

CURRENT CHALLENGES OF TALENT MANAGEMENT IN THE V4 COUNTRIES WITH SPECIAL RESPECT TO HUNGARY

Csilla Czeglédi; Zsuzsa Marosné Kuna; László Hajós

INTRODUCTION

In course of our cluster analysis we used the database of the Visegrad Fund Project "Integrated Talent Management - Challenge and Future of Organizations of Visegrad Countries" whose Hungarian database was established by us. A selective survey was used as a method of data collection. The selective file was determined randomly in each country. The individual items of the questionnaire were scaled according to the Likert scale from 0 to 5 (0 = cannot be assessed, 1 = I definitely don't agree, 2 = I don't agree, 3 = neutral, 4 = I agree, 5 = I completely agree). In the database created in this way, each respondent represents one business subject. In our research, we processed 450 questionnaires containing the data of 97 Hungarian companies.

Economists say that talent is crucial and it is the greatest advantage in competition. Companies should choose to find talented employees instead of making their choices based on technology, factory or even capital (Gandossy, 2007).

There are several definitions or models of talent managements in use. We based our research on the following ones:

The concept of talent management was established in the 1990s. Talent management means a conscious, deliberate approach to talented employees. It involves all those business practices which control the planning, the acquisition (recruitment) development, retainment and promotion of talents in order to achieve the business goals and to optimise performance (BNET Business dictionary).

Global talent management is more future oriented and is defined in terms of human resource planning and projecting employee/staffing needs. Here the focus is on the types of individual level capabilities needed in the future. (Lewis-Heckman, 2006.)

1 MATERIALS AND METHODS

By means of cluster analysis, we formed well-separated, homogenous groups (clusters) of the companies involved. Cluster analysis is a multidimensional method for revealing the structures among the respondents (the objects). It is a widely accepted and used statistical method for the formation and characterisation of homogenous groups (clusters) within the samples in social sciences.

Clustering has three requirements in statistics (Hunyadi-Vita, (2004):

- each object of the variable must belong to a cluster,
- each object belongs to exactly one cluster,
- the clusters must be homogenous.

The analyses were conducted using an IBM SPSS programme package.

2 RESULTS AND DISCUSSION

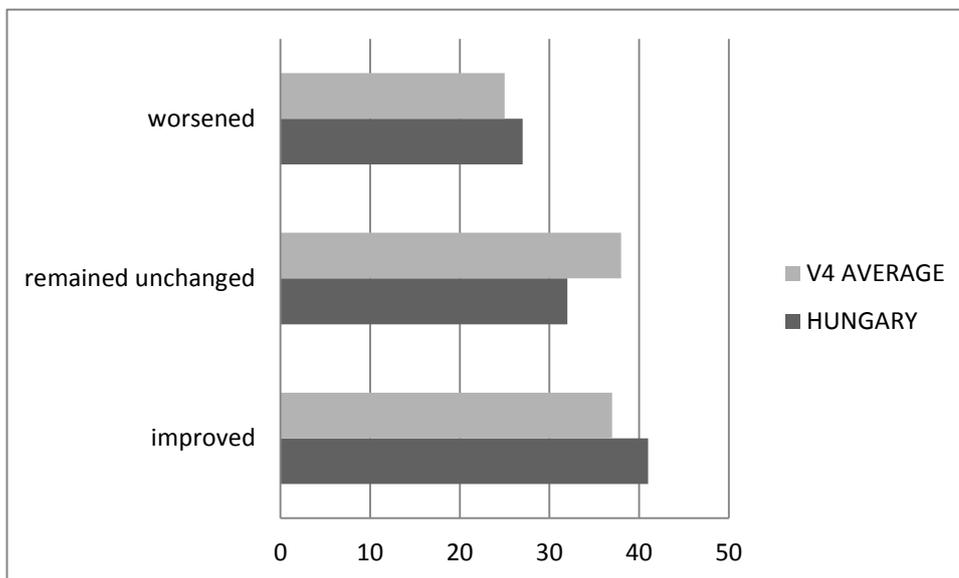
2.1 CHARACTERISTICS OF THE COMPANIES TAKING PART IN THE SURVEY

Analysing the completed questionnaires we found that we received the majority data from large companies (employing 250 or more people) both in Hungary and in the V4 countries. In all the countries, more than half of the examined organisations have a HR department or team. There are no essential differences in terms of foreign capital investment between Hungary and the V4 countries: more than half of the companies have no foreign capital investment. However, there are significant differences in terms of economic situation and the rate of administrative workers. In what follows, we are going to analyse these differences.

There is a higher rate of responding organisations in Hungary than in the V4 countries on average who consider that their economic situation has improved. However, a higher percentage of them think that their

situation has worsened. The majority of the organisations from the V4 countries, on average, consider their economic situation unchanged (See Figure 1).

Fig. 1: Changes in the economic situation of the responding countries (2013)

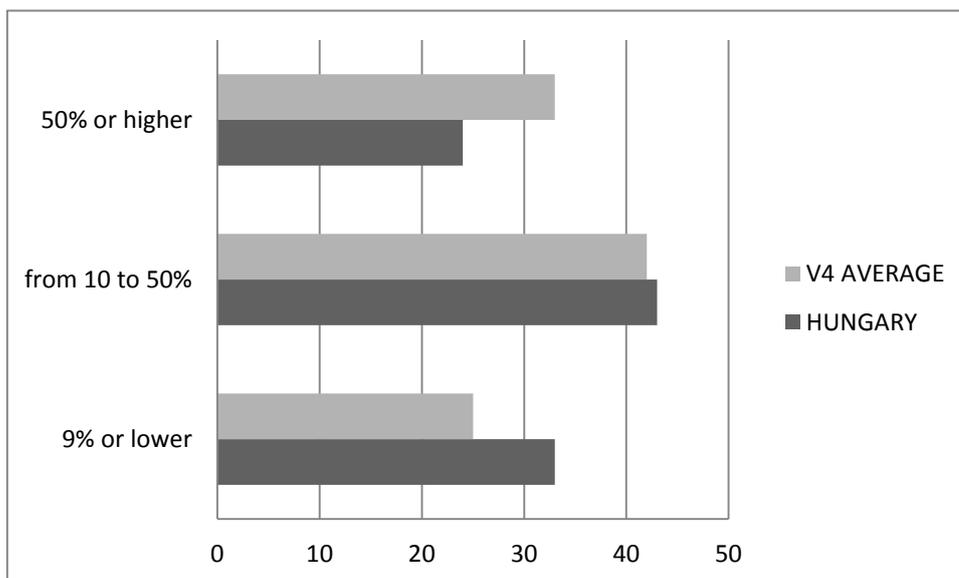


Source: own processing

When examining the rate of administrative workers we could make an interesting finding (Figure 2). According to the questionnaires sent back from the V4 countries, there is a significant number of organisations where the rate of administrative workers is 50% or higher,

while in Hungary, there is a significant number of organisations where the rate of administrative workers is 9% or less. That's particularly interesting because the questionnaires were completed mostly (42%) by large companies both in Hungary and in the V4 countries.

Fig. 2: The rate of administrative workers within the responding organisations (2013)



Source: own processing

2.2 A THEORETICAL APPROACH TO THE ANALYSIS

In course of the cluster analysis, we wanted to know what characterises the clusters created from the respondents in terms of talent management strategy, talent identification, benchmarking, talent development and talent retention. Furthermore, we were interested in the differences between the Hungarian organisations and those from the V4 countries in this respect.

We used the WARD's method in our hierarchic cluster analyses. Having examined the results of the hierarchic cluster analyses, we decided to choose the three-cluster solution. The number of clusters was determined by an earlier pilot analysis conducted with the participation of 49 Hungarian companies (Czeglédi, Marosné, Hajós, 2013). We continued analysing the clusters with the help of clustercentroids (means). The clusters were characterised based on cluster-formation criteria, and we conducted a dispersion analysis. The dependent variables were the topics of the questionnaire (talent management strategy, talent identification, talent assessment and reward, development and retention) while the independent variable was Talent Management.

In the three-cluster solution, we could clearly distinguish the following three groups of companies:

- those who are involved in talent management,
- those who definitely don't deal with talent management,
- those who don't reject talent management.

It will be worth contacting the companies belonging to the third group in order to show them the best practices. It is important to mention that dispersions are lower (to a small extent) in the case of the three-cluster solution, i.e. they better reflect the properties of the individual clusters.

2.3 EVALUATION OF THE CLUSTERS

Having summarised the results of the cluster analysis and the cross-table analysis we got three clusters, which have the following characteristics:

- **COMMITTED TO TALENT MANAGEMENT – DEVELOPMENT ORIENTATED:**

It is characteristic of these organisations that talents enhance their competitiveness, they gain competitive advantage, which results in higher business incomes and higher profits.

- **THE PERSUADABLE:**

As it is reflected in the name of the cluster, these companies are open to talent management (they don't reject it), however, they are not deeply involved with the subject (e.g. because of the lack of professional knowledge or resources).

- **IGNORING TALENTS – STATUS QUO – ORIENTATED:**

The name of this cluster refers to the fact that, for some reason, the predictable changes brought about by talents are undesirable for these organisations; it is difficult to persuade them of the importance of talent management.

We conducted the cross-table analysis in respect of the basic information about the companies and of the Talent Management Variable.

The analysis shows that there is a significant relationship between the size of a company and the Talent Management variable. It means that we discarded the zero-hypothesis because there is a relationship between the variables. In the other cases, the zero-hypothesis is fulfilled because there is no relationship or there is a very weak relationship between the variables, possibly because of the small differences between the responses given to the questions. We were interested in finding these small differences and we assumed that the reason was the difference in social attitudes.

The cluster topics were evaluated on the basis of the case summary reports retrieved for each topic. The means of the responses within one cluster were averaged by clusters. The results of

the deeper examination of each cluster can be summarised as follows:

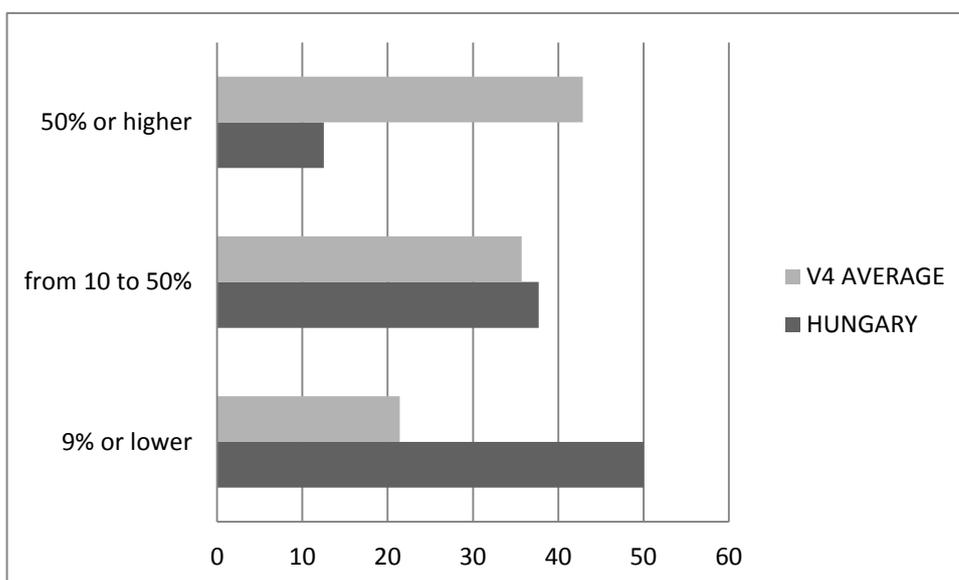
- **The characteristics of the ‘COMMITTED TO TALENT MANAGEMENT – DEVELOPMENT-ORIENTATED’ Cluster**

The cluster structure shows that its members are typically privately owned, large companies in the service sector. They all have foreign capital investment. There are no differences between the Hungarian companies and those of

the V4 countries in this respect. However, there are differences concerning the rate of administrative workers, as it is shown in Figure 3.

Figure 3 shows that the organisations from the V4 countries belonging to this cluster mostly have a 50%-rate of administrative workers, while the Hungarian companies of this cluster have a 9%-rate or lower.

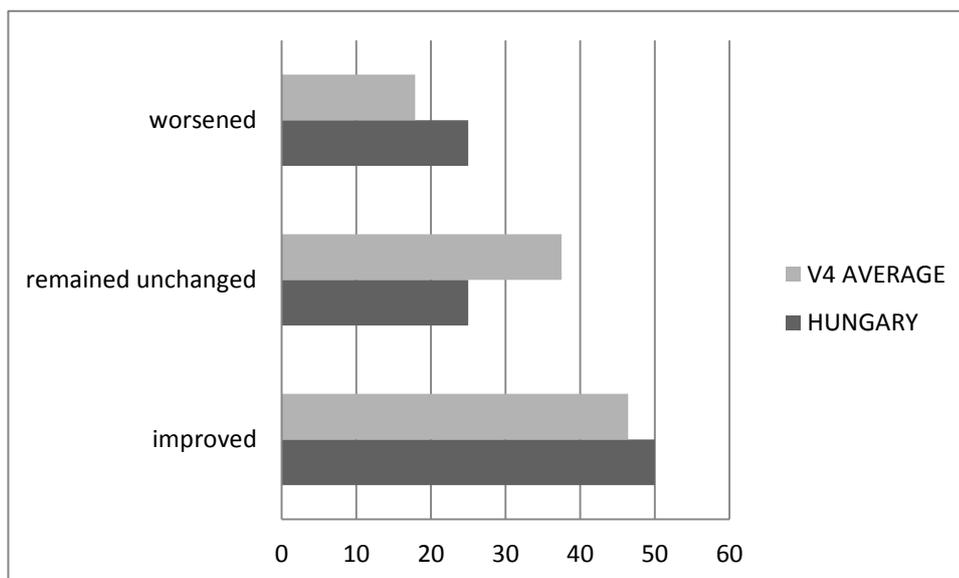
Fig. 3: The rate of administrative workers in the ‘committed to talent management and development-orientated’ cluster (2013)



Source: own processing

The analysis of the cluster (Figure 4) revealed that the economic situation of these organisations has improved both in the V4 countries and in Hungary.

Fig. 4: Changes in the economic situation in the 'committed to talent management and development-orientated' cluster (2013)



Source: own processing

The reason for this fact might be that the development of the talent management strategy is the first stage in talent management in the Hungarian organisations, and they are in the phase of strategic development at present. The second stage is the identification and recruitment of talents, which they are slightly resistant to, due to their limited experience. This raises difficulties for them with taking the next steps of the retention, development, assessment and reward of talents, which they otherwise strongly agree with. **It was in this cluster that we found differences between the average of the V4 countries and the Hungarian results.**

- The characteristics of 'THE PERSUADABLE' cluster

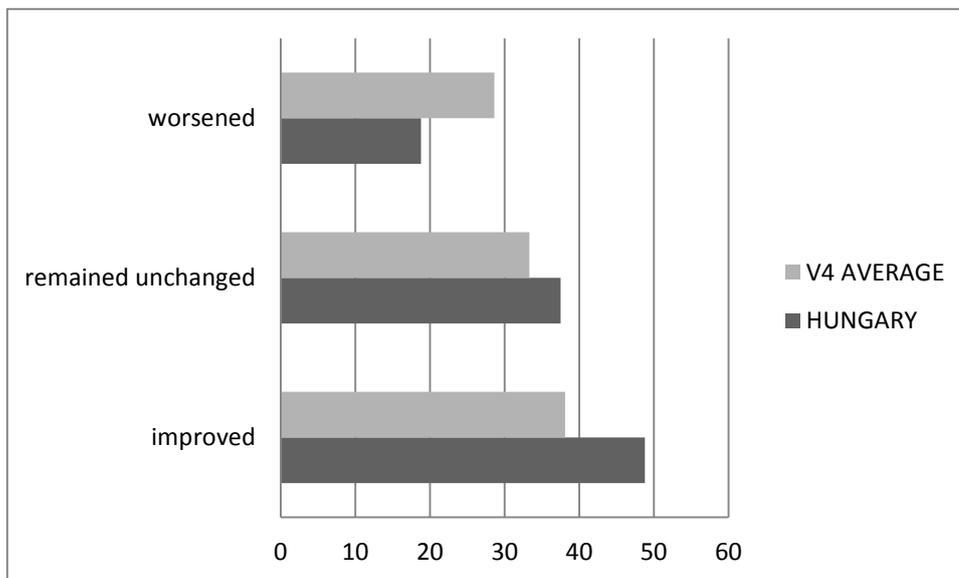
Its members are typically privately owned, large companies in the service sector. Foreign capital is not typically present in the Hungarian companies, while its presence is characteristic of the majority of the V4 countries belonging to this cluster. The rate of administrative workers is 10-50% in the V4 countries. There is no category, which is worth highlighting in respect of the rate of administrative workers in Hungarian companies. The economic situation of the majority of companies in the V4 countries has

improved. As far as the Hungarian companies are concerned, there is an equal rate of companies whose economic situation has improved, worsened or remained unchanged. In each of the companies belonging to this cluster, there is a HR department or an employee responsible for HR activities. They do not deal with (neither do they reject) the strategic importance of talent management; they do not have a system of talent identification, benchmarking, talent development or retention either. **There is no difference between the V4 average and the Hungarian results in this respect.**

- The characteristics of the 'IGNORING TALENTS – STATUS QUO – ORIENTATED' cluster

Its members are typically privately owned, medium-sized companies in the service sector. Foreign capital is not represented in them. The rate of administrative workers is 10-50%. Their economic situation has improved (Figure 6). This rate of improvement is higher in the Hungarian companies than the average of the companies from the V4 countries. They have a HR team or an employee responsible for HR activities.

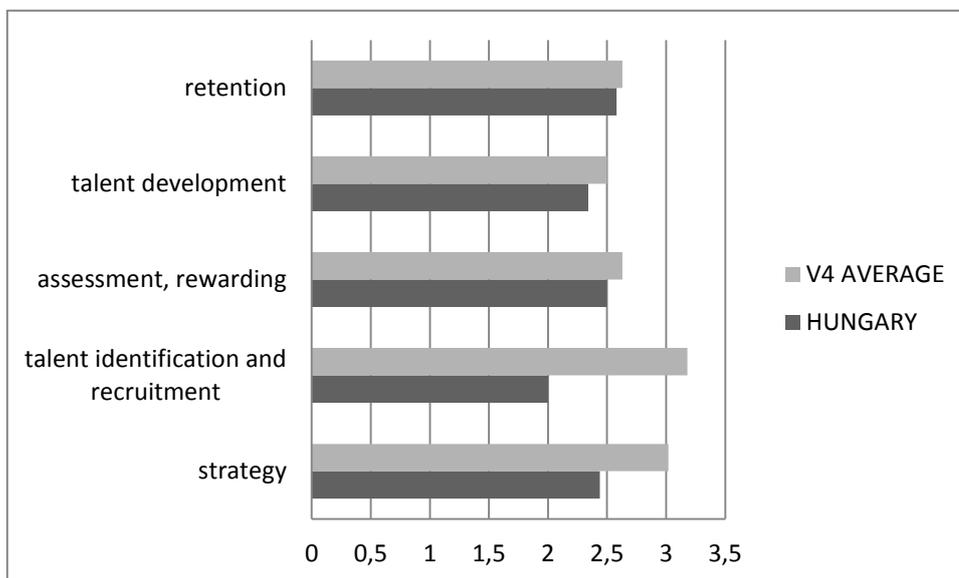
Fig. 6: Changes in the economic situation of the ‘ Ignoring talents – status-quo orientated’ cluster (2013)



Source: own processing

They are not interested in the strategic importance of talent management. The Hungarian companies of this cluster definitely reject talent identification (Figure 7). The number ‘2’ on the scale stands for the response ‘I don’t agree’.

Fig. 7: Evaluation of talent management within the ‘ Ignoring talents – status-quo orientated’ cluster (2013)



Source: own processing

They have created neither their performance assessment (benchmarking) system nor the processes of talent development or retention. These companies of the V4 countries do not

deal with talent development or retention either. **Having analysed this cluster we can say that the rejection of talent management is much stronger in Hungary than in the V4 countries.**

CONCLUSIONS

Based on this cluster analysis, we can say that talent management counselling should be aimed at Hungarian companies (the Persuadable cluster) whose economic situation has not changed according to their report (or perhaps worsened to a small extent) and which don't have any foreign capital investments. Besides, they have a HR specialist or a HR department, which makes cooperation easier. However, we have to mention that there is a controversy among the Hungarian respondents' opinions: while the agreement with the idea of talent management is stronger in the Hungarian companies than the average of the companies from the V4 countries, the Hungarian companies definitely reject the identification and recruitment of talents as well as the development of the related strategy.

The reason for this phenomenon is probably the Hungarian social attitude, especially distrust. Distrust is a health and economic hazard, while its antonyms – trust, reliability and solidarity - can improve not only the state of health but also the prosperity of economy (Skrabski, 1998).

According to the so-called Hungarostudy surveys conducted in 1988, 1995 and 2002, the observed rate of social support decreased largely in Hungary in the period of 1988–1995. Hostile attitude decreased in 1995–2002, however people still experience success at work not as a collective one, but as an individual failure. This attitude projects problems at work on one hand and means a health hazard (depression and other related diseases) on the other hand (Kopp, Skrabski, 2002). While there is a high level of performance motivation in Hungarian society, the results of surveys show that there is a strong need for support from colleagues at work (Kopp, Skrabski, 2009). Perhaps, the management is not yet ready to provide a real supporting environment for the employees and talents. (There is always a HR department or a specialist who reject the practical stages of talent management.) Strong performance motivation finds fertile ground in a supporting environment. By doing the first steps, the managements could do the lion's share in

bringing together performance motivation and social cohesion. It would have a positive impact on society as a whole.

We are sure that the first and the most important steps must be the development of the talent management strategy and its adjustment to the corporate strategy. The further steps depend on the characteristics of the organisation. As far as the Hungarian companies are concerned, this process should be accompanied by a radical change in managerial attitudes.

The economic situation of the companies was described in a relatively broad sense in the questionnaires because the majority of respondents were not fulfilling HR positions; therefore, they did not have an overall knowledge of the economic data and the prosperity of the company.

In the V4 countries, we can state that the rate of companies with a worsened economic situation is the lowest in the 'Committed to talent management' cluster, while this rate is much higher in the 'Ignoring talent' cluster. Just the opposite is true for the Hungarian companies. This might be due to the social reasons described above.

Based on the analysis, we can state that there is an interaction between the economic situation and the talent management of companies.

In this research, we dealt with talent management. We aimed at showing its beneficial effects. However, we cannot ignore the fact that a successful talent management strategy (and its implementation) is not the only factor influencing the economic situation of a company.

We should strengthen the existing and operating talent management of companies belonging to the 'Committed to talent management' cluster by counselling, while we should find the reasons for rejection in the case of companies belonging to the 'Ignoring talent' cluster. This might as well be a non-economic reason, or it definitely is, as an economic operator will not intentionally do anything, which could worsen its economic prospects. Therefore, only the PEST and SWOT analyses could bring the first results. They could reveal the weaknesses and strengths of these

organisations, and would help to find their reasons for rejecting talent management.

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Abstract: Based on the Hungarian data of the ongoing Visegrad funded project titled „Integrated talent management-challenge and future for organisations in Visegrad countries” (Visegrad Fund / number 21220142), a pilot cluster analysis was conducted to find out the main characteristics of talent management in the V4 countries. In our present research, we compared the data of nearly one hundred Hungarian responding organisations with the average data of economic operators in the V4 countries. Our aim was to examine and analyse the attitude to talent management in the Hungarian organizations, to show the possible differences between the Hungarian and the V4 practices and to identify those factors of talent management whose application doesn't show essential differences in the V4 countries.

The recent appreciation of the human capital has contributed to the application of new management procedures in the HR practice. One of them is talent management, which is closely related to the success of a company.

Keywords: talent management, HR, social attitude, social cohesion, performance motivation, changes in the economic situation of economic operators, Visegrad 4 Countries, cluster analysis

JEL Classification: J 24

Notice: Visegrád Group, also called Visegrad 4 (V4): Bohemia, Hungary, Poland and Slovakia