



## THE CHANGES IN THE FOCUS OF SLOVAK ORGANISATIONS ON TALENT MANAGEMENT

Zdenko STACHO<sup>1</sup>, Katarína STACHOVÁ<sup>2</sup>, Ján PAPULA<sup>3</sup>

<sup>1</sup>*Department of Small and Medium Entrepreneurship, Institute of Economics and Management,  
School of Economics and Management in Public Administration in Bratislava, Slovakia*

<sup>2</sup>*Department of Management, Institute of Economics and Management,  
School of Economics and Management in Public Administration in Bratislava, Slovakia*

<sup>3</sup>*Department of Strategy and Entrepreneurship, Faculty of Management,  
Comenius University in Bratislava, Slovakia*

E-mails: <sup>1</sup>[zdenko.stacho@vsemvs.sk](mailto:zdenko.stacho@vsemvs.sk) (corresponding author); <sup>2</sup>[katarina.stachova@vsemvs.sk](mailto:katarina.stachova@vsemvs.sk);  
<sup>3</sup>[jan.papula@fm.uniba.sk](mailto:jan.papula@fm.uniba.sk)

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**Abstract.** Distinguishing an organisation from the competition, and building a position noticeably ahead of it entails the identification, attracting, education, development, and especially retaining of quality and talented employees. The objective of the article is to analyse the link between the region of operation of the organisation and its focus on the activities related to talent management, and to specify the overall change in the focus of organisations on talent management in time. Several partial objectives, such as a questionnaire survey conducted in Slovak organisations between 2013 – 2017, were fulfilled in order to accomplish this objective. Statistical hypothesis testing aimed at specifying the relationship between the region of operation of the given organisation and the execution of activities related to talent management in it, and the focus of the organisation on career planning of all the categories of employees, confirmed a link between the analysed variables. Positive changes in the selected attributes in time were evaluated by the fixed-base index.

**Keywords:** development, human resources, Slovak organisations, talent management.

**JEL Classification:** E24, J24, M12.

### Introduction

A competitive advantage is not only reflected in the ability of an organisation to design and develop a product or a service, but also its ability to produce and sell it for more advantageous prices and (or) in greater amounts or quality than competition. It is not provided spontaneously by the external environment; it is rather dependent on the ability of the internal environment of the organisation to identify and react flexibly to changes of the external conditions (Slávik 2013). Therefore, organisations should create the environment in which their employees are capable of creative thinking, thus helping their organisation to cope with such changes in the external environment.

Distinguishing an organisation from the competition, and building a position noticeably ahead of it entails the identification, attracting, education, development, and especially retaining of quality and talented employees. Positive effects of such behaviour will reflect in the performance indicators of the organisation, primarily including reductions of the employee turnover costs, recruitment costs, and overall turnover ratio from among the financial indicators; the effectiveness of operations will be enhanced by streamlined in-house processes, minimisation of losses related to uncovered key positions, delivering of results due to higher performance, and increased productivity; and the effectiveness of the HR department will be positively affected by a higher share of the HR on the increased performance of the organisation,

and an increase in the ROI of the HR (Joniaková et al. 2016, Hroník 2007, Campbell and Smith 2010, Fajcikova et al. 2017, Kampf et al. 2017, Cagaňová et al. 2017).

The initial step in a talent management process is the identification of talents. To ensure its effectiveness and success, so called “zero step” needs to be primarily made, consisting in the most accurate and correct identification of the qualities, abilities, skills and knowledge that a talent should have. The particular competences of the employees with key roles, i.e. the positions without which the organisation would be unable to fulfil its strategy, need to be defined for this purpose. (Stacho and Stachova 2017). When recruiting and identifying the employees with a high potential, organisations should also take into account the attributes such as respect and trust in superiors, colleagues and subordinates, consistent and measurable performance above defined expectations, a high level of competences, the ability to fulfil objectives (both individual and team) in compliance with the culture and ethical standards of the organisation, proactivity, openness to feedback and constructive criticism, or the capability of self-management and learning (Stangova and Víghová 2016, Stareček et al. 2017, Jankalova et al. 2018).

On the basis of the findings of their researches, Timmerman and Sabbe (2007) stated that only 30% of highly performing employees had a potential, i.e. abilities, commitment and aspirations, to achieve a career advancement in their organisations; the remaining 70% fell within one of the following groups (Ulrich and Smallwood 2011):

*Committed dreamers* – have high commitment and aspiration levels however insufficient ability to achieve success at their future position. This group includes approximately 10% of the high potentials. They need to develop the key abilities very quickly, otherwise the likelihood of their success at a higher position is practically zero.

*Unbalanced stars* – have the abilities and necessary commitment however they lack motivation and aspirations. They are not interested in advancement, or they are unwilling to give up a bit of their private lives. Notwithstanding the lack of aspirations, their abilities still ensure their success at a higher position in approximately 44% of cases.

*Uncommitted stars* – have both the abilities and highly ambitious objectives however they do not feel the necessary enthusiasm and loyalty to their organisation. Researches have indicated that only 13% of such employees have a chance to succeed at a higher position.

Following the identification of a talent, the organisation makes an offer for the talent, and negotiates a contract specifying the responsibilities of both contracting parties. The contract includes an agreement on the fact that the participation in a programme (project) neither implies any reduction of the work itself, nor guarantees any career growth, which can only be achieved by the results produced during the work in the given programme. The contract also needs

to include a precise definition of what is required from the recruited talent.

Development schemes for “high potentials” should be motivating, attractive, complying with the goals of the organisation, and they should include individually identified development needs putting emphasis on strengths, allocated financial resources, as well as preferences and attractiveness for the employees with high potential (Rošková 2012). From the perspective of attractiveness and effectiveness, the “talented” employees prefer “on the job” programmes (work on projects) with an emphasis on their own autonomy, independence, the tolerance of possible failures, a possibility to make mistakes, to risk, and they attach a great importance to talent, abilities of their superiors before particular internal or external trainings (to have a talented direct superior, and to have an opportunity to learn from talented superiors). It has been proved that high potentials feel better and work with greater deployment, when those deserving it receive positive things – bonuses, salary, promotion (Reháková 2010, Kirchmayer et al. 2016, Jankelova et al. 2017, Bartakova et al. 2017, Hitka et al. 2017). Leaving talented employees can have particularly unfavourable effects on further operation and competitiveness of their organisation. The aforesaid is especially important due to the fact that up to 40% of the internal transfers of high potentials in an organisation fail, most frequently as a result of the fact that such talented employees were incorrectly identified, they were not provided due care, their development or incentive scheme was not set correctly, the organisation disregarded the fact that if they had been identified as highly potential they were likely to be so, and doors were thus open for them elsewhere (Reháková 2010).

Talented employees are highly performing, putting by approximately 20% more effort in their work than others (Rošková 2012). This was also among the outcomes of the research conducted in 2016 by Urbancová in Czech organisations, where 36% of the interviewed organisations declared that the talented employees contributed to the fulfilment of corporate strategies and economic objectives in a greater extent. The study of Campbell and Smith (2010) showed that a “formal identification” of high potentials was significant in the context of their performance and retention, as 14% of the identified managers were looking for a different job, while it was up to 33% of the non-identified ones.

The objective of the article is to analyse the link between the region of operation of the organisation and its focus on the activities related to talent management, and to identify the overall change in the focus of organisations on talent management in time.

## 1. Materials and methods

Different partial objectives were accomplished in order to achieve the objective of the article, such as a questionnaire

survey, statistical evaluation of the formulated hypotheses, and evaluation of the overall change of the analysed attributes using the fixed-base index.

The research questions were formulated and conditioned with regard to the objective of the article. The hypotheses were formulated on the basis of the defined research questions, and tested in the questionnaire survey and subsequent statistical evaluation.

1. *Research question:* What score has been achieved by the interviewed organisations with regard to the activities related to talent management? Are there any statistically significant differences among the regions of operation of these organisations?

2. *Research question:* What score has been achieved by the interviewed organisations with regard to career planning of all the categories of employees? Are there any statistically significant differences among the regions of operation of these organisations?

*Hypothesis H1:* There is a statistically significant relationship between the region of operation of an organisation and the execution of the activities related to talent management in it.

*Hypothesis H2:* There is a statistically significant relationship between the region of operation of an organisation and the focus of the organisation on career planning of all the categories of employees.

For the needs of this article, data obtained from a research conducted between 2013–2017 were applied, and the top representatives of Slovak institutions were interviewed. Its objective was to uncover the present state of talent management in Slovak organisations. A questionnaire in which the participants in the study responded to 90 questions focused on the issue of formal human resource management in the organisation was used to analyse the application of the principles of talent management. The answers to the questions focused on talent management were used for the needs of this article. The amount of the interviewed institutions was 573–609 every year (depending on the availability of personal contacts of external students, which were used to address the participants in the research), while the response rate of comprehensively completed questionnaires was 60–67%.

In order to define a sufficient research sample, two stratification criteria were determined. The first criterion was the region of operation of the organisation based on the NUTS classification (*La Nomenclature des Unités Territoriales Statistiques* – Nomenclature of territorial units for statistics created by the Statistical Office of the European Union.); Slovakia was divided according to the NUTS 2 category, while the structure of the research sample was based on the data provided by the Statistical Office of the Slovak Republic.

The second stratification criterion was a minimum number of employees, determined to 50 employees, thus excluding small enterprises from the research sample on the one hand, however the importance of focusing on a formal

Table 1. Regional structure of organisations with more than 50 employees (source: data processed according to the Statistical Office of the Slovak Republic)

Region – NUTS II.	Bratislava Region	Western Slovakia	Central Slovakia	Eastern Slovakia
Districts	BA	TT, TN, NR	BB, ZA	KE, PO
Number of organisations 2013	1.102	911	645	606
Number of organisations 2014	1.098	904	644	612
Number of organisations 2015	1.105	916	651	613
Number of organisations 2016	1.114	923	649	621
Number of organisations 2017	1.123	926	654	623

Table 2. Size of the research sample for individual regions of Slovakia (source: own research)

Region – NUTS II.	Bratislava Region	Western Slovakia	Central Slovakia	Eastern Slovakia
Districts	BA	TT, TN, NR	BB, ZA	KE, PO
Number of organisations	1.102–1.123	904–926	644–654	606–623
Size of research sample	88	87	84	83

human resource management system in the organisations with 50 and more employees was followed on the other hand.

The data provided by the Statistical Office of the Slovak Republic during the monitored period indicated that the number of organisations with 50 and more employees in individual regions was oscillating around similar values, while the regional structure of the organisations with over 50 employees in the given years is provided in the following Table 1.

Determining an optimal research sample of the given basic group of organisations, Confidence Level of the research was set at 95%, and Confidence Interval of the research was set at  $H = \pm 0.10$ . On the grounds of the given criteria, an additional, respectively relevant research sample for individual regions of Slovakia was set in the analysed years (see Table 2).

The measured values were statistically processed and assessed by calculated chain indices (values changed since the previous year), and fixed-base indices (values changed since the first year).

## 2. Results

Talent management is regarded as one of the key instruments of achieving and increasing the performance of the given organisation. In pro-innovatively set atmosphere, the

ability of employees to inspire themselves with an idea, and to inspire other colleagues by their behaviour, becomes one of the factors of the prospects of such employees for the company. The most prospective employees are thus not only able to fulfil their working tasks with maximum effectiveness, but they frequently facilitate effective implementation of changes. With regard to the aforementioned, we were interested in whether the interviewed organisations realised the need to focus on talents and their development, and whether they were actually dealing with talent management in practice (see Table 3).

As the comparison of the outcomes of individual years shows, a slight increase was recorded in all years with the exception of 2015, when a slight decrease in the monitored attributes of the focus of organisations on talent management was recorded.

With regard to the aforementioned, we consider the evaluation of the overall change in the analysed attributes in the monitored period to be necessary. The following Table 4 presents the data processed within the performed analysis.

As Table 4 shows, the overall increase of the focus of the interviewed organisations on talent management compared to the first year of the monitored period was recorded in each of the following analysed years. It can be concluded on the basis of this outcome that the share of the organisations focusing on the activities related to talent management increased in the monitored period.

Table 5 shows the numbers of organisations according to the score of the examined attributes achieved in individual regions.

The major share of the companies executing the activities related to talent management was recorded in the region of

Table 3. Chain index of the companies focusing on talent management (source: own research)

Focus of organisations on talent management	Share of organisations								
	2013	ci14/13	2014	ci15/14	2015	ci16/15	2016	ci17/16	2017
	n		n		n		n		n
The organisation performs the activities related to talent management	158	1.013	160	0.987	158	1.025	162	1.037	168
Talent management is performed on the basis of a defined strategy	68	1.015	69	0.000	69	1.029	71	1.014	72
The organisation is focused on career planning of all the categories of employees	43	1.023	44	0.977	43	1.349	58	0.000	58
Σ	269	1.015	273	0.989	270	1.078	291	1.024	298

Table 4. Fixed-base index of the companies focusing on talent management (source: own research)

Focus of organisations on talent management	Share of organisations								
	2013	bi14/13	2014	bi15/13	2015	bi16/13	2016	bi17/13	2017
	n		n		n		n		n
The organisation performs the activities related to talent management	158	1.013	160	0.000	158	1.025	162	1.063	168
Talent management is performed on the basis of a defined strategy	68	1.015	69	1.015	69	1.044	71	1.059	72
The organisation is focused on career planning of all the categories of employees	43	1.023	44	0.000	43	1.349	58	1.349	58
Σ	269	1.015	273	1.004	270	1.082	291	1.108	298

Table 5. Focus of organisations on talent management in regions according to NUTS II (source: own research)

Region – NUTS II. /	Bratislava Region	Western Slovakia	Central Slovakia	Eastern Slovakia	Slovakia
Districts	BA	TT, TN, NR	BB, ZA	KE, PO	Σ
Focus of organisations on talent management					
The organisation performs the activities related to talent management	61	49	34	24	168
The organisation is focused on career planning of all the categories of employees	23	14	11	10	58

Bratislava ( $n = 61$ ), representing 69.32% of all the analysed organisations from this region. Likewise, the largest number of organisations from the region of Bratislava ( $n = 23$ ), representing 26.14%, focused on the career planning of all the categories of employees. Overall, ( $n = 168$ ) 49.12% of Slovak organisations dealt with the activities related to talent management, and only ( $n = 58$ ) 16.96% of them focused comprehensively on the career planning of all the categories of employees.

The parametric Pearson's correlation test ( $r$ ) was used for the purpose of the statistical evaluation of individual correlations.

H1: The outcome of the Pearson's correlation test proves a statistically significant relationship between the region of operation of an organisation and the activities related to talent management executed in it. The given variable correlates at the significance level  $\text{sig.} = 0.01$  with the value of the Pearson's correlation coefficient  $r = 0.304$ . The required level of the significance value was achieved, hence this hypothesis has not been rejected. A moderate relationship between the analysed variables can be confirmed.

H1: The outcome of the Pearson's correlation test proves a statistically significant relationship between the region of operation of an organisation and the focus of the organisation on the career planning of all the categories of employees. The given variable correlates at the significance level  $\text{sig.} = 0.01$  with the value of the Pearson's correlation coefficient  $r = 0.142$ . The required level of the significance value was not achieved, hence this hypothesis has been accepted. A weak relationship between the analysed variables can be confirmed.

### 3. Discussion

Talented employees are highly performing, putting by approximately 20% more effort in their work than others (Rošková 2012). This was also among the outcomes of the research conducted in 2016 by Urbancová in Czech organisations, where 36% of the interviewed organisations declared that talented employees contributed to the fulfilment of corporate strategies and economic objectives in a greater extent. The study of Campbell and Smith (2010) showed that a "formal identification" of high potentials was significant in the context of their performance and retention, as 14% of the identified managers were looking for a different job, while it was up to 33% of the non-identified ones. The fixed base index of the organisations focusing on talent management indicated a positive trend in the given sphere, representing a 10% increase with the exception of 2015. A positive trend was also recorded in the focus of organisations on the activities related to talent management, which appears positive in the context of the results of a research conducted by Snipes with the participation

of 199 leaders involved in a development scheme within talent management. The outcome of the research was a statement of up to 84% of the participants in the study that organisations should invest in their talents in different forms, as in addition to the investment itself, it ensured their formal distinguishing from other employees and an acknowledgement of their importance to the company. The fact that identified high potentials help develop others was also among the key findings. They are so called "developers of further talents", because they have both insight and experience (Rošková 2012).

Unfortunately, as Hroník (2007) states (in his book "Development and Education of Employees), talent management and career management have been perceived by managers as something only designed for a small group of employees. This has also been confirmed by the research of Urbancová et al. (2016), in which the potential existence of talents at all levels was only declared by 17% of the interviewed organisations, which was confirmed by this survey, which showed that in Slovakia, talent management was comprehensively dealt with by only ( $n = 58$ ) 16.96% of the organisations. The latest studies have indicated the need to regard the two as designed for all employees who are expected to remain in the organisation for more than five years, as in such a case, it can be achieved already after three years that career management will concern up to 70% of employees in the organisation (Hroník 2007). The aforementioned implies that it is necessary in career management to seek talents throughout the entire organisation. The greatest bottlenecks in the organisations analysed in this research were uncovered in this sphere, where less than 20% of the organisations focused on talent management comprehensively at all positions. We find the increase of disparities among individual Slovak regions, resulting from different levels of the focus of the organisations on the activities related to talent management, a considerable problem.

### Conclusions

The article deals with changes in the focus of Slovak organisations on talent management between 2013–2017 on the basis of partial indicators, such as individual activities related to talent management, the existence of a talent management strategy, and the focus of the interviewed organisations on individual categories of employees within talent management. The outcomes of this research are also presented in the context of the outcomes of researches conducted by authors, which provided a basis for evaluating the level of the data collected in Slovak organisations. On the basis of the aforementioned, authors do not regard the present level as sufficient however the increasing trend, clearly declared by the results of the research, has been evaluated positively. In addition to the aforementioned information

and procedures, and with regard to the fact that systematic work with talented and highly potential employees is considered to be key in ensuring future competitiveness and added value, authors regard as important that in the view of talented employees, organisation is perceived as an attractive employer, a “great workplace”, and an organisation for which people want to work and in which they want to remain.

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### Author contributions

ZS and KS conceived the study and were responsible for the design and development of the data analysis. ZS and KS were responsible for data collection and analysis. KS and JP were responsible for data interpretation. ZS wrote the first draft of the article.

### Disclosure statement

We have not any competing financial, professional, or personal interests from other parties.

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## APPENDIX

### Notations

#### Variables and functions

- ci – chain index – values changed since the previous year
- bi – fixed-base index – values changed since the first analysed year
- H – Confidence Interval
- r – Pearson’s correlation coefficient