

FACTORS INFLUENCING STRATEGIC APPROACH TO TALENT MANAGEMENT OF COMPANIES IN SLOVAKIA

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Abstract

People in the companies play strategic role. Only high quality people named as the talents can create new values and lead company towards meeting the strategic goals. Talent management became a key component to business success in the current conditions. In our research we wanted to clarify importance of strategic approach in the talent management because whole talent management process must be in harmony with strategic orientation of the company represented by strategic ideas and objectives. In our research we verified the factors which influence talent management in companies in Slovakia. 381 companies were included to the research. Questionnaire with nine items and four classification questions was used as a tool for data obtaining. In all items Likert scale 1-5 was used. We identified several statistically significant differences using parametric test (ANOVA). To consider results as robust we used also nonparametric tests (Kruskal – Wallis and Mann – Whitney). Economic results are the most influential factor of talent management. We identified even eight significant differences according to this criterion. Companies with better economic results have strategic approach to talent management on higher level compared to companies with worse results. Another factor that greatly influences the strategic concept of human resources is the allocation of foreign capital in the enterprise. Businesses with foreign capital allocation have better strategic approach to talent management.

Keywords: talent, management, strategy, company, factors

JEL classification: M10, M12, M14

1 Introduction

People are the most valuable source in each company. Capital and material are also important but only human power can create added values for competitiveness. Therefore focus on human resources is still very actual in academic sphere but also in practice. Talented individuals play important role in this system. Thus, talent management is a strategic question of companies to create competitive advantage on the market. That is the reason and motivation to write this paper.

Talent management process must be connected with business strategy and human resources strategy. It is the starting point which is followed by identification of talent and recruitment, assessment of the talents, their development, and retaining. Our paper is focused on this starting point – strategic approach of talent management. We would like to clarify some relationships between talent management and strategies used in companies. We tried to verify if strategic approach of the talent management is determined by the factors such as a size of the company, allocation of foreign capital, economic results, and existence of HR unit in organizational scheme.

1.1 Strategy and Talent Management

Valverde et al. (2013) claim that human resources management is strategic process which helps to build workforce and reach good organizational results. Talent management presents strategic ideas to leadership succession processes using the employee lifecycle model. Talent management as an interest of researchers has become an important area (Ashton and Morton, 2005 and Sparrow et al., 2004). Talent management can be defined as a systematic and dynamic process of discovering, developing and sustaining talent (Egerová et al. 2015). Armstrong (2006) adds that talent management should not only focus on the high-flyer, but it should concern all other efficient workers. Talent management is a new trend of human resources management likely to challenge many traditional management practices (Skuzza, Scullion & McDonnell, 2012). It brings a pressure to create new tools, methods and processes in HRM to provide the necessary co-ordination systems. (Kim, Park, & Prescott, 2003).

The talent of individual employees is a unique source of competitive advantage and involves a central element of strategic human resources policy in recent years (Frank and Taylor, 2004; Holátová et al., 2014; Březinová, 2014; Lewis and Heckman, 2006). Talent management became important strategic question. Strategic talent management includes activities and processes that involve the systematic identification of key positions which differentially contribute to the organisation's sustainable competitive advantage. It can help to develop a talent pool of

high potential and high performing incumbents to fill these roles. It is also useful tool of development in a differentiated human resource architecture to facilitate filling these positions with competent incumbents to ensure their continued commitment to the organisation (Collings and Mellahi, 2009).

2 Data and Methods

Methods and ways of the research are described in this section. Selective survey was used as a method for data collection. It means that the chosen data are only part of the basic file and therefore the accuracy of the results is limited. (Munk, 2013). A scaled questionnaire was used as a tool of collection that contained 9 items focused on the strategic approach of talent management. Strategic approach was a part of the complex questionnaire (41 items) designed by academics from Slovakia, Czech Republic, Hungary, and Poland. Questionnaire contains also other classification items such a size of the company, economic situation, foreign capital, and existence of HR department in the company. Here is the list of the items with marks used in the paper.

Table 1 List of the items and their marks

11	<i>Talent management is essential for the company</i>
12	<i>Talent management is an important part of the corporate mission</i>
13	<i>Top management worked out a joint attitude towards talent management</i>
14	<i>HRM strategy is clearly defined</i>
15	<i>Talent management strategy is clearly defined</i>
16	<i>Talent management strategy is connected with strategic goals of our organization</i>
17	<i>We are currently modifying the list of key talents in our company</i>
18	<i>We search for talent in every single person that has just been employed</i>
19	<i>Formulated talent management strategy is not difficult to realize in our company</i>

Source: Own processing according to questionnaire.

The items of the questionnaire were scaled according to Likert from 1 to 5, where 1 means absolute disagreement of the respondent, 5 means absolute consensus and Figure 3 expressed irresolute attitude of the respondent. We added also Figure 0 enabled the respondent not to comment on a given item. The questionnaire was distributed electronically via online form. This questionnaire was created by group of scientists collaborated on common project and it was used in papers of scientific journals (Egerová et al., 2013).

Reliability of the questionnaire was verified by means of Cronbach's alpha. According to Nunnally and Bernstein (1994) the evaluation of scales is based on examining the correlations between the individual items or measurements in relation to the variability of the items. The values of Cronbach's alpha higher than 0.7 shows on sufficient scale consistence. In our case Cronbach's alpha reached level 0.864.

We formulated following research hypothesis and questions:

- Hypothesis No. 1: The strategic approach of talent management is determined by the size of the enterprise.
- Hypothesis No. 2: The strategic approach of talent management is determined by the foreign capital allocated in the company.
- Hypothesis No. 3: The strategic approach of talent management is determined by the economic results of the company.
- Hypothesis No. 4: The strategic approach of talent management is determined by existence of any unit focused on human resources.

Existence of statistically significant differences between individual groups of respondents were tested by ANOVA (parametric test). For the purposes to declare robust of the results nonparametric tests such Kruskal-Wallis test and Mann-Whitney test were used.

3 Results and Discussion

This paper is focused on the problem how strategic approach of talent management is used in companies in Slovakia. We tried to compared companies divided according to criteria such a size of the company, existence of foreign capital in the enterprise, economic situation and existence of human resources unit in the enterprise. This quantitative research study was conducted between June 2013 and December 2016. Research sample contains 381 companies which run business in Slovakia. In the determinant size of the enterprise, the intervals were set according to the EU's enterprise size typology (see Table 2). Each enterprise was represented by owner, or employee responsible for human resource management.

Table 2 **Size of the enterprise**

		Frequency	Percent
Valid	small (10-49 employees)	181	47.5
	medium (50-249 employees)	113	29.7
	large (250 and more employees)	85	22.3
	Total	379	99.5
Missing		2	0.5
Total		381	100.0

Source: Own processing.

According to factor of existence of foreign capital the structure is following. In 57.7% of searched enterprises the foreign capital is allocated and 41.7% of enterprises have only Slovak capital. Two respondents are missed because they did not fill this classification question (see Table 3).

Table 3 **Foreign capital in the enterprise**

		Frequency	Percent
Valid	yes	159	41.7
	no	220	57.7
	Total	379	99.5
Missing		2	0.5
Total		381	100.0

Source: Own processing.

According to next criterion – economic results we have in the research sample 41.7% companies without economic change in the last year. 9.4% of companies show worse and 48.3 better economic results in the last year (see Table 4).

Table 4 **Economic results in the enterprise**

		Frequency	Percent
Valid	without change	159	41.7
	worse	37	9.4
	better	184	48.3
	Total	288	100.0

Source: Own processing.

Table 5 shows that there are 62.2% of enterprises where is any organizational unit focused on human resources management (department of human resources management, or supervisor for human resources). On the other hand, there are 37.5% of companies without any organizational unit of human resources management in our research sample. In these enterprises, there is no organizational rule that take care of human resources management. Usually it is provided by owner or randomly by any person.

Table 5 Existence of HR unit in the enterprise

		Frequency	Percent
Valid	yes	237	62.2
	no	143	37.5
	Total	380	99.7
Missing		1	0.3
Total		381	100.0

Source: Own processing.

Table 6 shows selected descriptive statistics of searched items. There we can see that respondents have the highest tendency to agree with the item I1 where declared the fact that talent management is essential for the company. Contrary, the lowest tendency to agree was recorded in item I9 referring to the problems caused with implementation of talent management strategy.

Table 6 Descriptive statistics of the items

	Count	Median	Modus	Average	Standard deviation	Variance
I1	372	4	4	3,66	1,055	1,114
I2	374	4	4	3,43	1,073	1,152
I3	357	4	4	3,43	1,101	1,212
I4	373	4	4	3,58	1,116	1,244
I5	364	3	3	2,96	1,105	1,222
I6	361	3	3	3,04	1,121	1,257
I7	346	3	3	2,86	1,145	1,310
I8	372	4	4	3,55	1,177	1,385
I9	361	2	2	2,51	0,995	0,990

Source: Own processing.

In Table 7, there are average points in individual categories shown. These numbers helped us to identify differences in attitudes of individual groups.

Table 7 Average points in categories of the companies

		I1	I2	I3	I4	I5	I6	I7	I8	I9
size of enterprise	small	3,61	3,39	3,36	3,31	2,74	2,93	2,65	3,55	2,45
	medium	3,68	3,41	3,42	3,68	3,03	3,10	3,06	3,54	2,43
	large	3,73	3,52	3,59	4,05	3,33	3,22	3,07	3,58	2,69
foreign capital	with foreign capital	3,75	3,53	3,61	3,95	3,29	3,34	3,13	3,56	2,62
	without foreign capital	3,60	3,35	3,30	3,31	2,72	2,83	2,67	3,54	2,42
economic results	better	3,89	3,62	3,68	3,79	3,11	3,22	2,96	3,73	2,60
	without change	3,41	3,24	3,30	3,45	2,92	2,95	2,80	3,43	2,50
	worse	3,51	3,25	2,74	3,08	2,39	2,51	2,58	3,19	2,11
HR department	yes	3,72	3,48	3,59	3,89	3,14	3,19	3,05	3,61	2,54
	no	3,56	3,33	3,16	3,06	2,67	2,81	2,56	3,46	2,47

Source: Own processing.

Based on the first factor (enterprise size), three statistically significant differences (shown in Table 8 – I4, I5 and I7), were identified using ANOVA and Kruskal-Wallis test. Both identified the same differences and therefore results may be considered robust. At the same time, these differences were subjected to a multiple comparison for the identification among which groups of enterprises these statistically significant differences were formed. Based on the averages, an evaluation was made, in favour of which groups the differences occurred.

Table 8 Verification of the differences – size of the enterprise (ANOVA and Kruskal-Wallis)

	I1	I2	I3	I4	I5	I6	I7	I8	I9
Mean Square	0,413	0,548	1,372	15,975	10,097	2,404	7,270	0,034	1,869
F	0,370	0,475	1,133	13,867	8,586	1,918	5,666	0,025	1,923
p value (ANOVA)	0,691	0,622	0,323	0,000	0,000	0,148	0,004	0,976	0,148
Chi-Square	1,538	1,534	2,577	26,923	16,568	3,632	11,063	0,287	3,603
p value (KW)	0,463	0,464	0,276	0,000	0,000	0,163	0,004	0,866	0,165

Source: Own processing.

In item I4, it was investigated whether there is human resource management strategy clearly defined in the company. A statistically significant difference between small, medium and large enterprises was found in this item (differences between all groups were found). We consider that in large companies, the level of human resource strategy definition is higher than in small and medium-sized enterprises. This is in particular because small businesses are not empowered to develop such a strategy, so there is no human resources strategy. In small businesses there are multifunctional people who do a lot of work and therefore there is no human resources specialist whose job was to clearly define and subsequently implement the human resources strategy. For the same reasons, is not defined any talent management strategy, which should be a natural part of the human resources strategy, in small businesses. This difference has been identified in I5 and exists only between a group of small and large enterprises. Another statistically significant difference was also found in item I7, which focused on whether the list of talents needed for the company's future is being modified at present. We see the difference only from the point of view of small enterprises, compared to the medium and large businesses. Medium and large businesses, modify the need for talented individuals depending on the external environment.

The foreign capital in the enterprise has a significant impact on the formulation of the company's human resources strategy. Even 5 statistically significant differences in the survey items were identified. These were items I3, I4, I5, I6 and I7 (highlighted in Table 9). The difference found in I3 identifies the difference in top management behaviour to talent management. We consider that in enterprises with foreign capital, top management has a common position on talent management, which has an impact on the formulation of a strategy in this area. These businesses have experience from talent management abroad and can assess the necessity of a system that integrates talent management into managerial work. Conversely, there is no such experience in an enterprise where there is no foreign capital and therefore often top executives do not have a clear view of talent management. Top management is not so enthusiastic to support promoting the idea of implementing talent management. Items I4 and I5 confirm the existence of a clearly defined strategy for human resources management and talent management. Statistically significant differences were found in these items, and it can be concluded that in enterprises with foreign capital the human resources strategy and talent strategy is an irreplaceable part of the strategic management process. Other statistically significant differences identified in I6 and I7 indicate that in ventures with foreign capital, the talent management strategy is better linked to the organization's strategic goals and reflects the need for future talent in the

company, compared to companies without foreign capital. Also nonparametric test was also performed on the data to confirm the robustness of the results.

Table 9 Verification of the differences – foreign capital (ANOVA and Mann-Whitney)

	I1	I2	I3	I4	I5
Mean Square	2,181	2,784	7,963	36,627	29,343
F	1,955	2,417	6,644	31,755	25,509
p value (ANOVA)	0,163	0,121	0,010	0,000	0,000
Mann-Whitney U	15418,0	15186,0	13063,0	11284,0	11280,0
p value (MW)	0,178	0,082	0,014	0,000	0,000

	I6	I7	I8	I9
Mean Square	22,158	17,340	0,023	3,655
F	18,473	13,642	0,016	3,706
p value (ANOVA)	0,000	0,000	0,898	0,055
Mann-Whitney U	11713,5	11080,5	16518,0	14053,5
p value (MW)	0,000	0,000	0,836	0,062

Source: Own processing.

Regarding the factor of economic results we can see statistically significant differences almost in all items (beside I7, see table 10). In order to find out which groups of enterprises generated statistically significant differences, multiple comparisons were used. It can be said that companies with improved economic performance compared to companies with worse economic results in larger extent:

- Have top management with a common attitude on talent management (I3).
- Have a clearly defined strategy on human resources management (I4).
- Have a clearly defined talent management strategy (I5).
- Have a talent management strategy linked to the strategic goals of the organization (I6).
- Are currently modifying the list of talents needed for the company's future (I7).
- Looking for talent in every newly recruited person (I8).
- Consider talent management strategy workable under their conditions (I9).

At the same time, companies with improved economic results compared to companies with unchanged economic results are more likely to:

- Consider talent management to be extremely important (I1).
- Talent management is an important part of the business mission (I2).

- Their top management has a common attitude on talent management (I3).
- Have a clearly defined strategy for human resource management (I4).

Differences can also be seen between enterprises with unchanged economic results and enterprises with worse results. These are two items I3 and I5. Companies with unchanged economic results have a higher level of leadership that has a common attitude to talent management (I3) and have a clearly defined talent management strategy (I5). Also nonparametric test (Kruskal – Wallis) was performed on the data to confirm the robustness of the results.

Table 10 Verification of the differences – economic results (ANOVA and Kruskal-Wallis)

	I1	I2	I3	I4	I5	I6	I7	I8	I9
Mean Square	9,796	6,732	14,923	9,840	8,065	8,301	2,430	6,147	3,456
F	9,198	6,020	13,155	8,198	6,795	6,820	1,858	4,511	3,556
p value (ANOVA)	0,000	0,003	0,000	0,000	0,001	0,001	0,158	0,012	0,030
Chi-Square	18,162	13,955	24,477	14,479	13,326	11,944	4,304	10,234	6,144
p value (KW)	0,000	0,001	0,000	0,001	0,001	0,003	0,116	0,006	0,046

Source: Own processing.

Based on the differences found, we consider that companies with better economic results will also determine a higher level of formulation and implementation of the human resources strategy integrated into the corporate strategy. It may, however, be assumed to be the opposite. Businesses with a formulated human resources strategy and talent strategy have better economic results.

Existence of HR unit is last searched determinant of talent management process in our research. Businesses with a human resources unit in the organizational structure have a significantly higher tendency to agree with the items connected with the strategy of human resources, and it is therefore possible to consider that a strategic focus on human resources is at a higher level than in enterprises, where there is no organizational unit focused on human resources. Five statistically significant differences were found (in items I3, I4, I5, I6, and I7, see table 11).

Table 11 Verification of the differences – existence of HR unit (ANOVA and Mann-Whitney)

	I1	I2	I3	I4	I5
Mean Square	2,071	2,014	15,639	59,065	18,583
F	1,867	1,757	13,353	54,159	15,789
p value (ANOVA)	0,173	0,186	0,000	0,000	0,000
Mann-Whitney U	15006,0	14979,5	11987,0	9724,0	11750,0
p value (MW)	0,240	0,180	0,001	0,000	0,000

	I6	I7	I8	I9
Mean Square	12,566	20,090	1,772	0,359
F	10,257	15,953	1,277	0,363
p value (ANOVA)	0,001	0,000	0,259	0,547
Mann-Whitney U	12611,5	10763,5	14922,5	14870,0
p value (MW)	0,002	0,000	0,167	0,691

Source: Own processing.

Organizations in which human resources specialists are grouped into one unit have better prerequisites for talent management implementation, as senior management sees the importance of talent management (I3) and integrates this into the human resources strategy and talent strategy (I4, I5) and are able to link this strategy with the goals and vision of the business operations (I6). At the same time, they are currently trying to adjust the talent list for the future (I7). The data were subjected to nonparametric test, where statistically significant differences were identified in the same items, so the results can be considered robust.

4 Conclusion

The human resources strategy, which implements the talent strategy, must be closely linked to business strategy. This link creates a good premise that human resources will be a priority in the development of a business while ensuring a higher value for society. From the results it can be seen that the most significant factors influencing this phase are the economic results of the company. It can be said that in companies with improved economic results there is a better linking of strategies with emphasis on talent development. Another factor that greatly influences the strategic concept of human resources is the allocation of foreign capital in the enterprise. Businesses with foreign capital allocation have better strategic

approach to talent management. This is mainly related to the higher strategic orientation of foreign companies which can transfer their know-how to our businesses as well. Referring to the hypothesis set in the research we can conclude that all hypotheses were verified because we found 3 statistically significant differences which were influenced by size of the company, 5 by foreign capital, 8 by economic results, and 5 by existence of HR unit.

To improve the awareness of the strategic impact of human resources in enterprises, top management must have a clear attitude towards talent management. We propose to develop a clear structure of long-term human resources management objectives based on the company's mission and corporate goals. In particular, it sets out strategic goals (such as reducing fluctuation, increasing labour productivity, increasing employee satisfaction, optimizing the human resources structure, etc.) leading to an increase in the quality of human resources and consequently to achieve better economic performance in the enterprise. We also recommend regularly modifying lists of talents and requirements for them in view of the ever changing external environment.

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