

TRENDS AND CHALLENGES IN THE MODERN HRM – TALENT MANAGEMENT

**Theoretical
articles,
case studies**

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Abstract

Identifying and developing talents is, in the context of the current economy, a necessity which implemented in the strategy of the company, may confer a competitive advantage.

Common for multinational companies, the talent management could represent an advantage for SMEs, too. The purpose of talent management is to create an adaptable and flexible company to motivate its own human resources, all of these in order to develop the overall business.

Starting from the definition of talent management that includes the idea that attracting, developing and retaining employees with a high qualification represents the very essence of talent management, we consider that it is applied by the Romanian SMEs but yet, it is not specified in their strategies.

This paper tries to demonstrate the importance of continuous training for attracting, developing and retaining highly qualified employees, as a good start in implementing talent management.

1. Short introduction in Human resources Management

1.1. Classic theories about HRM

The term "Human resources management" (HRM) is used in many different ways and that's why it has different definitions. For example, the term suggests a distinct philosophy regarding people-oriented organizational activities, a philosophy that helps modern businesses more than the classic personnel management did.

A definition accepted by us is that HRM is an ensemble of strategical and operational activities (planning, recruiting and maintaining of employees), as a part of general management. The purpose of HRM is to create an organizational climate for encouraging staff to achieve the objectives of the company.

There are many resources that affect the performance of a company, but people, definitely, have a major contribution in adding value to the organization. Skills, experiences, expertise and the relations between employees have a major importance in success or failure of the company. HRM becomes a strategic business partner with an essential role in the success of the company.

Classic theories suggest that HRM is (Cardon & Cardon, 2004):

- Part of the general strategy of the company – planning and establishing performance target according to the general objectives of the company;
- Staff administration – efficient and legal administration of employees, HRM policies according to national legal frame;
- Recruiting and selection – qualified employees selection for vacant positions in the company;
- Training – continuous training for employees in terms of skills developing and updating information;
- Compensations and benefits – motivation of staff: salaries,

bonuses, promotion opportunities, etc.;

- Labour protection – healthy and safe environment for employees.

1.2. Modern HRM – Talent management

In the modern society, when people become the most important resource of a company, HRM had to find other theories about employees and their role. More and more, the competitive advantage of an organization is in its own people (Manolescu, A., 2003).

These points of view encourage the idea that HRM is not just a part of the general strategy, staff administration, compensations, etc.; HRM has to prepare the employees to compete, to grow, to innovate and to develop themselves. A performing and modern HRM will make not only the difference between success and failure, but also between success and excellence.

In the *Survey of Global HR Challenges: Yesterday, Today and Tomorrow*, conducted by PricewaterhouseCoopers on behalf of the World Federation of Personnel Management Associations (WFPMA), there were revealed some important challenges for HRM (Villanova University), like change management, leadership development, HR effectiveness measurement, compensation, staffing, recruitment and availability of skilled local labour, succession planning, learning and development, retention, benefits costs.

Starting from McKinsey's definition which supports the idea that talent management means attracting, developing and retaining highly qualified employees (Wikipedia) and taking into consideration the international war for talents, from our point of view, the most challenging domain and the newest, for European enterprises and for Romanian companies too, is talent management.

If we talk about talent management we have to define talent, in general. Etymologically speaking, talent is a propensity or a disposition, mental

endowment and natural ability. Talent management has to attract talented employees, specialists and to develop them in order to reach high levels of achievement for the company. (Tansley, 2011)

Talent management means (Kehinde, 2012):

- Efficiently planning of employee necessity by analyzing the future projects, the needs of the market and constantly having qualified candidates;
- Correct recruiting and selection, maintaining the talented candidates;
- Rapid integration of new employees in order to reach productivity in a short time;
- Constant evaluation of recruiting and selection processes – talented employees leaving from company, talented employees not achieving performance;
- **Employees development by training and encouraging continuous training for improving skills and knowledge;**
- Establishing efficient plans for succession and replacement;
- Establishing clear policies for intern recruiting;
- Motivation of talented employees;
- Creating a brand and an excellent image of the company for existing employees and for the future ones.

2. Talent management in Europe

2.1. European Talent Management in companies

A main challenge for companies is to keep in touch with changes and to adapt the organization to them. The European labour market is characterized by outsourcing and increasing mobility. General organizational success is given by identifying, recruiting, managing and retaining high performers or talented individuals. (Nilsson&Per-Erik, 2012).

Talent management is being used since long multinational companies realized that they can have the best infrastructure and substantial financial resources but not only these ones can make the company competitive and adaptable to the changes and competitive. (Richbell, et al., 2010).

Practically, European companies are having three directions for implementing talent management: talent acquisition, talent development and talent planning. In order to reach our purpose of trying to demonstrate the importance of continuous training for attracting, developing and retaining highly qualified employees, as a good start in talent management implementation, we'll talk about talent development.

For talent development, European companies took some measures such as globalizing leadership, encouraging work done "in my own way", but checking the results, mentoring programs, coaching programs, granting scholarships, workshops and personal development, intercultural exchanges between employees. For example, the Coca-Cola Company trained more than 200 managers and more than 80.000 new employees since 2011. As a result of all their talent management efforts, the Coca-Cola Company is recognized as one of the best companies and it is hunted by highly qualified people seeking employment. Talent management practice allows the company to attract and retain the most talented employees.

Large companies realized that learning is no longer associated with education and it is no longer perceived as a pre-career affair. By talent management, companies have taught their employees that job security and lifelong employment are not as important as lifelong learning. Career paths have become less predictable and now the labour market is based on self-reliance and individual, ambitious, hardworking, fast-tracking knowledge, challenges and personal development.(Brown&Hesketh, 2004)

2.2. Romanian talent management in SMEs

In the context of only 25 years of capitalist and free economy, Romania hardly tried to implement and adapt HRM. Before European integration, Romanian companies that encouraged a modern and appropriate HRM were insignificant in number. For example, in 2003, from a sample of 427 firms, 79.4 percent of them had no experts in HRM. They preferred external consulting services (73.1 percent), instead of internal specialists (21.5 percent). Most managers (67 percent) ignore HRM. (Ticu et al., 2006). After the integration, in the context of a unique market and being motivated to survive, the efforts for improving management, in general and human resources management, in particular, had to become a practice for obtaining competitive advantage. (Grecu&Grecu, 2011)

The most important tools used on the labour market in Romania are (Todericiu, & Muscalu, 2008): scouting talents on the school benches, preparing a succession plan, providing employees the motivation for growing within the company and maintaining their knowledge updated .

Scouting talents on the school benches allows choosing future employees with skills and qualifications who meet the actual or future needs of the company. This tool has many advantages, one of them being that the new employee would be growing according to the needs of the company; he will be formed in such way to reach the established goals.

The succession plan is a key instrument in talent management of a company. Integrating and preparing an employee with potential in the succession plan is very important for organizational development, for continuity, for assuming the objectives and for staff motivation. (Ahmadi et al., 2012)

All of these are possible through continuous training.

3. Trainings – way of talent management implementation in Suceava’s SMEs

3.1. Introduction in case study – assumptions, research method

Starting from a statistics in 2012, the number of SMEs in Suceava County was 13,624, the medium number of employees 63,309 and the medium productivity of labour 0.19 million lei. This means that in one company work, in average, 4.65 employees. Considering this, in our opinion, talent management is not an usual practice in companies in Suceava, perhaps only in companies with many employees. In the same document we can observe that most employees work in manufacturing, commerce, car and motorcycles services and constructions. (Economical analyses of Suceava County 2012)

In this paper we’ll try to demonstrate the importance of continuous training for attracting, developing and retaining highly qualified employees, as a good start in talent management implementation for SMEs in Suceava County. The method used in the research is interviewing human resources managers from 20 companies with an average of more than 30 employees.

3.2. Describing the method and its application

From a database obtained from Directorate of Public Finance of Suceava we selected 20 SMEs from our county with more than 30 employees. In our opinion, this number of 30 employees is relevant if we want to talk about a human resources department and a human resources strategy. The interview (Appendix A) was applied to human resources managers.

3.3. Results

At the first question: *Has the company a human resources strategy?*, we found 3 different answers: 6 companies have a human resources strategy, 4 of them don’t have one and 10 of them are working to

elaborate it in accordance with the general strategy of the company.

In our opinion this is a signal that SMEs too, like multinational companies, started to give importance to human resources management. Some of them realized it some time ago, others are trying now to implement a strategy for human resources and another category did not realize yet its advantages. We observe that companies which don't have a human resources strategy are technical companies from the manufacturing sector. The ones that activate in services and IT were more receptive and implemented the trends not only in human resources domain.

In the process of recruitment and selection of new employees there are a lot of things to take into consideration: qualification, experience, team spirit and wish for growth together with the company, creativity, adaptability, flexibility, motivation, desire of learning new things, etc.

Asked to list some characteristics of the ideal employee the HR Managers identify themselves with 30 year old persons, qualified in a specific domain with desire to work hard and to develop their own skills. Also, they should be in continuous search of challenges.

Any company in the 20th century doesn't have a stated strategy or a practice for integration of new employees. The scenario is similar: the manager of the department presents the new employee to the colleagues and, after that, he will start working under the coordination of an experimented employee. Some of HR Managers showed interest on this topic and identified an opportunity to create such a strategy for knowing well the new employee, for analyzing his attitude, for observing him. In this way the HR Manager and Department Manager will better know the employee and the employee himself will better know the company in a short time. In all of the analyzed companies the evaluation of performance is made annually, at the end

of the year or at the start of it. The criteria are: reaching targets, punctuality, money brought in company, etc. All of them are technical and financial. One of our recommendations is to measure the new ideas, proposals, new practices to solve problems and any other creative idea.

The employees participate at training from their own initiative or at the HR Manager's or department recommendations. The management of the company wants employees to be more trained in business sector of activity (sales, web design, manufacturing processes, tourism) and the employees are interested of communication trainings and personal development. Also, the HR Managers appreciate that trainings offered through Human resources Development Sectorial Operational Programme were useful, but not in accordance with the real needs of the market. About this subject we recommended trainings for every company after analyzing the activity of the company, its needs and the organizational behaviour.

Only 3 companies have a special budget for trainings; they are all participating to trainings offered by multinational companies which they collaborate with (suppliers). The HR Managers consider that some meetings between the team members can be assimilated as training. The team members from a department discuss about some innovations in domain, they share good practices, identify problems in the daily activity. In our opinion it is good for teambuilding but it can be named training.

About recommended trainings for the colleagues the situation is presented in Appendix B. We can observe that a real interest represents the strategic management, marketing, sales or organizational and business communication.

Other trainings listed by HR Managers were Innovative Entrepreneurship, Time Management, Risk Management, Coaching, Operational Management,

Teambuilding, Performance evaluation, Public Acquisition, On-line advertising, Non-verbal Communication, Human resources Management – Non-financial motivation.

4. Conclusions

From the interviews applied to the HR Managers we can extract a general situation of talent management implementation in companies in Suceava County. These companies have a number of employees between 30 and 49, have a HR Department, but just 30% of them have a HR strategy. Considering that another 50% is working in elaborating a strategy, we can say that top management is aware of the importance of human resources. The employer is very strict when he talks about new employee's qualities and skills, because the labour force offer is large and there are few vacancies. Any company applies a strategy of integrating new employees and the evaluation of performance is done by technical criteria instead of employee involvement is bringing something new in company.

We observe a great interest for continuous training, as we anticipated from some personal several experience in European project's implementation. Maybe because between 2007 and 2013 the offer for trainings was various, the companies didn't take into consideration creating a distinct budget for continuous training.

Attracting, developing and retaining employees with a high qualification represents the very essence of talent management and it's a good start for talent management implementation in SMEs in Romania. This was the statement that started our research. We considered that this is applied by Romanian SMEs but it's not stated in their strategies and we were right. The companies don't have a HR strategy, so they don't apply talent management but they are interested in attracting and retaining high qualification

employees and they encourage their development.

We took the liberty to formulate some recommendations for SMEs in Suceava County. For every gap in the development activity of the company there should be created an action plan for closing it. There are many ways to close development gaps. One of them, and the most efficient, is employee training. In this way, the management will identify the individual needs of employees and it will be able to create a strategy for building competences and strategies for the development of their employees and the overall business.

After employment of talented individuals (qualified, experienced, with team spirit, wishing to grow together with the company, creative, adaptable, flexible, motivated, with desire to learn new things) the next move is to develop and promote employees' talents and qualities. This could be done by giving priority to job experience, teaching experience, mentoring, organizational learning, vocal and self-education, on job or on external trainings, job rotation, planning and developing facilities and capacities.

Company Performance can be obtained through people. The senior leaders should share their experiences, should teach the others management and good practices. Certain experiences will facilitate further development of talent capacity and this can only be obtained by training programs and through activities beyond the work environment.

Stephen Cunningham, in 2007, said that career path management provides an opportunity for every individual to choose, develop and immediately focus on desired programs in various critical situations. Also, he believes that this part of HR management facilitates early identification of talents and handover of responsibilities to the right people when the organization is facing critical challenges. Stephen Cunningham is, in our opinion, the one that recognizes the role of training and education in talent individuals'

development. Education is considered as a tool for development and a basis for providing answers to realistic and important trade questions and problems. (Rothwell, 2012)

In Romanian companies there is a need for talent development, for changing the managers' view about trainings and informal education, to use retired individuals' experience, but with young spirit.

Talent management is still in its infancy in Romania as a field of study and as a practice, too. Business community has long recognized its value, the academic community has been slow in addressing the theoretical aspects, but a start in implementing talent management was made. The interest for attracting, developing and retaining highly qualified employees is already a must for companies and one of the characteristics of talent management "Employees' development by trainings and encouraging continuous training for improving the skills and knowledge" is already accomplished. There remain correct recruiting and selection, maintaining of the talented candidates, rapid integration of new employees for reaching the productivity in a short time; constantly evaluation of recruiting and selection processes – talented employees leaving from company, talented employees not achieving performance; establishing efficient plans for succession and replacement; establishing clear policies for intern recruiting; motivation of talented employees; etc.

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Appendices

Appendices A

1. Has the company a human resources strategy? Is it in correspondence with general strategy?
2. When you are recruiting people, for free jobs, which are the things that you appreciate? List some characteristics of the ideal employee.
3. Do you have a method or a practice for integrate new employees? How do you integrate the new employees? What is your opinion about this kind of practice?
4. How do you evaluate the performance of employees? Which are the criteria?
5. Do your employees participate to continuous trainings? Form their initiative? What kind of trainings do you recommend? What kind of trainings did they participate?
6. Does your company spend money for employee's trainings?
7. From the list below, which are the trainings that you'll recommend for your colleagues?

Organizational and business communication	
Strategically Management	
Marketing	
Negotiation	
Sales	
Project management	
Leadership	
Team management	
Human resources management	
Management – managerial skills	
Financial management	
Others (please specify)	

8. Number of employees of the company is

Appendices B

Training	No. of choices
Organizational and business communication	15
Strategically Management	20
Marketing	19
Negotiation	14
Sales	19
Project management	4
Leadership	3
Team management	9
Human resources management	14
Management – managerial skills	13
Financial management	2
Others (please specify)	