

## TALENT MANAGEMENT AS A CONCEPT OF HUMAN CAPITAL MANAGEMENT

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**Abstract:** The primary purpose of the article is an in-depth literature analysis on issues related to employee talents. The paper presents the evolution of the concept of "talent" over the centuries and its contemporary definitions in the literature on management sciences. The talent management in the process approach, including the idea by T. Listwan and M. Armstrong, has been described. The main strategies of talent management have been discussed. The article ends with a summary and presentation of conclusions.

**Keywords:** talent, talent management.

### 1. Introduction

Over the last decades, the dominant concepts of organization and management have undergone a kind of evolution. Since the 1950s, the process of globalization, and thus also a gradual increase in the complexity of the environment of operating enterprises, has been observed. Global orientation characterized the 1970s. The surroundings of an organization have become eventful and turbulent. Strategic management has become a tool for streamlining organization and management. The last decade of the twentieth century saw more radical changes in management. Knowledge management has appeared as a dominant concept integrating all management subsystems.

Modern (knowledge-based) organizations increasingly need talented people. Employees – outstanding specialists, gifted people, devoted to the company can provide the survival of organizations on today's market and the competitive advantage. Demographic indicators predict the shrinking of labor market resources. The analysis of the costs associated with employment

and seeking such people proves that it is cheaper to hire talented employees and take care of their development than to look for them on the external market.

The development of employee competencies has become the key activity of the management staff. Managers recognize the importance of talents for the development and operation of the organization. At the end of the last century, the concept of talents was also popularized. The development of modern technologies has caused that the demand for employee talents exceeds their supply. As a result, the employee talent market has become the most competitive since the nineties.

## 2. Evolution of the concept of "talent"

In the literature on management sciences, a multitude of definitions of the word "talent" can be found. In ancient times, it was initially given the meaning of weight units and later monetary units. That can be evidenced by the biblical parables, or archaeological research carried out in the Mediterranean basin (Flacellière, 1985). Some philologists have translated talent into "capital," which can be used in identifying it with, for example, human capital. The 13th century brought a new understanding of "talent." It began to be referred to as tendencies and dispositions. It was associated with abilities or even a mental gift. However, it did not lead to the departure from understanding it through the prism of wealth and treasure. The revolution in the meaning of the word "talent" dates back to the seventeenth century. Then, it signified a kind of unique predisposition. In the nineteenth century, it started to be understood as a talented person (Tensley, 2011), which interrupted the period of pigeonholing it as a feature.

L. Hollingworth's works of 1926 determine a talent through a peculiar kind of personal intellectual equipment (Hollingworth, 1926). Such individuals need specific attention and unusual behavior if they are to develop their gift. Shunning boredom and lack of success is to be a recipe for protecting talented people from losing their predispositions (Pocztowski, 2008). Immediate identification of talent allows for succeeding in its further development.

K. Heller is a Polish pioneer among the authors dealing with the issue of employee talents. In 1932 he put forward a thesis that these are *higher-order abilities* (Heller, 1932). The task for the managerial staff is to discover talent in their subordinate employees. K. Haller honored talented workers (Tabor, 2013). He based the structure of talent on the attributes of intellectual work, which included intuition, memory, imagination, fantasy, as well as the ability to focus attention, associate and reason logically.

The eighties of the twentieth century are associated with the works by N.E. Jackson and E.C. Butterfield. The authors clearly underlined the importance of the diagnosis of talent (Jackson, 1986). Staying ahead of peers and functioning at a higher level of advancement indicate talented people.

A.J. Tannenbaum proposed an interesting division of talents. He categorized talents in four generic groups (Chełpa, 2005):

- *security talents* – a group of rare talents, including, for example, leadership; they are indispensable and desirable in organizations and communities;
- *quota talents* – a group of more frequent talents, such as extraordinary skills in a given field; they are important for the functioning of the organization, usually one-sided;
- *surplus talents* – a group of rare talents, such as musical, artistic or sports ones; not necessary for the development of the organization;
- *anomalous talents* – a group of strange and superfluous talents, such as the results from the Guinness Book of Records.

The Talent Relationship Management (TRM) concept is the mainstream of reflection on the issues of talent carried out in the nineties of the twentieth century. It should be understood by engaging in the development of relationships with talented people who have innate predispositions to "gain peaks" in a specific field (Pocztowski, 2008). This method was a response to the organization's demand for prominent employees supporting its competitiveness.

The term presented by E. Michaels, H. Handfield-Jones and B. Axelrod in one of the most popular publications on the subject – *The War for Talent* should be considered the most commonly cited definition of the word *talent*. According to the authors, talent is:

"The sum of a person's abilities – innate gifts, skills, knowledge, experiences, intelligence, judgments, attitudes, character and entrepreneurship, as well as the ability to learn and develop" (Michaels, 2001).

The issue of the meaning of the word "talent" has been addressed by many contemporary Polish researchers in the field of management. M. Juchnowicz understands talent as outstanding individual abilities exhibited in intellectual, creative or specific skills. Motivation, entrepreneurship and strong commitment are integral attributes of talent. When defining talent, he draws particular attention to the fact that limiting to innate qualities is not enough. The key to success is commitment and the mentioned motivation.

T. Listwan inscribes the concept of talent in the motivation model of the self-fulfilling individual (Listwan, 2005). The author believes that ambition and permanent development are determinants of a talented person. Talented people should be associated with work *per se* – competing with oneself.

In his work, K. Kwiecień presented a comprehensive offer of talent components. The author attributes the following features and competencies to it (Kwiecień, 2005):

- leadership qualities;
- a sense of strategic thinking;
- emotional intelligence;
- focusing on results;
- entrepreneurship;
- the ability of interpersonal interaction;

- flexibility;
- adaptability in a changing environment;
- ability to work in a group;
- technical qualifications in a specific field.

Formulating an unambiguous definition of talent is an important but extremely difficult task. The barrier is the authors' diverse approach to the determinants and characteristics of this concept. Consensus is obtained only on limited issues. The classification of talent is built based on the criteria (Pocztowski, 2008):

- uniqueness and range of talents;
- connection with the goals of the organization;
- a kind of ability.

The evolution of the concept of "talent" as well as the multiplicity of its definitions will remain the subject of numerous dissertations and papers on management sciences. We are currently witnessing the increased development of this concept. There will need more and more talented people in organizations where a man – his knowledge, skills or motivation – is the key to success. Managers able to identify and properly use the "talents" will be the engine of their effective operation.

### **3. Talent management in the process approach**

Rapid changes in technology, permanent migrations, an aging population or the expansion of a knowledge-based economy are current challenges facing the labor market. The result of this situation is the shortage of talented employees. Some authors believe that the key reason for this situation is an ineffective talent search system among employees in the company. Taking into account the definitions of talent, its characteristics and requirements for employers, it is necessary to indicate some directions of development of management systems (Pocztowski, 2008):

- implementation of flexible forms of employment and organizational structures;
- share of employees in enterprise management processes;
- creation of knowledge incubators;
- emphasis on team work with the ability to perform individual tasks;
- preservation of symbiosis between work and private life;
- permanent increase of employees' professional activity;
- reduction of bureaucracy;
- remuneration system dependent on the contribution made to the company;
- work efficiency management;
- taking care of effective communication within the organization.

In M. Armstrong's work, the term *talent management* can be attributed to succession planning and to activities aimed at employee development (Armstrong, 2011). The author believes that this concept brings nothing new to known human resource management processes, apart from an eloquent name. Talent management should be treated as a universal set of activities. It aims to secure the flow of talents in the organization, treating it as one of the company's key resources.

E. Michaels and his co-workers identified five principles of talent management, which read as follows (Michaels, 2001):

- creating the best value offer for the employee, building the attractiveness of the organization for talented people;
- building a long-term recruitment strategy, abandoning ad hoc schemes;
- using professional experience, coaching and mentoring principles for skill improvement for the managerial staff;
- increasing the talent pool through investments, development and decisive actions towards employee groups;
- strong belief that competitive advantage is based on having better talents.

Based on the achievements of R.E. Lewis and R.J. Hackman, talent management should be considered in three basic trends. In the first perspective, talent management is perceived as a set of standard practices, activities and functions of human capital management. These include, for example, recruitment, selection and development. These functions are implemented much faster than in the classical approach and should apply to the whole organization, not one department. Proponents of the trend argue that the concepts of talent management and human resources will be used interchangeably in the future. The second approach concerns activities within the talent pools. The inflow of employees is subject to analysis and control. The employed are assigned to the appropriate job positions. This trend is focused on the interior of the organization. The third view, whose center is talent itself, distinguishes two different tendencies (Lewis, 2006). The first one assumes that talents are people with high potential. They should be sought, recruited and rewarded for the results achieved. The second approach considers talent as undifferentiated good. Demographic and humanistic factors are the reason for this approach. The role of the executive personnel is to manage the overall talent to achieve the best possible results.

The process approach towards talent management was presented by T. Listwan. He defined the concept as a set of actions in relation to exceptionally gifted individuals. These activities should be undertaken to develop these people and implement the organizational strategy (Listwan, 2005). The author classified these activities into three basic groups (Tabor, 2013): entry, transformation and exit.

The first stage of the talent management process focuses on planning the number of employees, choosing sources for gaining talented people, selection techniques, as well as defining career paths. When recruiting talents, one ought to concentrate on aligning the

employee in a two-way manner. Planning the number of personnel is mainly based on specifying the number of employees, their competences and defining a group of redundant competences. An important role here is played by internal gaining talented employees. Some experts consider this form of recruitment the most favorable for the organization. Employees are characterized by a higher level of loyalty and identification with the company. One does not need to adapt them. The construction of a competency profile should mainly be based on behavioral criteria.

Transformation (maintaining talents) is the second stage of the talent management process proposed by T. Listwan. Activities taking place in it concern the effective use of employees' competencies. Transformation taking place within an enterprise is a team of motivational activities. They include career creation, remuneration, internal migrations of employees, and their individual development.

The third stage of the talent management process has a specific impact on the further functioning of the organization. It is closely related to the loss of someone more important than a regular employee. The departure of a talented person writes off the funds invested in him and limits the organization's potential.

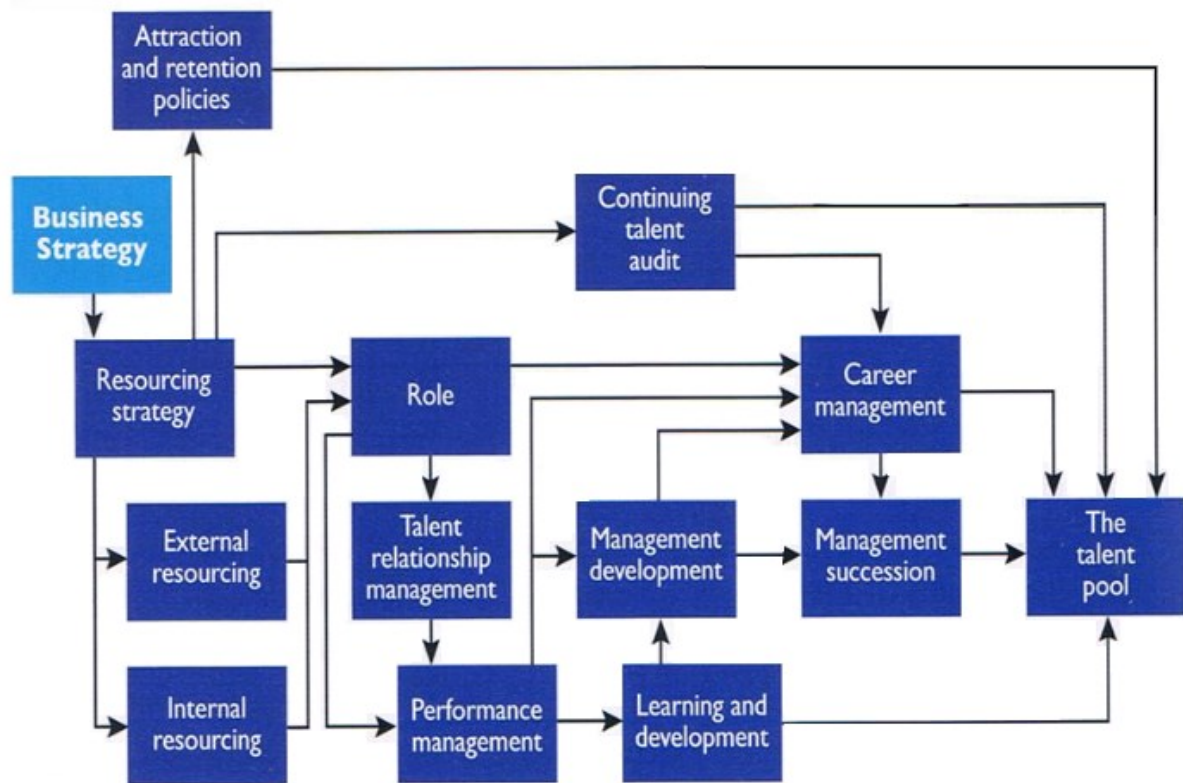
M. Armstrong believes that talent management takes the form of a set of correlated processes. Talent management elements are depicted in Figure 1.

According to M. Armstrong, the starting point of talent management is the *business strategy* and defining the importance of talent for the organization (Armstrong, 2011). The main goal here is to develop and maintain the talent pool. The subsequent elements of the process are presented below.

The *strategy for acquiring resources* consists in formulating requirements in relation to human capital. A draft policy for the acquisition, maintenance and internal identification of talented individuals, their promotion and development, is created.

The *policy and the program of attracting and retaining* is based on the activities of acquiring and keeping the talented persons necessary for the organization. The policy of attraction manifests itself through the external acquisition of human capital. Recruitment and selection processes are used here. The policy of retaining is to make sure that employees remain in the organization. The effect of these activities is the flow of talents.

*Talent audit* should be explained by identifying people with potential. It provides a framework for planning and career development. It is required that talented individuals have experience, which is expanded by learning programs and coaching. An additional advantage of the audit is the ability to detect the potential danger of losing talented people and to indicate the actions necessary to retain them.



**Figure 1.** Talent management elements. Source: Armstrong, 2011, p. 505.

*Role design* is an element of talent management that ensures the autonomy, responsibility, and challenges necessary to generate motivation and commitment. Opportunities, incentives to learn and the development of specific roles are created. Employees must be provided with flexibility to make them able better use their talents.

*Managing relationships with talents* is based on generating effective relationships with employees within specific roles. It is necessary to build a good workplace, treat employees honestly, enable their participation, and provide opportunities for development. Undertaking these activities is to lead to the "commitment of talents", namely a situation in which employees are devoted to work and organization.

*Performance management* allows for the best use of talented people within the organization. Operational managers should conduct individual risk analyzes in relation to key employees. Performance management is a tool for increasing motivation and commitment. Employees should be provided with positive feedback and recognition expressed towards them.

*Learning and development* are essential elements of the process, which allows the employees to deepen their knowledge and improve their skills. The company should create an effective employee profile based on the competencies and required qualities.

*Management succession planning* is about providing the organization with managers who are to ensure future business needs.

*Career management* is to provide the organization with the flow of talents and the satisfaction of employee aspirations.

The process approach in management sciences is currently used in many existing concepts. The authors could not ignore the implementation of this approach in such a developmental and forward-looking theory like talent management. Already, the future management team should learn its course and effective application.

#### **4. Building a talent management strategy**

In addition to surviving in an unpredictable environment, every organization has the aspiration regarding constant development and adaptation to change. The implementation of rational "talent management" programs in the organization may be a chance to meet these aspirations. While looking to the future, the managerial staff must create an appropriate strategy for the development of talented people. Skilled workers, without whom organizational success is impossible, are becoming "a scarce commodity".

According to W.J. Rothwell, strategic development of talent (SDT) should be defined as the process of changing (Rothwell, 2003) the organization, stakeholders and groups of employees through planned and unplanned learning in order to acquire critical competencies necessary to achieve competitive advantage by the organization.

D.G. Collings and K. Mellaim consider strategic talent management (STM) as all the activities and processes characterized by systematic identification required to maintain a permanent competitive advantage (Collings, 2009). The development should include individuals with the highest potential and results and the entire HR architecture.

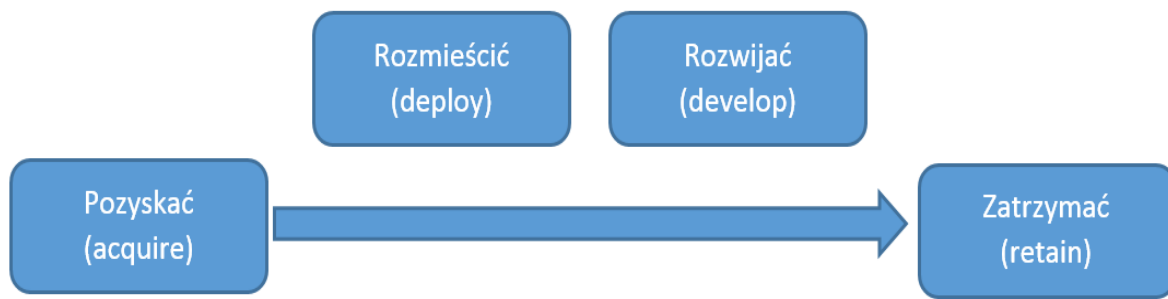
M. Armstrong defines the following goals of strategic talent management (Armstrong, 2011):

- identification of people covered by the talent management program;
- formulating the internal definition of talent in terms of competencies and potentials;
- establishment of future talent requirements;
- developing an opinion of "a great workplace" about a given organization;
- employing qualified and competent people that will help in the development of the organization;
- creating job positions that allow for the implementation and development of employee skills;
- allowing employees to develop their roles, interests and autonomy at work;
- giving development opportunities to talented employees;
- taking care of an appropriate work environment;
- taking care of a balance between work and private life of employees;
- taking care of unwritten relations with employees;



- paying attention to the development of leadership competencies by the managerial staff at the operational level;
- appreciating talented people;
- identifying talented individuals and those who should leave the enterprise through talent audit procedures;
- succession planning among management staff.

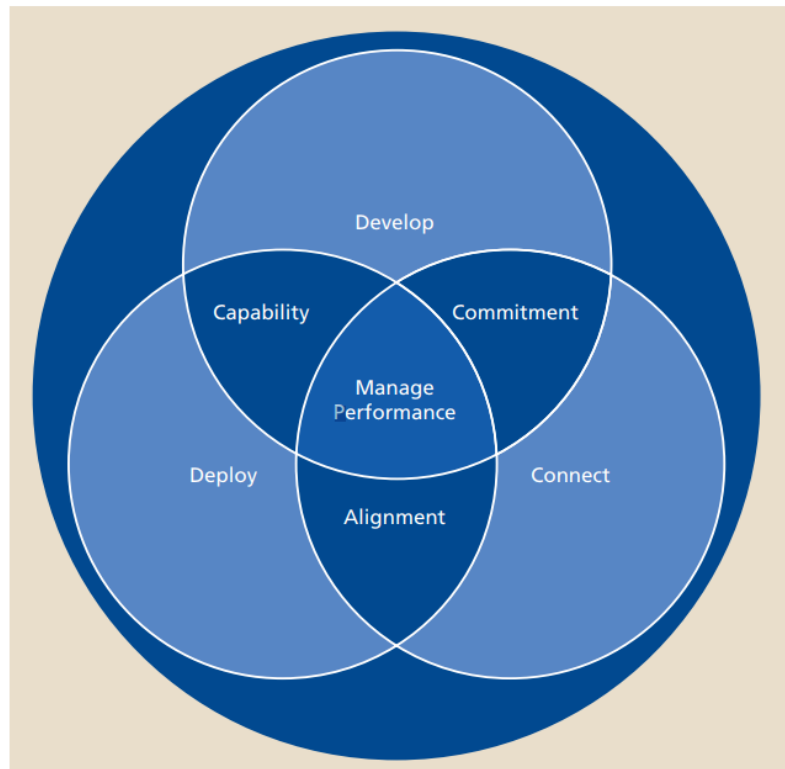
The literature on the subject presents different approaches to the issue of talent management strategy. The strategy proposed by Deloitte Research Study is worth noting since it divides it into a process and configuration (Pocztowski, 2008). This approach defines the process strategy as recommended in the case of a lack of access to talented employees. Enterprises focus on acquiring and retaining talented employees. Activities related to the development and deployment of talents are sidelined. The effect of this approach is to omit key issues for employees. Talent management strategies in terms of a process are presented in Figure 2.



**Figure 2.** Talent management strategy in the process approach. Source: Deloitte Research Study, *It's 2008. Do You Know Where Your Talent Is? Why Acquisition and Retention Strategies Don't Work*, Deloitte, 2004, p. 5.

The configuration strategy is based on the thesis that actions related to acquiring and retaining employees should not be immediately rejected (Pocztowski, 2008). These treatments should be treated as complementary. In this approach, the greatest importance is attached to the development, deployment and connection of employees.

Strategic talent management should be understood as a series of processes implemented over a long period. Executives should determine the goals of strategic talent management in order to implement them correctly. Despite the occurrence of various approaches to the talent management strategy, one should remember that the most important element is a gifted person – the organizational "talent".



**Figure 3.** Talent management strategy in the configuration approach. Source: Deloitte Research Study, *It's 2008. Do You Know Where Your Talent Is? Why Acquisition and Retention Strategies Don't Work*, Deloitte, 2004, p. 5.

## 5. Conclusion

The essence of implementing talent management programs is to gain a competitive advantage on the market and retain talented people important to the organization. The functioning of such programs has a very positive impact on the image of the organization on the external labor market. The above ensures a supply of new, talented employees.

The determination and individual employee's desire to develop are usually sufficient to the capacity building. Commitment and motivation are behaviors that characterize talented people. Thanks to the involvement of the managerial staff in the process of talent management, the development of employee competencies is much faster. It is this *acceleration* that is precisely the desired effect of talent management programs.

In the era of globalization, the economy and obtaining a competitive advantage are based on knowledge. Gone are the days when exemplary profits were achieved by the owners of means of production using cheap labor force.

At a time when the possessed knowledge and information have become the basis for development, the greatest problems of modern organizations will be "human capital flight",

improper talent identification, or shortage of talents. The largest profits in the economy are achieved by innovative companies, which frequently are created using the start-up formula.

In today's economy, each organization (aimed at its survival in the era of constant competition) should focus its activities on building an appropriate talent management strategy.

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