

Talent Management in Bosnia and Herzegovina

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Abstract. Talent management is considered to be one of the most popular management topics, both in theory and in practice. The term "talent" dates back to ancient times, while the term "talent management" was first mentioned in 1998, when a group of McKinsey consultants published a study titled "The War for Talent", which highlighted the positive impact of talent on organizational excellence.

Both talent and talent management can be defined in numerous ways. Simply stated, talents represent the "right people", which refers to individuals who have key competencies a company needs, while talent management can be defined as getting the right people in the right roles at the right time.

According to the survey conducted in Bosnia and Herzegovina, the terms "talent" and "talent management" are familiar to most respondents. Additionally, most respondents believe that talent management improves employee motivation and performance, as well as the performance of the entire enterprise. The research also showed that in most Bosnian companies, talent management practices are not implemented, and this applies to special programs for talented employees as well. The majority of survey respondents also expressed that they would appreciate working in talent focused organizations.

Keywords: Talent, talent management, talent management model

1 Introduction

Talent management is one of today's most popular subjects among companies. The term "talent management" was first mentioned in 1998, when a group of consultants from McKinsey published a research paper titled "The War for Talent". In said paper, they point out the importance of talent in achieving organizational excellence (Gallardo et al., 2013). Since then, this field of research has gained a lot of significance and today represents one of the most interesting areas of human resource management in terms of theoretical research, as well as practice.

Despite having a myriad of various definitions, talent management can simply be described as appointing the right people, with the right set of skills, in the right roles at the right time (Leisy and Pyron, 2009).

This paper will include results from both theoretical and empirical research. The goals of theoretical research are as follows: 1. Define relevant terms used in talent management, 2. Present talent

management models, and 3. Demonstrate how talent management benefits people and the organization. The empirical research aims to: 1. Determine how familiar the Bosnian and Herzegovinian society is with key terms used in talent management, 2. Examine whether Bosnian and Herzegovinian companies apply talent management practices, and 3. Determine employees' attitudes and preferences when it comes to talent management practices.

2 Definition of terms

The word "talent" is assumed to be thousands of years old. According to lexicologists, the word's meaning has varied greatly depending on the location and time period it was used in. (Tansley, 2011) First used by ancient Romans, Greeks, Assyrians, and Babylonians, the word referred to a denomination of weight. Later on, a talent became a monetary unit relating to a certain amount of silver and continued to be used in the same context when it appeared in the English language. In medieval Europe, it was used to indicate riches and wealth, while during the 17th century, it was used to describe special abilities, accomplishments, as well as mental and physical strength. (Tansley, 2011) According to Longman Dictionary of Contemporary English (2006), talent is a natural ability to do something well. Concise Oxford Dictionary (1990) defines it as a special aptitude or faculty, high mental ability, a person or persons of talent. (Tansley, 2011)

Gagné (2000) considers talent to be the act of superior utilization of systematically developed skills and knowledge in no less than one sphere of human activity. In other words, talented individuals are the ones who have all the necessary abilities to distinguish themselves in different areas, such as sports, arts, education, technology, business, social activities, etc.

Robertson and Abbey (2003) state that talent is related to one's ability to find the root of the problem, synthesizing information and coming up with solutions. They also partly regard it as discipline, a way of thinking, and an innate sense of how to solve a certain situation.

Talent is, in fact, giftedness and has recently become one of the most common traits employers look for in their employees, according to Iveković (2006). It manifests itself as a specific way of thinking and behaving which helps an individual achieve better results compared to someone who has been through the same training and acquired the same set of skills but lacks talent.

Viewed from a business perspective, talents are particularly important and as such, are defined in a specific manner. How talent is defined is specific to an organization and is greatly influenced by the type of industry and the nature of its work. Thus, Tansley (2011) argues that it is more important for an organization to define talents according to its own needs and set of criteria, instead of adopting universal definitions of the term. This statement is further corroborated by Ingham (2006), who says that the appropriate definition of talent depends on a company's business strategy, type of activity, and competitive environment. Tansley (2011) mentions that big companies follow this exact principle. For example, Google refers to its talents as "Googlers" and describes them as exceptionally confident individuals who express creative ideas, seek challenges, and think outside the box. Likewise, the global consulting firm PricewaterhouseCoopers is represented by people who are high-energy, have applied intelligence and readiness to face challenges, and whose capabilities can contribute to business development.

In the business world, talents can generally be considered at group and organizational level, despite different organizations defining talents in different ways according to their own needs of aptitudes, skills, and knowledge.

At group level, the term "talent" is often coupled with the term "talent pool", which is defined by Tansley (2011) as a collective of employees who have been identified as talented.

At individual level, talents represent individuals and their unique characteristics which contribute to a company's business operations. As per Tansley (2011), talent at individual level manifests itself in various forms, such as certain behaviours, high performance, high potential, or individual strength.

Santhoshkumar and Rajasekar (2012) say that talents are people who possess highly developed skills and great knowledge, both in terms of work and understanding how an organization functions.

Gagné (2000) believes that a talent's contribution can be quantified. He suggests that talented individuals are capable of performing activities at a level that places them at least among the top 10 percent of their peers who are active in the same field.

In the opinion of Morgan and Jardin (2010), superior talents are employees who routinely exceed expectations, while simultaneously demonstrating the right behaviours and are capable of quickly acquiring new knowledge and mastering new approaches.

Tansley et al. (2007) define talents as individuals who can improve organizational performance, either by contributing directly or by exhibiting the highest levels of potential in the long run.

Talents are also considered to be individuals who achieve high performance, or as Smart (2005) puts it, talents are "the best of class".

Thorne and Pallant (2006, 2007) assert that a talented individual is someone who has above average abilities and does not have to invest a lot of effort in order to use them. They describe talented employees as curious individuals who set ambitious goals for themselves, like to do many things all at once, often work long hours and when interested, put a lot of effort. However, they also harbor some negative traits, such as having a short attention span and hence, getting bored quite easily with their tasks, and occasionally, generating more ideas than they can actualize.

It is commonly debated whether or not talent is solely an innate characteristic or one that can be acquired. Opinions vary among authors, with Silzer and Dowel (2010) arguing that such a distinction does not exist at an organizational level, and therefore, a talent entails both innate and acquired skills.

The importance of talents in the business world is confirmed by the existence of talent management as a distinct field of management. There are numerous definitions of the term coming from different authors. Bahtijarević-Šiber (2013) defines talent management as a comprehensive and integrated system of a series of interconnected activities in human potential management in order to attract, motivate, develop, and fully utilize people's potential. This refers to people with exceptional abilities and knowledge, who are vital in achieving a sustainable competitive advantage, further development, and success.

Leisy and Pyron (2009) offer a simpler explanation and define talent management as appointing the right people with the right set of skills in the right roles at the right time. A similar definition is given by Cappelli (2008), who defines it as appointing the right people with the right set of skills at the right jobs.

According to Đorđević-Boljanović and Pavić (2011), the basis of talent management as the new concept of human resource management is focusing on innovative and creative knowledge workers,

who are the most strategically important. Thus, talent management is mostly linked to human resource management policies which are directed towards maximizing every employee's performance.

3 Talent management models

Due to the fact that talent management can be defined in numerous ways, the number of its key components also varies, resulting in different talent management models.

According to Creelman (2004), talent management is the process of attracting, recruiting, and retaining talented individuals. Knez (2004) gives a similar definition by arguing that talent management refers to internal and external continuous processes. Apart from attracting talents, he states that selection is also an external process. He also adds development as an important internal segment, alongside the process of retaining talents.

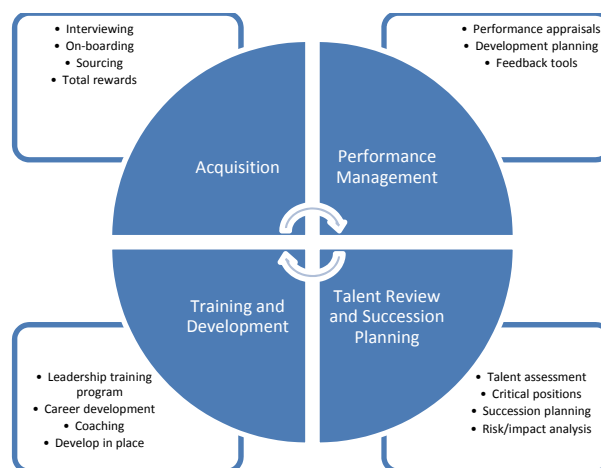
Alongside of attracting, recruiting, retaining, and development, Collins and Clark (2003) cite the process of identifying key positions within a company, further stating that such positions should be occupied by talented individuals.

McCauley et al. (2006) suggest that talent management includes workforce planning, talent gap analysis, recruiting, education and development, retention, talent review, succession planning, and evaluation.

Bhatnagar (2007) consider the components of talent management to be recruitment, selection, on-boarding, mentoring, performance management, career development, leadership development, replacement planning, career planning, recognition, and reward.

Kirkland (2009) identifies four crucial areas of talent management: talent acquisition, performance management, training, and development, as well as talent review and succession planning. Kirkland's (2009) talent management model can be seen on the following graph (Graph 1).

Graph 1: Talent management model

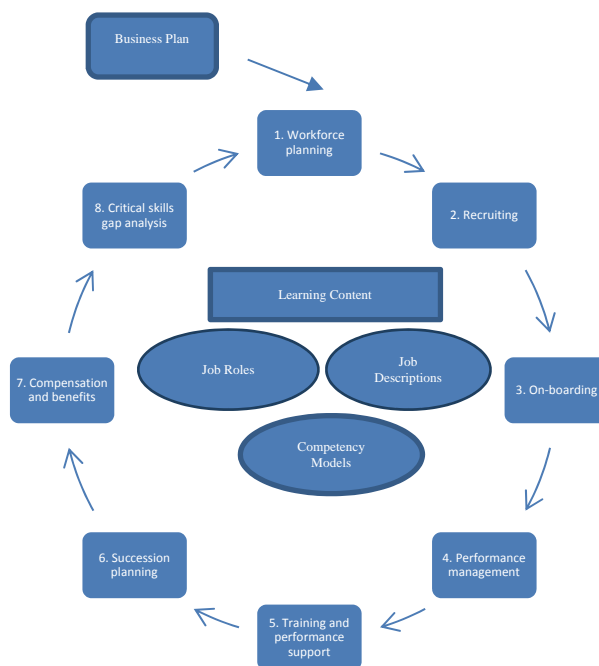


Adapted from Kirkland (2009)

Cheese et al. (2008) cite six generic elements typical of every talent management model, with all of them being based on talent management culture. The chief element is strategy, while others include identification, assessment, development, and retainment of talents.

Bersin (2006) also observes six key elements in the talent management process. These include workforce planning, recruiting, on-boarding, performance management, training and performance support, succession planning, compensation and benefits, and critical skills gap analysis. The entire process needs to be in line with the business plan. The center of this process features important factors, such as job roles, job descriptions, competency models, and learning content. The following graph shows Bersin's (2006) talent management model.

Graph 2: Talent management model



Amended from Bresin (2006)

In the opinion of Silzer and Dowell (2010), a talent management model should consist of five core processes, which are:

1. Attract and select talent to the organization;
2. Assess competencies and skills in talent;
3. Review talent and plan talent actions;
4. Develop and deploy talent;
5. Engage and retain talent.

Regardless of how a talent management model looks like, in order for it to be successful, it cannot be isolated from other organizational systems and company programs. Silzer and Dowell (2010) state that talent management is located at the center of the talent management framework, where business strategy initiates the model, while business results represent the final outcome. This concept can be seen on the following graph.

Graph 3: Talent management framework



Amended from Silzer i Dowell (2010)

4 The significance of talent management

As a result of economic, societal, and technological development, talents have become exceedingly important for organizations in the 21st century. (Cheese et al., 2007) New economic and societal development trends have brought on a new era called "The Talent Era". As a result, every organization that wants to keep up with current trends, progress, and develop, needs to be actively involved in talent management. (Heifetz, Grashow, Linsky, 2009)

Talent-powered organizations can easily predict and exploit new opportunities from a dynamic, constantly changing environment, which is shaped by continuous global development, development of new economic sectors, and the progressive role of human capital in creating value for organizations. In a world dependent on talent, organizations that hire talents are the ones who understand the importance of talent and view talent management as a crucial organizational capability. (Cheese et al., 2007)

Plenty of authors agree that there is a positive correlation between generating positive business results and hiring talents. (Lawler, 2008; Michaels et al., 2001, as cited by Silzer and Dowell, 2010).

Bahtijarević-Šiber (2014) makes a connection between talent management and competitive advantage by saying that contemporary organizations have a growing tendency to think of talents as a key source of competitive capability and talent management as a way of achieving competitive advantage. Whelan and Carcary (2001) are also supportive of the idea that talent management positively affects competitive advantage of a company.

Walker and LaRocco (2002) assert that talent management represents a key aspect of successful human resource management because it encourages the utilization of every employees' full potential in order to achieve high performance.

McDonnell et al. (2010) emphasize the importance of talent management as well by stating that identifying, developing, and retaining talents will be seen as crucial for business success. According to Rabbi et al. (2015), talent management is necessary in order to build winning teams who will help an organization attain a leadership position on the competitive market.

Up to a decade ago, talent management was limited to the realm of top managers, but in order to achieve competitive advantage and overall organizational success, other employees' contributions must not be ignored. Thus, managing talents entails the process of advancing all previously stated activities on every organizational level. Talented employees can be found on all company levels, such as logistics, customer service, production, etc., and not just in managing positions. (Jakovljević et al., 2012) An organization should under no circumstance focus on recruiting talents exclusively to senior positions, considering that putting main focus on top employees can harm the morale of the entire organization and result in poor performance. (Hagel et al., 2009)

5 Previous research

The amount of interest in talent management is evident through various research centered around talent management. Such research confirms previous claims of talents' significance within a company and the importance of applying talent management practices, which have a positive impact on organizations, their performance, and results.

The McKinsey consulting agency conducted a research on 4.500 top managers and officers at 56 U.S. companies. The research found that senior executives labelled as "A players" (defined as top 20% of managers) show a level of productivity that is well above average. Managers in operational roles are 40% more productive than average, those in general management roles are 49% more productive, while those who are in sales roles have 67% more in sales revenue than average performers. (Silzer and Dowell, 2010)

A survey of employees from several European companies showed that different approaches in managing talents affect both the employees and the organization's development. (Brush and Ruse, 2005)

One manufacturing company published the results of their research in which they concluded that their best plant managers increased profits by 130%, while the work done by the worst managers resulted in no improvement at all. (Silzer and Dowell, 2010)

In 1994, Pfeffer was the first to identify companies with the highest total return to shareholders. It was also discovered that such companies differ from other companies in how they manage human resources, most notably in terms of selection, training, labour relations, and staffing. (Silzer and Dowell, 2010)

In 1995, Huselid ranked 700 companies based on their implementation of basic talent management practices, such as recruiting, selection, training, performance appraisal, pay practices, etc. What he observed was a significant link between the increase in number of said activities and the progressive increase in annual shareholder return. (Silzer and Dowell, 2010)

After their original research, "The War for Talent", The McKinsey consulting firm continued to explore this phenomenon, publishing several extensive research studies. One of them was a 2001 survey of 6.900 top managers and officials at 56 U.S. companies. It was found that companies with the best talent management practices (20% of companies with the best practices) surpass the mean return to shareholders by 22% compared to their industry's average. (Silzer and Dowell, 2010)

The correlation between talent management practices and financial measures has been studied by several researches. Danielle McDonald at Hewitt Associates studied 432 companies, classifying them into following categories: companies with a formal performance management process, companies with an informal one, and companies with no process at all. Results showed that over the course of three

years, having a formal performance management process resulted in higher return on equity (ROE), return on assets (ROA), return on investment (ROI), total shareholder return, sales per employee, as well as income per employee. It was concluded that companies with specific talent management practices achieve higher profits, have better cash flows, stronger market performance, and greater stock value. Furthermore, McDonald observed how financial parameters changed before and after implementing performance management processes. The findings showed a statistically significant improvement in total shareholder return (24.8% increase) and sales per employee (94.2% increase) over a three year period following implementation.

6 Talent management in Bosnia and Herzegovina

The research in Bosnia and Herzegovina was conducted on 280 respondents using the Likert scale questionnaire (1-5). The SPSS statistical software was applied to analyse collected data. Apart from general questions about the respondents, the survey questions were grouped into 4 categories: 1 – familiarity with the terms, 2 – viewpoints on talent management, 3 – state of talent management in companies, and 4 – preferences towards talent management. Each respondent answered questions from categories 1 and 2 regardless of their work status, while the remaining two categories were designed specifically for respondents who are employed.

Table 1: Structure of survey respondents

Gender	Age group (years)	Education	Work status
Male	Under 20	Elementary school	Student
23%	3%	2%	19%
	20-29	High school (III degree)	Unemployed
	48%	6%	14%
	30-39	High school (IV degree)	Employed (public sector)
	31%	26%	28
Female	40-49	Associate's degree (2 years)	Employed (private sector)
77%	12%	2%	32%
	50-59	Bachelor's degree	Employed (non-governmental sector)
	4%	44%	3%
	60-69	Master's degree	Self-employed
	2%	19%	2%
	70 and higher	Doctor's degree	Retiree
	0%	1%	2%

After analysing the responses concerning the general understanding and familiarity with the terms (Question category I), it was revealed that the majority of respondents are familiar with the term "talent", and just over half of respondents are familiar with the term "talent management". These findings are presented in the table below.

Table 2: Statistics – Question category I

		Understanding of the term "talent"	Understanding of the term "talent management"
N	Valid	280	280
	Missing	0	0
Mean		4,30	3,33
Mode		5	4
Std. Deviation		1,006	1,230

The results obtained have raised further questions regarding whether or not the level of education affects the understanding of aforementioned terms. This was evaluated using correlation analysis, which demonstrated that there is a mild correlation between these two variables. According to research, the respondents with higher levels of education have a better understanding of said terms.

Table 3: Correlation between education and understanding of the term "talent management"

		Education	Understanding of the term "talent management"
Education	Pearson Correlation	1	,193**
	Sig. (2-tailed)		,001
	N	277	277
Understanding the meaning of the term "talent management".	Pearson Correlation	,193**	1
	Sig. (2-tailed)	,001	
	N	277	280

By analysing the second group of questions, it was determined that just over half of respondents agree that talents should have access to special company programs, relating to a specific kind of treatment in terms of motivation, salary, career advancement, training, etc. These results indicate that, regardless of how valuable a talented employee can be for a company, if he/she is treated properly, the respondents are still sceptical that such treatment would disrupt equality in the workplace.

The area in which most respondents seem to highly agree on, regardless of the demographics, education, work status, monthly salary, etc., is the significance of talent management. According to the results, the majority of respondents believe that talent management has a positive impact on both the company and the individuals.

Table 4: Statistics – Question category II

		Contribution of talent management to company's overall success.	Contribution of talent management to employee work motivation and job performance.
N	Valid	280	280
	Missing	0	0
Mean		4,49	4,45
Mode		5	5
Std. Deviation		,969	,968

The third group of questions was designed to exemplify the state of talent management in Bosnian and Herzegovinian companies and was aimed specifically towards employed respondents. Unfortunately, a defeating fact was revealed. The mean value of responses exhibits that the respondents do not agree with the given statement, implying that the majority of them believe that the Bosnian and Herzegovinian companies do not apply talent management practices.

Table 5: Statistics – Question category III – State of TM in Bosnian and Herzegovinian companies

		Employees are allocated to workplaces in accordance with their talents.	Talent management practices are being applied in companies.
N	Valid	205	206
	Missing	75	74
Mean		2,26	2,30
Mode		1	1
Std. Deviation		1,211	1,236

The fourth and last question category referred to self-evaluation of respondents' own workplace and talents, as well as preferences towards the application of talent management practices. Results have revealed that the majority of employees (73%) do not consider their current job title to be in accordance with their talents, further stating that they would prefer if talent management practices were applied in their company (82%).

7 Conclusion

Taking previously mentioned definitions into account, it can be stated that talents are individuals who possess great knowledge, skills, competencies, and achieve high performance. If allocated to the key positions in the workplace, talents can help a company achieve its competitive advantage and improve its overall success.

For that matter, talent management can be defined as a group of all activities necessary for in order to identify key positions within a company, recognize the required human knowledge, competencies and skills, as well as to find and properly utilize them. The purpose of such activities is to reach organizational goals, achieve success, and gain competitive advantage, while simultaneously providing an environment suitable for developing and retaining talented individuals who bring their knowledge, skills, and competencies to the organization.

The research conducted in Bosnia and Herzegovina has revealed that the wider public does not have a very good understanding of the term "talent management", and it is concluded that education does impact the level of comprehension and familiarity with the term. Although not everyone understands the term very well, the majority of respondents do agree that applying talent management practices positively impacts a company by improving its performance, competitive advantage, and overall success, while simultaneously enhancing single employee's performance, his/hers motivation, and overall satisfaction.

As expected, the research has shown that a very small number of respondents is employed in companies that implement talent management practices. It seems that talent management is still an obscure concept in Bosnian and Herzegovinian companies. Finally, it may be concluded that there is a lot of room for developing talent management in Bosnia and Herzegovina. Such process would include raising public awareness about talent management, improving the level of understanding and emphasizing its importance among general public, and finally, applying it in practice and facing the outcomes.

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