

## INTERNAL CONDITIONING OF TALENT MANAGEMENT IN LARGE ENTERPRISES

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**Abstract:** Acquisition and retention of talented employees is still a challenge for many organisations. Therefore, the processes improving management of best individuals are of particular importance during the difficult times on the labour market. The paper presents research findings concerning the internal conditioning of talent management (TM) in large enterprises. The following conditions are taken into consideration: defining TM, placement of TM in an organizational structure, interconnections with the corporate strategy, and the significance of TM for the organizations under examination.

**Keywords:** talent, talent management, HR, Human Resources, structure, strategy, culture.

### 1. Introduction

The concept of talent management (TM) has been studied for over two decades, yet there are still numerous defined research gaps in this field. The sources of this current are to be found in the economic practice and the needs of enterprises that, in order to gain or maintain a competitive advantage, have been compelled to seek ways to acquire and retain the best employees (Michaels et al., 2001).

There is no consensus in the relevant literature as to a uniform definition of either talent or talent management (Balcerzyk, Materac, 2019), and the presented juxtapositions demonstrate the diverse understanding of these concepts (Ingram, 2016). Researchers use terms such as: “high potentials“, “skilled employees“, “high valued employees“, “high performers“, “key people” (Gallardo-Gallardo, Thunissen, 2016). A talent may be considered a person with a superior potential and skills who stands out due to their ambition and motivation (Listwan, 2005) and whose value is much greater for an organization compared to other employees (Tulgan, Brealey, 2001). Moreover, talent management is most broadly understood as a collection of processes aimed at identification, development, retention, engagement, and proper use of talented employees in a specific organizational context (Juchnowicz, 2014).

Since 2010, there has been an increased number of empirical studies on talent management, which led to the first claims that this management fashion, as this concept was earlier referred to, is likely to become a maturing trend within the next few years (Gallardo-Gallardo, Thunnissen, 2016). The following are found among the research gaps: the internal conditioning of TM such as placement within an organizational structure, dependency on corporate strategy or attitude to TM in very large organizations. The presented research results meet these needs.

## **2. Methods**

The paper is a presentation of the research findings obtained in the course of qualitative research conducted by a team under the direction of the author as part of statutory research of the Collegium of Management and Finance of the SGH Warsaw School of Economics, research No. KZiF/S/53/18 entitled “Współczesne funkcje działu personalnego” [Contemporary Functions of the HR Department]. The aim of the study was to indicate the ways in which the processes associated with the new HR functions are carried out. The following are deemed new functions of HR departments: talent management, diversity management, and the conditioning of partnership in business (HR Business Partner). The study covered such internal conditions as organizational structure, possible links to corporate strategy, significance of a given function and its influence on the links with other departments, and potential conflicts in an organization.

The study covered five organizations operating in the following industries: consulting, banking, mining and logistics. Only very large organizations employing up to several tens of thousands of people were examined. Structured interviews were held with the representatives of the organizations, that is, with upper-level HR managers. The study was carried out between August 2018 and March 2019. This paper presents study findings concerning the talent management function.

## **3. Conditioning of TM in Large Organizations – Research Results**

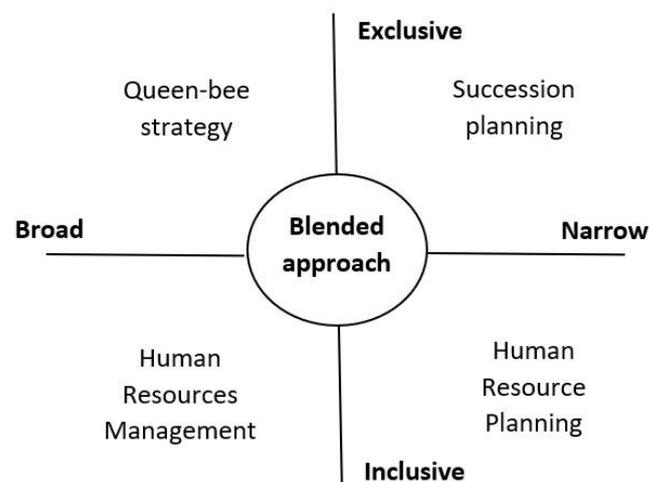
### **3.1. Approaches to Talent Management**

A conceptual juxtaposition of the approaches to talent management may be achieved by placing them within two dimensions: the exclusive-inclusive dimension and the wide-narrow (Taylor, 2019). The former is quite commonly cited in the relevant literature (and also referred to as the elite-egalitarian, including-excluding dimension); it is concerned with a group of people considered to be talents in a given organization. If a talent is believed to be a relatively uncommon and very valuable resource possessed by few, then TM is an exclusive, elite concept.

Such an approach compels the adoption of tools and strategies oriented at attraction, engagement, development and retention of the best within the framework of the so-called “queen bee” strategy. An inverse, inclusive approach assumes that all employees are part of the talent resource and that everyone has a potential to considerably contribute to the development of an organization. In the third approach, any competence important from the perspective of a corporate strategy is a talent (Czubasiewicz, Grajewski, 2019).

The wide-narrow dimension differentiates the number of processes involved in talent management. The wide approach encompasses practically all processes related to human resources management: planning, recruitment, selection, performance management, development, career paths, coaching and mentoring, employee retention and onboarding. The narrow approach focuses on planning resources and planning succession.

S. Taylor advocates a blended approach – the intermediate dimension presented in Figure 1.



**Figure 1.** Talent management – juxtaposition of approaches. Source: S. Taylor, Resourcing and Talent Management, CIPD, KoganPage, 2019, p. 9.

Organizations much more commonly decide to adopt the strategic and elite approach to talent management and the inclusive approach is rarely taken (Gallardo-Gallardo, Thunissen, 2016). In the organizations under examination, as well, one can notice examples of the exclusive narrow approach focused on selected talent groups and often on succession planning in particular. For instance, a statement from Interview 4 testifies to that: “*We are speaking of talents as of seeking successors for this group of line managers*” or from an Interview 3: “*We qualify the best employees with the greatest potential to the HiPo (high potentials) Programme, who will be successors, first and foremost, to managerial as well as expert positions.*”

One of the organizations under examination also adopted a wide exclusive approach, the “queen bee” strategy, which means that the organization singles out key talents from among all the employees; the key talents are people with the greatest potential, who are treated by the organization in a special way, which finds confirmation in a statement made during Interview 1:

*Talents are unearthed during the assessment process that we carry out every year and during this processes we assess each employee, first and foremost, in terms of achievement of their goals; whereas the second element of assessment is evaluation of the person's potential, that is, where we see them some time in the future and how do we perceive their speed and capability of learning, acquiring new competences, and assuming new positions. As a result of the two assessments and depending on what the results of evaluation are, we end up with a group of the so-called high potentials.*

### **3.2. Placement of TM in an Organizational Structure**

Distribution of tasks related to processing of talent management functions in an organization may be varied considerably depending on the size of the organization. TM is usually placed in an organizational structure within the scope of activity of the HR department, however, in practice there are many entities that participate in the performance of the HR functions (Ulrich, 2011). The human resources department is responsible for the organizational, control and planning functions within the whole process. Managers/line managers provide support in directly identifying, motivating, developing and evaluating talents, as well as injecting the talent mind-set (Michaels et al., 2001). Top managers, the management board, and the chairperson are responsible for making decisions and managing the strategic approach to TM, while their active participation in TM projects pays dividends in the form of better company performance – something achieved thanks to motivating talented employees (Kopeć, 2010). Special positions are often added to the structure in the HR department and the so-called talent manager who takes such a position groups responsibility for these functions, which also raises this topic to a higher rank and suggests that it is treated as a priority (Kopeć, 2008).

Research results confirm the above claims. Based on the example of one of the organizations, it is noticeable that concentration of the performance of the TM function in the hands of a single person may lead to a standstill in the programme in case of prolonged absence of this person.

Statement from Interview 1: *A person who had managed this programme over the past few years took maternity leave and this gap has not been filled. And so we have this small 'hiccup' because we are trying to fill this position but – as it sometimes turns out – not quite coherently.*

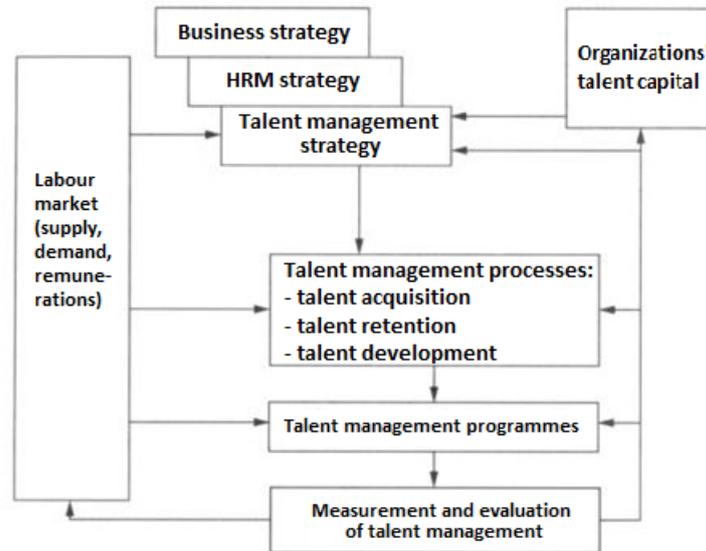
In large organizations, it is also important to what extent the talent management process is directed on a strategic and corporate level and to what extent it is carried out on a local level – taking into account the specific characteristics of the region, structure, and on-going needs. In one of the organizations under examination, the TM programme is to be divided according to regions [...] *in order to be closer to the places where it will be implemented. It could also ensure that we have local chances for promotion and development for expert or executive operational employees* (Statement from Interview 4).

International organizations have other experiences. Taking into consideration the global conditioning of talent management in the course of coordinating and setting into motion the TM policy in various countries, cultures, branches and units of a company allows the singling-out of four major roles within the HR function in this respect. These roles are: “champion of processes” (horizontal coordination of TM tools, techniques and processes and monitoring their implementation), “guardian of culture” (global supervision of preservation of organization's values, enacting the TM culture – constructing and maintaining an atmosphere of trust, cooperation, mobility and appreciation of differences), “network leadership and intelligence” (emphasizing the significance of relationships, cooperation, and awareness of events internal and external to an organization, as well as obtaining and processing information on the talent market, introducing new practices, and service providers), and “manager of internal receptivity” (managing the international talent flow, undertaking department and branch receptivity analysis, managing diversity, career planning, issues related to integration in a new environment, and work-life balance) (Scullion, Sparrow, 2011).

The existence of global interconnections and the fact of taking into account the local condition were noticed in the organizations examined in this study as well, which finds confirmation, for example, in a statement made in Interview 1: (The criteria for talent assessment) *are provided by the Headquarters and, in fact, from the CEE region, but we always look at them and adjust them to the way we believe people will understand all of it here and to what we believe is valuable for us, so sometimes we spice these criteria up a bit.*

### **3.3. Linking TM with Corporate Strategy**

The assumptions underlying the concept of talent management always make it closely related to corporate and human resources strategy (Chodorek, 2016). Owing to planning talent flows in the context of pursuing the company's strategy, it is possible to avoid frustration arising from defining employees as talents when the organization has no idea how to develop the unearthed potential. Organizational strategic goals give rise to the necessity of ensuring talent supply hold appropriate positions (Kaczmarska, Sienkiewicz, 2005). From a model perspective, the organizational business strategy is always the point of departure and gives rise to the need for given competences and so shapes the HR strategy, which consequently determines the key roles to be filled in in order to attain business goals. A model by A. Poczowski is presented below; it shows the links between these three strategies from this very perspective.



**Figure 2.** Model of talent management in an organization. Source: A. Poczowski (ed.), *Zarządzanie talentami...* [Talent management...], op. cit., p. 65.

In the organizations under examination, clear links are noticeable between company's strategy and unearthing groups of talents or the conditioning of the processes to be implemented, which finds confirmation in a statement from Interview 2:

*My approach is to take into account the strategic goal, that is, to create an environment of sharing knowledge and being entrepreneurial, which is diverse in terms of culture and I mostly mean the culture of competence and that's it; I am more interested in deploying and, in general, the company wants to internally deploy talents from various age groups and share, among others, knowledge because we want the company to rejuvenate, why not, but we don't want to lose experience along with this rejuvenation.*

Dependency on a corporate strategy is also confirmed by a statement from Interview 3:

*Our strategy is never detached from the bank's strategy, which means that before our strategy is formed, a strategy of a supportive function, the bank's strategy is designed and it focuses mainly on business aspects such as sales-related issues and doing business; and the moment we see what is the most important for us in given years, we adjust our HR strategy to the main one; so we never develop it independently.*

### 3.4. Company Maturity as regards Talent Management

The talent management function may be carried out in various ways – from incidental situations where a successor is singled out from a group of talents, to very formalized TM processes interrelated with the corporate strategy. Achievement of consecutive levels is presented in the models of company maturity as regards talent management.

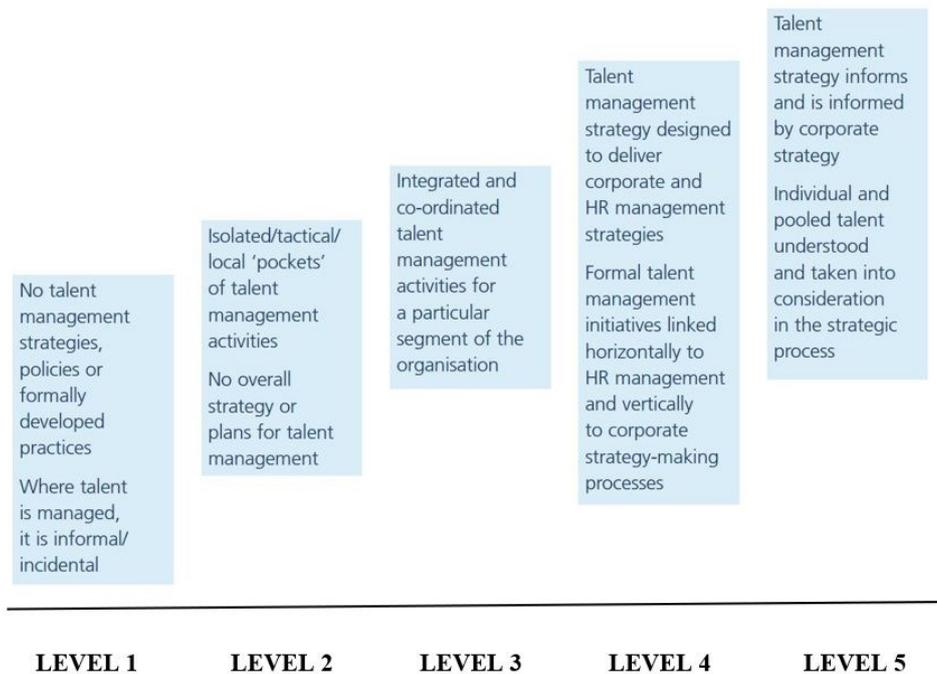
We can divide organizations based on the way they perceive the role of talents into three levels: beginner, intermediate, and advanced (Putzer et al., 2008). At the beginner level, TM is not treated as priority, but occasional, loosely defined actions are taken and shortage of talents is replenished by spontaneous recruitment. At the intermediate level, the significance of TM is being recognized, but actions usually focus only on review and identification of talents among the groups of mid- and upper level managers. Whereas on the advanced level, talents are treated as an organization's priority, advanced practices are implemented in this respect, and chosen processes are effective.

Within the framework of the approach focused on processes in an organization, there are four levels of maturity (Harris, O'Leonard, 2010):

- 1) grouped HR processes (HR processes are separated or gathered into certain sets, but they are not interconnected);
- 2) standard talent-related processes (which are coherent and adjusted to the needs and integrated to some extent);
- 3) integrated talent management (where the linking of systems and processes is stressed and usually one person is responsible for the entirety of actions in this area);
- 4) strategic talent management (the systems and processes are fully integrated and applied when making business decisions – TM is driven by the business).

Within the framework of the next approach, the maturity levels are drawn up based on attitude to TM, from awareness to integration, and measured on the basis of putting into practice certain processes (Rytter, Shim, 2009). The first state is awareness of the TM concept and the second is understanding talent management strategy (but talents are still appreciated *ad hoc* while gaps are not identified early enough). The next state is acceptance of the way TM may enhance business results – herein, TM is considered to be a critical business function. A further step is to adapt the talent management strategy to the business strategy (and most TM processes are found here). The last level is encountered when TM is integrated with the business strategy and practised throughout the whole organization.

The present study uses the model presented in Figure 3, which is elaborated on, as based on the organizations under examination (Tansley et al., 2006).



**Figure 3.** Company maturity as regards implementation of talent management. Source: C. Tansley, L. Harris, J. Stewart, P. Turner, *Talent management: understanding the dimensions*, Change Agenda, Chartered Institute of Personnel and Development, 2006, p. 6. Figures from 1 to 5 are added, where 1 is the lowest maturity level and 5 is the highest maturity level in terms of implementation of talent management.

**Level 1 maturity** was found in two organizations under examination that did not have formalized talent management practices in place at the time of the study. Both were preparing to practice best TM principles in the future and the stage of preparations differed.

One of the two managed talents informally and incidentally, focusing chiefly on identifying individual talented employees with a potential for the future. Another organization under examination (operating in the banking sector) did not run a talent management programme at that time, but it was preparing to launch one in the on-going year. The reason why a decision was made to introduce changes in the approach to talent management was that the company was experiencing the consequences of an employee's market and was having considerable difficulty in finding and retaining appropriate employees.

**Level 2 maturity** was encountered in one of the organizations under examination. Here, there had currently been no master talent management plan or strategy in place, the enterprise did not run a global TM programme, however, such initiatives were undertaken locally. The organization planned to mainly focus on the policy of succession and of ensuring availability of appropriate staff that could take managerial positions in the future. At the time of the study, it was collecting experiences from local branches that took such actions. It definitely planned to group the programme by regions in order to have better access to information and resources, as well as to create local perspectives for development and promotion.

**Level 3 maturity** was found in an organization that had put in place a TM programme a few years ago. It lasted for two years, but was terminated and there was currently no such programme in place (so **regression to level 1** was noted in the study). The programme was terminated due to the difficulties and challenges that had presented themselves in the course of it. The target group were exclusively young people on the market and the people already employed by the organization were disregarded. Hence, divisions and disagreements came up: the (new) talented people started to carry negative connotations in the eyes of the current employees. Another negative aspect was making people feel exceptional with no plan as to what the organization could offer to such talented people after the talent programme ended – so the notion was not embedded in strategic goals. Unfortunately, the problems that arose during the former programme make it difficult to launch a new initiative in this respect, as some people are voicing the opinion that “it has been tried and it failed”. At the time of the study, the organisation planned to invest in actions ensuring wider coverage of this function, e.g., a knowledge exchange programme or an entrepreneurial managers programme, in order to make use of the best employees in the organization and to encourage them to share their knowledge.

**Level 4 maturity** was discovered in an organization where the TM programme had been in place for many years and had become a fixed part of its actions for good. Talents are identified during a yearly assessment process taking into account achievement of goals and potential, including the speed and efficiency of learning, acquisition of new competences, and possibility of taking on new positions. Assessment criteria are set at a central level for the Central and Eastern Europe, however, they are further adjusted to the Polish conditions. Additionally, an interview with a superior is held in order to make sure why and if the person really is a key talent. There are development programmes, trainings, workshops, actions supporting employees' engagement in work and activity in the organization, which are offered to the group of people singled out that way. Despite these actions, there are problems with retaining talents in the organization.

In the course of analyses, no **level 5 maturity** in terms of talent management was encountered in the organizations under examination.

#### **4. Discussion**

To recapitulate the presented research findings, it should be concluded that the organizations under examination know the concept of TM and are aware of both the benefits that it offers to the management and the potential challenges that may arise in this respect.

In the real world, understanding of the notion of talent, as well as the adopted approaches to talent management are diversified depending on the current and potential needs of an organization. Companies understand the need to adjust TM processes to strategic goals and, based on the example of one organization, it was demonstrated that lack of such adjustment might cause long-term negative connotations with TM programmes. This situation hampers the possibilities for introducing new and better thought-out programmes in the future. The issues related to placement of TM within a company's structure encompass not only the questions of who will actually be responsible for talents and to what extent, but also to what extent the programme should be carried out top-down and what norms should be imposed on local branches.

The study revealed that organizations are at rather low maturity levels in terms of TM. The initiatives that are undertaken are often at the beginning stages of development; they are accompanied with concerns and enjoy no thorough support in organizations. Nevertheless, the need to organize TM processes is expressed, if for no other reason, because of the increasingly difficult situation on the labour market and the necessity to attract strongly defined groups of talents.

The study was conducted on a small group and demonstrated certain tendencies that should definitely be verified on a larger research sample, both in large organizations alone and in SMEs in order to verify possible similarities and differences. In the course of the analyses, potential other research areas related to the topic have been identified, that is: differences between the central and local understanding and performance of the TM function; conflicts arising from talent identification; the HR function within the framework of global and international talent management; or the role of line managers in the TM process. Studies carried out in this respect in the future may contribute to elimination of these research gaps.

## **Summary**

The paper presents research findings concerning the internal conditioning of talent management (TM) in large Polish enterprises. Interrelations between TM programmes and corporate strategy were demonstrated. Placement of TM in a corporate structure was presented and the roles of various entities were highlighted. A model of an organization's maturity in terms of talent management was also provided and examples based on the organizations under examination were indicated.

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