

# ENTERPRISE: PERFORMANCE AND BUSINESS PROCESSES

**THE TALENT MANAGEMENT AND ITS  
USAGE AT HUMAN RESOURCES  
MANAGEMENT IN ENTERPRISES**

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**Key words:** Talent, talent management, acquisition, development, retention.

**Abstract:** The article describes the nature, content, significance and benefits of talent management and its processes - the acquisition, development and retention - in the context of human resources management in the organization. It is based on a prerequisite that a well-adjusted and working system of talent management can make it possible for the organization to survive and grow in the current competitive, global business environment. The text also brings information of talent management utilization in Moravia and Silesia regions' organizations.

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## Introduction

In the current business environment and in the conditions of competition and globalization increasing pressures, human resources are becoming for organizations a more and more pivotal factor. The main competitive advantage is not financial means, modern and efficient technology and technique or quality strategy but people, efficient employees. Organizations that want to survive and expand, to outperform their present rivals and considerably increase their added value in such environment, have to attract, cultivate and maintain talented employees - they have to pay attention to talent management. Koubek (2007) suggests that a number of talented individuals in the population are quite limited. That is why the organizations should try to acquire those limited sources and use them as best as possible for themselves by the application of the most efficient instruments. The follow-up care of talented employees, the effort aimed at their development and retention in the organization should be also a matter of course.

The question is how the organizations should actually proceed? They should offer to talented individuals good prospects and change strategy of their management. They should replace a prevailing approach of using rather formal programs of talents development and the focus mainly on career management and planning of succession by the system of talent management that will enable to those talented individuals a real development and deeper identification with the organization. Such system then helps organizations acquire and maintain highly talented employees, build on their strong points, reward their success, provide them with opportunities to the advancement and increase their overall efficiency.

The approach of talent management use in human resources management has been carefully verified by the practice abroad, the organizations consider it as a useful instrument of systematic work with talented individuals. They really apply this system to the management of their human resources.

What is the situation, however, in the field of talent management use in human resources in the Czech business

environment? Information on application of this approach within the whole Czech Republic or, for example, within a certain region does not exist. The author of the article thinks that the level of talent management application by the Czech organizations will be of rather minor extent. In order to confirm or refute this precondition and find out further information on talent management use, the survey of that approach to the application of human resources management in organizations in one of the Czech Republic regions, in the Moravian-Silesian Region, has been carried out. Evaluation and interpretation of data acquired by the survey can be found in the last part of this article.

## Specification of the basic concepts

What is actually the content of talent and talent management concepts? In principle, there are two basic views of what or who talent is. Some people consider a talented individual as an extraordinary efficient employee with a high potential who can have a significant impact on organization's efficiency. They think that talent management concerns a key individual only i.e. competent people seeking higher or top positions. Such attitude to what or who is indicated as a talent prevails also in this country, the Czech Republic.

Other experts, however, say that as a talent can be practically considered anyone who is able to contribute to achieving organization's objectives and that talent management should not focus only on a small number of favored individuals.

One of the most common definitions describes a talented individual as a man who gives both a high performance and shows a high potential. Also the author of the article identifies herself with this definition of a talent concept.

As far as the definition of talent management is concerned, most experts share their opinions that, in short, the system in question is the system of acquisition, retention and development of talents. From the perspective of human resources management task as well as particular personnel activities, the concept of talent management does not place any special requirements on the organization. It only involves a careful application of the best principles and approaches that have been proven in practice especially in

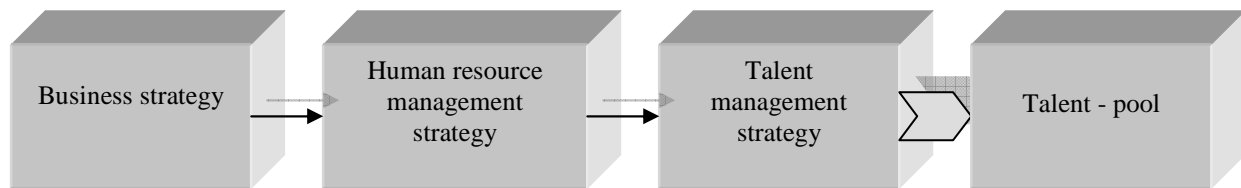
the field of acquisition and choice, education and development, remuneration, and socio-cultural and welfare activities for employees!

To the main contributions of that approach belong: a quality identification and retention of talents and their greater contribution to the accomplishment of strategy and economic objectives of the organization, the assignment of talented employees to appropriate positions and with that associated better utilization of their potential, more efficient ensuring employees from the internal sources and their motivation, decreasing costs of fluctuation and recruitment of new employees and more efficient planning of key positions succession, minimization of losses resulting from unfilled vacant key positions and the like.

## Talent management generally

According to Cannon and McGee (2007) efficient work with talents is based on building talent management strategy that will be in line with organization's business strategy. Only from that strategy and through the strategy of human resources management key decisions can originate suggesting whether and which activities of talent management should be implemented. Strategy of talent management is aimed at ensuring a fund of highly talented, competent, committed and loyal individuals able to contribute to achieving the current as well as future organization's requirements, a so-called talent-pool (Figure 1).

FIGURE 1. RELATION BETWEEN ORGANIZATION'S BUSINESS STRATEGY AND A TALENT-POOL



The organization has to assess whether there are available employees with key already in advance defined competencies who will be needed in the future in dependency on the business strategy. In case the organization has not got enough existing sources it has to find those talents among its current employees, from the internal sources or to recruit them from external sources and labor market or to persuade them to transfer from competitive firms and other branches. Another method is scouting of talents among research students, students or graduates and/or direct addressing to the identified individuals.

As regards competencies, Berger and Berger (2004) state that there are maximum thirty key competencies and that most organizations use for a talent management scheme about nine to eleven competencies. Organizations understand activity-oriented competence, communication, creativity and ability of innovation, a critical judgment, customer-oriented competence, interpersonal skills, leadership, team work and technical/functional skills as ten representative key competencies.

The identification of talents is made on the basis of assessment of their current performance and a forecast of their potential. Performance appraisal is the measurement of actually achieved results within those areas for which the specified individual is responsible, and/or competencies understood as critical for the success of performed work as well as of the entire organization. A forecast of potential is a prognosis for how many levels within the organization an employee can advance on the basis of their past/current performance appraisal, training and development, preferences in their careers and the current and planned levels of competencies.

There are a number of methods the organization can use for performance appraisal and a forecast of employees' potential both from the internal and external sources i.e. methods serving to the identification of talents. For a certain type of employee it is always

necessary to choose such kinds and combinations that would lead both to performance appraisal and a forecast of potential. It is not possible to rely on one method only. It should also be born in mind that first it is necessary to know the criteria of identification and only then we can choose methods.

Talents from own sources are usually sought for through a working system of regular appraisal within which a number of methods are utilized. To the most used methods belong the method of assessment according to set objectives (MBO - Management by Objectives), assessment centre, the analysis of critical events, and a 360° feedback. In order to identify talents from the external sources the tests of fitness, a method of assessment centre and behavioral (competent) talks can be used.

The assessed person is most often evaluated by a direct superior in the role of an evaluator. From various reasons (a possibility of the existence of subjective shade of appraisal or insufficient authority of the superior, non-existence of a frequent contact between the assessed and the evaluator and the like) the appraisal can be performed also by persons at the same position, subordinates, clients/customers/suppliers, external experts or by a combination of the above-mentioned possibilities.

After performance appraisal and a potential forecast, the group of talented employees is specified - a talent-pool is formed. Individuals meeting in advance determined criteria can be jointly indicated as talents or this group of talented individuals can be furthermore divided into three groups - top talents, talents and potential talents. Such situation is graphically represented by the Figure 2. It always depends on the organization and its approach to the classification of talents.

Also a decision whether into the programs for talents (which should certainly be implemented in the organization) only the top talents or the top talents and

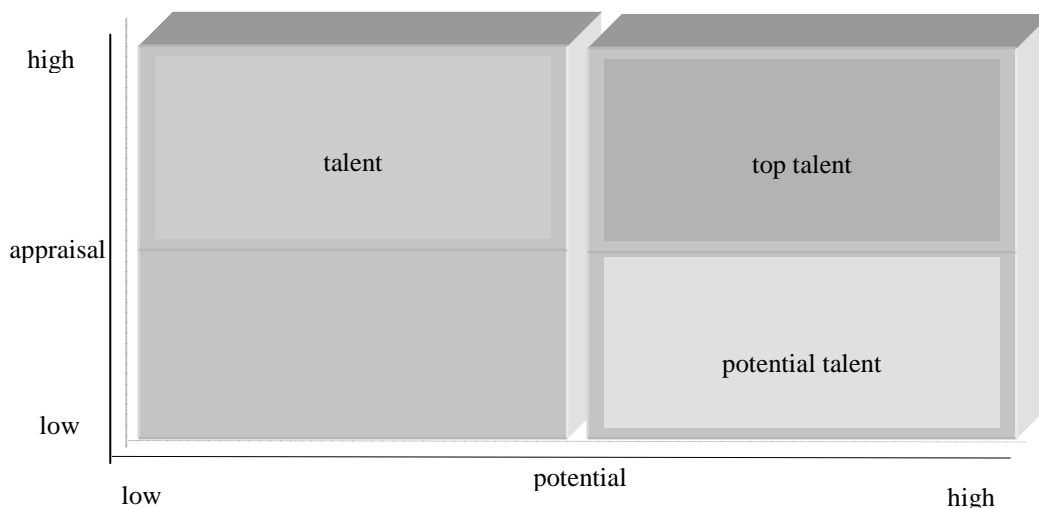
talents or all three groups will be included depends on the organization.

In the area of organization's development, the talents should be offered a chance of improving their strong points, individual overall performance as well as particular competencies, and deepening of their motivation. The organization should also enable them to advance in their career. A special development program should be worked out for the talents, and in close cooperation with their managers it should be implemented. That program may encompass a combination of various methods, activities or instruments of development always according to the specific needs of a concrete organization. The methods in question are both methods on-the-job and methods off-the-job. Also planning of a career and planning of succession is closely associated with programs of talents development - they give the talents an opportunity for professional

advancement in their current work positions and achieving higher status roles.

Also activities ensuring retention and stabilization of talents in the organization are inseparable part of talent management. Talented individuals should not leave the organization because their departures have usually extraordinary impact on organization's operation, which is irrelevant to their number. Among factors influencing talents retention in the organization there are the offer of interesting and valued work, ensuring opportunities for education and development, and professional advancement, respecting a balance between professional and private life, the offer of a flexible work role, the offer of a quality work conditions and equipment, provision of sense of recognition and respect, the offer of adequate remuneration and recently also gaining grounds for organization's social responsibility approach.

FIGURE 2. CLASSIFICATION OF TALENTS



Source: Cannon, J., McGee, R., 2007. Talent management and Succession Planning, 1st ed. London: CIPD, 2007.

As Armstrong (2007) puts it, the above-mentioned facts create for a talented individual a valuable offer marking that sound values will be observed in the organization, employees can expect good leadership, freedom and autonomy, highly incentive work, opportunities for professional advancement in their career and adequate remuneration. It is necessary to ensure that talented individuals would be aware of being appreciated and that they have a considerable or even a principal value for the organization.

#### The use of talent management by Moravian-Silesian Region organizations

In order to confirm or refute a precondition of rather low level of talent management application by the Czech organizations and also to find out further information on every aspect of such approach in practice, a questionnaire survey of talent management using in the organizations of the Moravian-Silesian Region has been carried out. There

is an assumption that the level having been found out in this region might be roughly similar to the level in other regions of the Czech Republic with the exception of the capital of Prague area and probably also of the Central Bohemia Region.

A questionnaire has been sent to 300 respondents (100%); 37 questionnaires (12.3%) have been sent back completed, 12 questionnaires (4.0%) have been sent back as undeliverable (dissolution of the organization, the change of e-mail address and the like), 251 questionnaires (83.7%) have not returned.

On the basis of processing the data acquired by the questionnaire survey it can be said that talent management is really applied by the Moravian-Silesian Region organizations to a minor extent; only 16.2% of organizations apply this approach, which is approximately every sixth approached subject.

Organizations using the approach of talent management can be ranked among middle and larger ones

they operate for a longer period (from 10 up to 15 and more than 15 years). A majority of those organizations began to use talent management in the horizon of the past 5 years; almost all organizations using talent management have a foreign owner (shareholder). This is why it is possible to explain why those organizations use talent management - their foreign owner or a shareholder passes on to the Czech environment the approach used by their country's organizations, the approach whose contributions have been confirmed and there is no reason why they should not "work", under certain conditions, also in our business environment.

As a main reason why the organizations do not use talent management is the fact that they have no knowledge about the method; almost half of the organizations not using talent management have mentioned that reason, which can be understood as a negative finding. In case the organizations have already heard about talent management then they consider a shortage of sources necessary for talent management application, both financial and personnel, as an essential cause of its not-use.

### **Conclusion**

To be able successfully to achieve in advance outlined objectives, to be successful in fulfilling its tasks the organization has to utilize efficiently all its sources - people, material, technique and technologies, capital as well as methods. The core and the most important area of the whole organization's working are human resources, mainly talented individuals. One of the key factors of organization's economic performance, prosperity and competitiveness can be found in quality optimum controlled and utilized human resources and in their rational management. One of the possible instruments of human resources successful management is the system of talent management. For organizations a conception of talent management does not bring any special requirements from the view of human resources management as well as of particular personnel activities. It concerns only a careful application of the best principles and approaches that have proved in practice, mainly in the field of acquisition and choice, education and development, remuneration, and socio-cultural and welfare activities for employees.

In organizations abroad the described approach is used routinely and with a success. Unfortunately, it cannot be said about Czech organizations. It would be good to change this negative situation. By practice confirmed contributions of talent management utilization could serve as sufficient motivation for the introduction and wider application of this systematic and a comprehensive approach to work with talented individuals in Czech Republic's organizations.

It is appropriate to express persuasion that in the near future with nearing the level of work of our experts - personnel officers to the standard work level of personnel officers in advanced countries, the system of talent management will become an inseparable part and a vital link of instrumentals in the field of human resources management in a majority of organizations.

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