productivity and profitability. In order to develop a successful talent management scheme, business entities must clearly define what talent and talent management means for them, what are the main practices and principles of talent management, what the talent culture means, what are the main determinants that influence talent management, etc.

An analysis of the scientific literature shows that talent management (TM) is considered an important part of human resource management (HRM). Gallardo-Gallardo et al. (2013) argue that HRM has passed three essential stages of development since its inception, namely: personnel management, human resource management / strategic human resource management, and talent management. These three stages show the development of HRM and how this development resulted in TM. In Western countries, the development has reached such a stage that the acquisition of new talent is the main effort of all organizations. Cocuľová (2019) writes the situation in Slovakia is not different, even though the current situation has not yet been thoroughly mapped and the partial results of the research show that not all aspects of talent management have been properly identified and used so far.

TM has become a difference between successful and less successful companies. As Silzer & Dowell (2010) point out, in the 1980s there was a shift from traditional human resource management to strategic talent management, followed by the most recent shift to talent management. According to Tansley et al. (2006), high-quality talent management practices are considered a strategy that helps achieve the goals set out by both a business strategy and a human resource management strategy.

The advent of the knowledge economy, globalization, and the entry of a new generation of the workforce into the market mean that the traditional human resource management is not sufficient and its efficiency will continue to decline as its activities are oriented toward a large, independent, homogeneous and employer-dependent workforce (Cocuľová, 2019). The new workforce is smaller, more globalized, highly virtual, and very diverse. Its autonomy and independence require the introduction of a new generation of human resource management - talent management.

Due to intensifying international competition, talents are recruited from other organizations. Therefore, organizations must specify key talents that they cannot afford to lose, as such a situation would result in large economic losses. Many times, organizations believe that their employees are

"trapped" in their organizations, especially when they are properly financially rewarded, as financial rewards are an important factor in keeping employees in the organization.

The knowledge and skills of employees represent intangible assets of the organization, which together with the tangible assets represent the total assets of the organization. For this reason, the competitiveness of any organization is dependent on the talent of its employees. Organizations must be prepared for the fact that their talented employees can also be the subject of talent acquisition, especially by competing organizations. This means that talent management must have in place mechanisms for the continuous replenishment of new talent (Matos et al., 2012). In the context of advancing globalization, intensifying competition, weakening the commitment of the younger generation to their employers, and the advancement of the knowledge economy, talent management is becoming a critical factor in determining the success of the organization Sparrow & Makram (2015) and Collings & Mellahi (2009). Talents and high-performing employees have become a scarce commodity worldwide. Lack of talent has become a limiting factor in a number of countries.

In order to develop a successful talent management strategy, organizations must clearly define what talent means to them, what they expect from talent management, what are the main practices and principles of talent management, what is talent culture, what are the main determinants which influence talent management.

The right definition of talent valid for a given organization and the processes of attracting, identifying, engaging, developing, and retaining talent are fundamental parts of talent management (Collings et al., 2011). Although salaries and benefits work to attract potential candidates, top organizations focus mainly on retaining and developing talent.

Based on the above analysis of definitions and procedures implemented in talent management as well as on interviews with organizations that have implemented talent management, it can be said that in connection with talent management, it is necessary to distinguish two sets of constructs, namely:

1. principles
2. practices

The basic principles of talent management include:

1. Talent-oriented approach
2. Consistency of all talent management activities with business strategy
3. Talent management rooted in corporate culture
4. Selective approach to individuals referred to as talents
5. Internal consistency of principles and resulting practices
6. Involvement of managers at all levels of management in talent management
7. Identification of job positions where employees identified as talented individuals are necessary.

For a successful implementation of talent management, it is necessary to apply a number of practices that are based on the previously mentioned principles. Practices, unlike principles, are more context-specific. Only practices that go beyond normal human resource management practices are reported. These include, in particular, the following practices:

1. Adoption of the talent management policy by the top management of the organization
2. Implementation of talent management policy into tangible and intangible aspects of the corporate culture
3. Selection of job positions
4. Recruitment and selection of employees
5. Performance evaluation system, performance standards for talented individuals
6. A system of material and moral involvement linked to performance evaluation
7. Development and implementation of methods for retaining talent
8. Identification of needs and design of methods for training employees with an emphasis on talented individuals
9. Methods of acting in relation to talented individuals
10. Methods of allocating resources from the aspect of talented individuals
11. Development and implementation of methods of involvement of individuals
12. Implementation of methods for evaluating the effectiveness of talent management

Methodology

Given that no relevant studies on the state of implementation of talent management and on the problems associated with its implementation have yet been carried out in the Slovak business

environment, we decided to fill the void. The aim of the presented research was to find out how the concept of talent management (or its components) is implemented in a selected sample of Slovak business entities. We were also interested in finding out which practices and principles represent the main problems in the implementation of talent management. The research builds on the above-described practices and principles of talent management. Based on the stated principles and practices, a questionnaire was drawn up containing 15 items that cover the issue of talent and talent management. The research has a qualitative character because from the point of view of its aim it allows us better to describe the state and problems business entities face when implementing talent management.

The research was conducted in person and online. A structured questionnaire was distributed to each respondent who was willing to participate in the research and undergo a personal interview. The data was also obtained via the questionnaire sent to the participants over the Internet. The heads of the human resources management departments were contacted. In the event that an organization did not have such a department, the director of the organization or an employee authorized by him was approached.

A total of 220 companies were contacted. 124 respondents expressed their willingness to participate in the research, which is a relatively high participation rate. This high turnout was due to the fact that up to 92 respondents were contacted in person. As regards the size of the organizations in terms of the number of employees, the composition of companies is as follows:

- 28 respondents employ from 15 to 49 employees;
- 76 respondents employ from 50 to 250 employees;
- 20 respondents employ more than 250 employees.

As far as industries are concerned, all organizations were active in the field of manufacturing - engineering, woodworking, clothing, and construction industries.

Results

In this section, we present important findings that emerged from the research. The figures represent the numbers of respondents, in parentheses, we outline the percentage of respondents who agreed with the statement made in the relevant item. The first number in the result means the absolute number of respondents who agreed with the statement, the second number means the percentage. Percentages are rounded.

Item no. 1. Approach to and implementation of the talent management system

- 18 (14 %) respondents have a formally processed and implemented TM system;
- 74 (60 %) respondents partially implement talent management activities without a formalized document;
- 32 (26 %) respondents do not address the issue at all.

Item no. 2. Practices and principles of talent management which are formally or intuitively implemented in organizations (multiple-choice)

- 30 (24 %) Leadership support;
- 24 (19%) Talent identification;
- 38 (31%) Talent pool and succession plans;
- 18 (15 %) Predictors and criteria for talent identification and selection (implemented and used);
- 43 (35 %) Career plans for talent development;
- 27 (21 %) Talent engagement;
- 23 (18 %) Systemic measures to retain talent.

Item no. 3. What "talent" means for the organization in question (multiple-choice)

- 41 (34%) Innate predispositions;
- 32 (26 %) Excellent performance;
- 49 (40 %) Excellent skills;
- 55 (44 %) Education and skills;
- 31 (25%) High potential.

Item no. 4. Applied/ preferred approach to talent management (only for organizations that have established TM or make use of TM practices).

- 35 (28 %) Exclusive;

- 41 (33 %) Inclusive;
- 48 (39 %) Inclusive and exclusive.

Item no. 5. Coherence between business strategy and talent management strategy and practices.

- 22 (17 %) There is coherence - formally declared in company documents;
- 71 (57%) There is coherence - implicitly present in the business practices;
- 31 (25 %) There is no clear answer.

Item no. 6. Presence of a specified set of job positions where talented and high-performing employees are expected.

- 24 (19 %) Specified in the written document;
- 61 (50 %) Implicitly assumed;
- 39 (31 %) Not specified, the organization does not pay attention to it.

Item no. 7. Attention paid to professional growth and career growth of talents

- 19 (15 %) Career plans were drawn up;
- 79 (64%) Professional development is provided without formal documents;
- 26 (21 %) It is left to the individual concerned.

Item no. 8. Use of predictors and performance criteria for talent identification and talent recruitment

- 24 (19 %) Drawn up and used;
- 49 (40 %) These were not drawn up formally but are used as needed;
- 51 (41 %) Not drawn up or not used.

Item no. 9. Specific methods used in talent management (multiple-choice)

- 25 (20 %) Creation and regular review of the talent pool;
- 49 (40 %) Performance evaluation;
- 28 (23 %) Methods of employee engagement;
- 28 (23 %) Preference for talents in career development plans;
- 17 (14 %) Above-standard benefits;
- 23 (18 %) Benefit packages for talents.

Item no. 10. Resources used to fill job positions

- 65 (52 %) Internal;
- 15 (13 %) External;
- 44 (35%) Both types of resources.

Item no. 11. Existence of problems in filling more qualified jobs positions

- 65 (52%) In principle, the organization has no problem in this regard;
- 33 (27 %) The organization has some problems in this regard but it manages;
- 26 (21%) The organization has serious problems and some jobs remain vacant.

Item no. 12. Reasons why the organization has not yet implemented the concept of talent management (valid only for organizations that did not implement the concept)

- The organization does not have manuals for drawing up and implementing TM;
- 49 (39,5 %) Do not consider TM important;
- 37 (29,5 %) Small organization, TM probably would not pay off;
- 38 (31 %) Time and money.

Item no. 13. Interest from other organizations in talents working in their organization

- 25 (20 %) Yes, significant;
- 61 (49 %) Casual interest;
- 38 (31 %) No interest.

Item no. 14. The main reasons why talents are leaving the organization

- 41 (34 %) Career-advancement possibilities;
- 45 (36 %) Salary;
- 16 (13 %) Work-life balance;
- 22 (17 %) Interpersonal relations and managerial style of superiors.

Item no. 15. Suggestions for improving talent management.

The need to develop manuals for the implementation of TM, presentation of benefits posed by the implementation of TM, the introduction of TM training.

As can be seen from the presented research results, only 14% of respondents have a formally developed and implemented talent management system. 76% have implemented some elements that can be included in the issue of talent management, but as it turned out from a personal interview, these are largely activities that are part of the human resources management system. 32% of respondents who do not deal with the issue of talent management at all are mostly small companies with up to 50 employees. Thanks to these organizations the need for a talent management handbook was exposed. Regarding the definition of the term talent, the respondents to some extent provided the definition also given in the theoretical part of the paper.

The research revealed that 24% of organizations need talented and high-performing employees. The same percentage of organizations (24%) also need to implement a set of predictors and criteria for the identification of talents. The value of 24% is low, especially given that these indicators are also needed in regular human resource management.

The organizations reported a relatively good level of professional growth, although the level of formalization should be higher. We are also satisfied with the fact that organizations use internal sources of talent to a large extent, thus manifesting that they do not rely on external sources as the situation outside the company may be uncertain. Nevertheless, 21% of organizations already have serious problems filling job positions, especially those that require talented and high-performing employees. This fact indirectly confirms the need to introduce talent management and the implementation of activities that would refine the “home-grown” talents.

Table 1. Average values of talent management practices

The degree of significance of practices in talent management* company size	Value
Adoption of the talent management policy by the top management of the organization	3.072
Implementation of talent management policy into tangible and intangible aspects of corporate culture	2.717
Selection of job positions	2.283
Recruitment and selection of employees	2.469
Performance evaluation system, performance standards for talented individuals	2.506
A system of material and moral involvement linked to performance evaluation	3.667
Development and implementation of methods for retaining talent	3.071
Identification of needs and design of methods for training employees with an emphasis on talented individuals	1.964
Methods of acting in relation to talented individuals	2.428
Methods of allocating resources from the aspect of talented individuals	1.548
Development and implementation of methods of involvement of individuals	3.093
Implementation of methods for evaluating the effectiveness of talent management	1.950

Source: own processing

If Slovak business entities want to maintain their competitiveness in the future, they must focus on talented and high-performing employees, as only such employees can provide the necessary innovations and acquire and disseminate knowledge within the organization. The research has shown, albeit on a very limited sample, that the state of development and implementation of TM is not at a satisfactory level. First of all, it is necessary to train employees of human resources management departments to further disseminate this knowledge throughout the organization. The model presented in this research could be a suitable basis for doing so. It is also necessary to elaborate methods of proving the effectiveness of talent management implemented, as well as the methods of its presentation. Within the academic community, it is necessary to address the issues of standardization of definitions and framework of the talent management concept, in particular.

To verify the interrelationship was used a parametric test of statistical significance - Eta coefficient (η) in the PSPP program. As part of our research, we set the following research hypothesis.

At the significance level $\alpha = 0.01$, the following relationship was found when examining the relationship between these variables (Table 1, Table 2).

H1: We assume that there is a statistically significant difference between established talent management practices and company size.

The calculation of the correlation ratios between talent management practices and the size of the company is shown in Table 2:

Table 2. Correlation between talent management practices and company size

	η	P
Practices TM * Company size	0.505	<0.001

Source: *own processing*

η is the correlation between numeric and categorical variables, where 0 = no correlation to 1 = perfect correlation.

Since $P < 0.01$ and $\eta > 0.1$ (0.5 already represents a large correlation), hypothesis H1 can be accepted, which means that the differences measured in the sample exist. We can say that there are differences between talent management practices and the size of the company.

Conclusion

Based on the knowledge gained from the study and analysis of the literature, the first part of the work describes the individual dimensions that, in our view, should become part of talent management. At the same time, a definition of talent management was proposed, which, together with the above, became the framework for the introduction of this paper. The aim of the research was to find out to what extent talent management practices are used in selected organizations. Research has shown that only 14% of organizations work with a formalized concept of talent management and that, depending on the size of the company, talent management practices are also implemented.

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