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## PRACTICAL APPLICATION OF EXCLUSIVE AND INCLUSIVE TALENT MANAGEMENT STRATEGY IN COMPANIES

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**Abstract.** The article deals with the practical application of exclusive and inclusive talent management strategies in order to form and maintain a competitive human resource potential of the company. The features of both exclusive and inclusive talent management strategies were defined and their practical application in companies of various Lithuanian industries was studied. The input from the respondents suggests that major companies prefer the inclusive talent management strategy, rather than exclusive. Summing up all the research results, the following conclusions were formulated: the features characteristic to inclusive talent management strategy dominate in the companies of manufacturing, banking, catering, consulting, trade, energy, transport, and agribusiness industries. In the company of technology industry, features of a mixed (having both exclusive and inclusive) talent management strategy are apparent. The company in the construction-engineering industry has the dominating features of exclusive talent management strategy. Inclusive talent management strategy responds to the principles of human potential development-oriented expression and is an important message for the formulation of further insight into talent management, based on the use of internal potential.

**Keywords:** talent, talent management, human resource management, exclusive talent management strategy, inclusive talent management strategy, organisation.

**JEL Classification:** M15, M53, O15.

### 1. Introduction

“Global abundance but local scarcity of talent” – describes the modern trends in the labor market Al Ariss (2014). The importance of human capital is emphasised due to investment in competence development, at individual, organizational, and national level, but the increasing competition in the knowledge economy forces to strive for the “best”, which implies a permanent gap between talent supply and demand. The issue is sharpened by general demographic trends.

The International Organisation for Migration (IOM) announces that due to the aging of the population age structure, labour supply and demand imbalance, talent demand

and lack of mobility within the EU by 2050, the demand for EU migrants will rise to 40 million. Part of the demand will be offset by migration within the EU. Thus, talent leakage is and will be inevitable in Lithuanian labour market, while companies of some industries both currently and in the future will face shortages of talented staff not only locally, but also globally. Talent management is the most important competence for the forward-looking companies, and such factors as demographic changes, mobility, globalisation, the economic climate, and business transformation only confirm its importance. According to Van Zyl *et al.* (2017), talent management is a strategic priority for profit organisations, especially in the private sector.

Objectives of the paper are to determine the features of both exclusive and inclusive talent management strategies and to identify their practical application in companies of various Lithuanian industries.

Therefore, both scientific and practical recognition of this issue encourages search for solutions that would help transform these challenges into benefits and opportunities. Current issues in talent management promote the formation of various scientific insights in this field.

In order to transform both global challenges and existing negative factors within the context of organisation into opportunities, it is important to identify and select an appropriate strategy for talent management (exclusive, when some of the talents exist and they are “bought”, or inclusive, when anybody can be potential talents if they are developed), as well as to investigate the practical application of these strategies by evaluating the features of different industries (Hartman *et al.* 2010; Rothwell 2012; Schuler, Jackson 2014; Dries 2013; Meyers, van Woerkom 2014).

Despite the fact that the issue of choosing a strategy is very relevant, there is very little data that analyses the choice of inclusive or exclusive talent management strategies.

One of the studies, conducted by the Chartered Institute of Personnel and Development (CIPD 2011), indicates that about 40% of organisations are more likely to implement inclusive talent management strategy. In part, this depends on the size of an organisation, because smaller organisations (less than 250 employees) tend to choose this strategy – 67% rather than 37% in larger organisations. But the latter are increasingly interested in inclusive strategy (summarised the data from the UK, US and India). Fernández-Aráoz (2014) announces that in the Netherlands, for some organizations to implement inclusive talent management strategy is a necessity caused by the national labor market and work-related laws, as well as government initiatives (the so-called Participation Act, which came into force in 2015) encouraging to provide jobs for disabled people, allowing equal opportunities for all people in order to fulfill their potential. As an example, a small Danish software testing firm is presented, where people with autism are employed as testers. Due to their strengths caused by their disease (a special attention to details), the company was able to implement a successful business model, which helps to provide the highest quality services to customers. C. Meyers (2015) says

that the survey of human resources managers (321 participants in 49 countries) revealed that inclusive or exclusive talent management strategies are distributed almost equally.

Thus, this limited data begs for an empirical study with the aim to identify the existing talent management strategy (inclusive or exclusive) in an organisation, to evaluate the expression of these strategies in various industries and the peculiarities in the industry that affect the choice of a specific strategy in Lithuania.

According to the research aim and theoretical foundation of the research variables, the researchers decided to follow an inductive approach. No theories or hypotheses would apply in inductive studies at the beginning of the research and the researcher is free in terms of altering the direction for the study after the research process had commenced.

In order to achieve the objectives of empirical qualitative research was chosen. As a data collection method, in-depth interviews were used. To develop a talent management framework for the industries, the researchers formulated key research questions, which were answered by the research participants and were reflected in the themes. The research directions (questions) are listed below:

1. Values that best describe your company's culture.
2. Defining "talent" and "talent management" practices in the organisations.
3. Link between talent and performance management (Why are talents important when implementing strategic goals?)
4. The Usage of External and Internal Sources for Talent Attraction (Does the company tend to attract more talent from the outside or develop talents within the company? What are the positions for which you attract talents from the outside? How do you attract new talents? What are the positions for which you attract talents from within the company? Do you have talent pool/succession plans?)
5. Retaining Talents (What methods of talent training, development and motivation do you use? Do you use a special program? What makes it different from a common retaining programme?)
6. The Effectiveness of Talent Management System (How do you assess the efficiency of talent management? What should be changed?)

## **2. Review of theory and literature: different aspects of talent management**

The concept of "talent management" was first mentioned by the US consulting firm "McKinsey & Company" in their article "The war for talent" (1998). Reviewing scientific literature in the field of talent management, it should be noted that there are some scientific insights but the challenges of talent management are much more analyzed in popular literature which is oriented into practical activities or weblogs and social networks (Iles *et al.* 2010; Vaiman *et al.* 2012). Although scientists have also published some articles, they are scarce. This illustrates the gap between practical and academic interest in the subject (Dries 2013; Arris *et al.* 2013) and presupposes the need for the recognition of the talent management phenomenon. Lewis and Heckman (2006) summed

up that the analysis of talent management in scientific literature was in the infancy stage, because it lacked a clear and consistent definition and opportunities for application areas, as well as conceptual framework, which was based on empirical research. In 2009, this fact was confirmed by Collings and Mellahi (2009). A few years later, Collings, Scullion and Vaiman (2011) confirmed that talent management had moved from infancy to adolescence stage, especially due to the contribution from the US scientists who had used the North American way of thinking and research. Furthermore, Powell and Lubitsh (2012) announced that there was also a strong focus on talent management in the private sector and international companies. Some researchers analyse the talent management exclusively in the context of an organisation, saying that the goal of talent management is to attract, develop, motivate and retain talent (McCauley, Wakefield 2006; Ready, Conger 2007; Christensen, Rog 2008; Beechler, Woodward 2009; Davies, B., Davies, B. J. 2010; Meyers, van Woerkom 2014) and it is a part of human resource management policy. As a result, there are several features of the way this concept is used (Tansley 2011): (i) concept of talent management is not used at all in the human resources management policy; (ii) only some levels of an organisation have a common understanding of the talent management concept; (iii) talent management concept is understood and widely used in the performance of an organisation.

However, especially during the economic boom in the years 2002–2007, business leaders and HR professionals understood the impact of not finding the right people or of employing people who are “below the average” who would simply fill the necessary positions (Dewhurst *et al.* 2012). The focus on talent management represents a shift from the more traditional human resources towards strategic talent management, which is determined by corporate strategy, combined with other processes (Silzer, Church 2009). Collings and Mellahi (2009) emphasise the influence of talent management on the results of an organisation’s performance, stressing that effective talent management will have an indirect positive impact on the organisation’s activities via employee motivation and organisational commitment (Collings, Mellahi 2009; Höglund 2012).

In addition, greater employee engagement is referred to as an indirect goal of talent management (Christensen, Rog 2008; Martin, Groen-in’t-Woud 2011), as fully engaged employees generate better business results than employees who are not engaged, when measuring the engagement by higher productivity, improved customer satisfaction, and better staff retention, despite the many challenges faced by organisations (Odierno 2015). However, due to external factors, such as mobility, globalization, etc.; and their impact and threats to the organisation’s activities and competitive success, other authors propose to go beyond the organisational context and to look outside the organisation. Therefore, Boudreau and Ramstad (2005) emphasise the significance of sustainability and benefits for the society, arguing that not only do organisations have to create the traditional paradigm of value to the shareholders, but to also achieve the social goal of sustainability. Sustainability “includes such objectives as social responsibility, support for staff and other people’s rights, diversity, nature preservation, and contribution to

the economy” (Boudreau, Ramstad 2005). The researchers point out that sustainability is rarely encountered in strategic human resource planning and talent management. Talent management is associated with the results of the community (Ulrich 2007). An improved social image helps organisations attract better employees (Ulrich 2007; Phillips, Roper 2009; Stahl *et al.* 2012; Egerova 2014).

In this light, it should be noted that there is no uniform definition of talent and talent management, and their objectives and scope are also lacking, while at the same time, there is a disagreement whether talent management is concerned with all employees (inclusive, or strength-based strategy to talent management) or talents are only highly potential and efficient employees (exclusive strategy to talent management). These strategies will be presented in more detail below.

According to M. C. Meyers (Meyers, van Woerkom 2014), the difference between exclusive and inclusive talent management strategies is very obvious in the papers written by practitioners and academics (Meyers, van Woerkom 2014). Originally, there was only an **exclusive talent management strategy** as a tool for employees who are valuable and unique (Lepak, Snell 1999), demonstrate high potential and effective activity (Silzer, Church 2009) or occupy strategically important positions in the organization (Huselid *et al.* 2005). This applies only to 1–15% of the employees in terms of talent selection, evaluation and recognition. In the context of today’s talent scarcity, this means aggressive search, attraction, and selection of high-potential profiles (Cappelli 2008). Most organizations have implemented the exclusive talent management strategy, which has identified a number of high potential employees, by appointing them consciously or as successors to leadership positions. Therefore, these employees have more training and promotion opportunities, higher salaries, and better benefits than others. High-potential employees (sometimes referred to as star employees or A players) are able to create more value to an organisation than the average employees (Aguinis, O’Boyle 2014), and it seems justified to invest in them a large part of the human resources budget, assuming that this large investment will pay off, causing positive reactions such as increased commitment and motivation of the talents. However, when implementing the exclusive talent management strategy, transparency is particularly important in order to avoid creating false expectations from other employees that can not be implemented in the long term and that affect the psychological contract breach. The latter risk is particularly high, as reported by Dries and De Gieter (2014) in those organisations that have privacy policies related to talent management (by not defining openly who is included in the talent pool and who is not).

To summarise, exclusive talent management strategy analyses the opportunity to attract candidates who are essential to the success of the organisation and are in short supply in the labor market. Investing in these people encourages loyalty and motivation within this very important but small group of employees. Organisations that attract and retain the best employees could ensure a long-term advantage over competitors (Collings, Mellahi 2009). An exclusive talent management strategy would perfectly

fit an organisation dominated by a competitive culture and where employees expect rewards for exceptional performance (Meyers, van Woerkom 2014). An alternative to exclusive is inclusive talent management strategy.

**Inclusive talent management strategy** is based on the assumption that all employees have valuable qualities or talents that can be productively applied to organisations. This assumption, in turn, is one of the main claims of positive psychology (Seligman, Csikszentmihalyi 2000), which focuses on all aspects of life that are good or functioning properly. Inclusive talent management strategy can be defined as “the recognition that all employees have the talent together with constant assessment and their employment being in the positions that are most suitable and that offer the greatest potential (through participation) for employees that possess these talents” (Swales *et al.* 2014). The main focus of this strategy is on such talent tools as training and experience acquisition (McCall 1998). According to M. C. Meyers (2015), the goal of inclusive talent management strategy is to highlight the best in all employees, allowing them to fully utilise their potential at work. It also means that the aim is to invest in a number of different talents. It is important to mention that inclusive talent management strategy also recognises the possibility that employees may have talents that are not suitable for a particular organisation. In such cases, organisations must facilitate finding another, more suitable job place (Swales *et al.* 2014), so that their talents are not wasted. Inclusive talent management strategy promotes employee well-being, learning, and activity through the opportunity for employees to fully realise their potential (Meyers 2015). According to the researcher, this strategy allows organizations to respond adequately to the challenges of today’s labor market: a) can get the best talent in the face of a common talent scarcity; b) can potentially contribute to attracting a more diverse workforce; c) is able to deal with a very dynamic labor market by investing in a variety of talents. This strategy is particularly appropriate for organisations that seek to promote health and well-being by prioritising cooperation rather than competition.

Each of those strategies has advantages and disadvantages. A perfectly suitable strategy for one company will not be suitable for another. Therefore, selecting a specific talent management strategy should include not only assessing the strengths and weaknesses of each strategy, but also complying with the contextual factors such as the organisation’s size, culture, values, mission, and strategy. In addition, it is important to evaluate the talent management strategy not only in the context of the organisation but also in the context of the industry, or even national context (Sidani, Ariss 2014; Thunnissen 2016).

### **3. Research methodology**

The research aims to identify the choice of exclusive or inclusive talent management strategy, the practical application of these strategies in companies of various Lithuanian industries and the peculiarities within each industry that affect the choice of a specific strategy in Lithuania.

In order to reach this aim, empirical qualitative research was chosen. As a data collection method, in-depth interviews were used, because they offer the opportunity to capture rich, descriptive data about people's behaviours, attitudes and perceptions, unfolding complex processes. One respondent (human resources management professional) from the largest companies in various industries (manufacturing, technology, banking, construction-engineering, catering services, consulting, trade, energy, and agribusiness) was interviewed. The largest companies were chosen as a research object due to the fact that the major of them have already implemented successful talent management systems and the respondents' answers would provide useful insights for the results of this research, as well as for similar studies in the future.

The information that was received from the respondents was used for data processing and analysis and encoded from HR1 to HR10 (depending on the industry). The leaders of Lithuanian industries were chosen on the basis of the daily newspaper "Verslo žinios" (2016) and Official Statistics Portal (OSP), which performed an analysis of the leaders of various Lithuanian industries in 2015. Selected criteria: sales revenue in 2015. The industries analysed: manufacturing (code: HR1), technology (HR2), banking (HR3), construction-engineering (HR4), catering services (HR5), consulting (HR6), trade (HR7), energy (HR8), transport (HR 9) agribusiness (HR10). Total – 10 companies.

When evaluating the nature of the capital, companies that were included were distributed in the following manner: 5 locally-owned, 4 foreign-owned and 1 state-owned enterprise.

This research will have some limitations: (i) choice of data collection method(s). Regardless of the choice of data collection method, integrating additional methods of data collection could have increased the scope and depth of analyses; (ii) scope of discussions.

#### **4. Research**

This section presents the results of empirical qualitative research, including the main research directions (questions) and exploratory opinions in accordance with industries. When analysing respondents' opinions, there was an attempt to find out which talent management strategy (exclusive or inclusive) was dominant. It should be noted that each industry is represented only by one leading company, so the results are interpreted as exploratory rather than accurately representing all industries. However, there is no doubt that the results and conclusions will encourage further studies of each industry, using both quantitative and qualitative research in various sections (e.g.; by company size, nature of capital, etc.), identifying the chosen strategies of talent management.

Values that best describe your company's culture

This question has been formulated on the basis of the theory suggesting that an exclusive talent management strategy would perfectly fit the organisation where

competitive culture dominates and employees expect to be rewarded for exceptional performance (Meyers, van Woerkom 2014). And on the other hand, inclusive strategy is particularly appropriate for organizations that seek to promote health and well-being, giving priority to cooperation rather than competition. Therefore, the aim was to clarify the existing values, which is a cultural basis, and, in accordance with prevailing values, to assess the prevailing talent management strategy. Some of the respondents directly identified that one of the most important things were employees (“<...> *One of our greatest assets – employees, and a strong focus on the people working there, their qualifications and motivation*” (HR1), or human resources that are not copied and the most important asset of the company, indicating it as distinctive and contrasting over other company resources such as technology or finance (HR4). Analysing the values of other respondents, they can be grouped into: customer focus and underlying factors such as customer care, professionalism, safety (HR2; HR3; HR4; HR5; HR6; HR9), the importance of each employee as well as the whole team, with the emphasis on the care, courtesy, and respect for colleagues, team unity and cooperation (HR2; HR3; HR4; HR5; HR6; HR7; HR8; HR9; HR10), and the representatives of companies HR3 and HR4 stressed the importance of simplifying not only work life but also teamwork. Another group of values – openness to innovation and courage to create it (HR3; HR4; HR9), appropriate, simple, and responsible execution of work (HR2; HR3; HR4; HR5; HR7; HR8; HR9), and analyzing the values related to social responsibility, the following terms were mentioned: “ecology” (HR9), “respect for each individual and for the society” (HR8); “being a reliable and responsible employer” (HR10). The evaluation of values named by the respondents highlighted the importance of human resources in distinguishing them against other organisation’s resources (in companies that represent manufacturing and construction-engineering industries). Companies that represent the remaining industries are dominated by values that promote cooperation with an emphasis on the importance of each individual, and for most (7 out of 10, with the exception of companies in manufacturing, consulting and agribusiness industries), proper, simple, and responsible execution of work is important. Thus, the analysed corporate values emphasize cooperation rather than competition. According to the theoretical assumption about the distribution of values depending on the talent management strategy that exists in a company, the results lead to a conclusion that the corporate values expressed in the companies of various industries represent more inclusive rather than exclusive talent management strategy.

### ***Defining “talent” and “talent management” practices in the organisations***

The first study direction (question) naturally led to an examination of the respondents’ perception of the “talent” and “talent management” and, with the help of their responses, a search for a further confirmation of the choice of either an inclusive or exclusive talent management strategy. Given the fact that there is no consensus on the above-mentioned “talent” and “talent management” concepts in scientific literature, completely different descriptions were expected from the participants. When assessing the respondents’ opin-

ions, it should be noted that in more than half of all the companies, all the employees are considered talents (HR1, HR2, HR3, HR7, HR9, HR10). However, in companies of two industries, only exceptional employees are considered to be talents. In a company which provides catering services (HR5), talents are only those who bring benefits to the company and with the length of service as a counterweight to the remaining employees, which results in a high turnover rate “<...> *due to a high turnover rate of service personnel, it can be concluded that talents are still long serving employees, who are useful to the company and not only carry out their duties, but also provide added value*”. In the industry of construction-engineering, talents are those, “<...> *who allow us to implement construction projects, which are among the largest and most complex in the country*” (HR4).

The main components of talents are: competence (HR1, HR4, HR9), motivation (HR1, HR9; HR10), continuous learning (HR1, HR4, HR10) and initiative, ability to innovate, and loyalty to the company (HR1, HR7). In summary, the “talent” concept in the companies of all the industries represent more inclusive talent management strategy, except companies in the industries of catering services and construction-engineering that represent exclusive talent management strategy. By understanding the concept of “talent management”, the aim was to clarify the key function that dominates: talent attraction or retention (including training, motivation, and other tools). According to the scientific literature, one of the features of exclusive talent management strategy is “aggressive search, attraction, and selection of high-potential profiles” (Cappelli 2008) and the main focus of inclusive strategy is on training and experience (McCall 1998).

The analysis of the respondents’ opinions has revealed that “talent management” as a concept highlighted the following key functional parts: talent attraction and selection (HR1, HR2, HR3, HR4, HR5, HR7), talent development (HR1, HR2, HR3, HR5, HR6, HR9, HR10), talent motivation (HR1, HR2, HR5, HR6, HR9, HR10), and talent retention (HR1, HR3, HR7, HR8, HR9, HR10). Thus, the answers revealed the following: talent attraction and selection dominates in one company (construction-engineering industry), and this trait (feature) is typical for exclusive strategy; talent retention (including training, development and motivation) is the most important factor for four companies (consulting, energy, transport, and agribusiness industries), and this is typical for inclusive talent management strategy; and there were five companies (manufacturing, technology, banking, energy, trade industries) that focused on all the functions of talent management, which led to a mixed talent management strategy.

Thus, this research direction (question) led to the conclusion that the major companies of various industries represent more inclusive rather than exclusive talent management strategy.

### ***Link between talent and performance management***

In order to analyse the selection of talent management strategy, further research directions (questions) were linked with the causes, indicating the importance of talent when

achieving strategic objectives. This direction was selected based on the theoretical assumption that high-potential employees are able to create more value to an organisation than the average employees (Aguinis, O'Boyle 2014). Therefore, companies invest in these people not only in order to recoup the investment, but also to increase their loyalty and motivation.

The analysis of the respondents' opinions emerged in two principal categories: consistency of talent management strategy and corporate strategy, as well as the importance of talents for the achievement of strategic objectives. Consistency of talent management strategy and corporate strategy is very important (*"When there are clear strategic goals, we align them with the talent management strategy <...>"* (HR2) and there are critical positions for the achievement of these strategic goals (HR1). When the respondents assessed the importance of talents for the achievement of strategic objectives, it was emphasised that talents help ensure the organisation's performance (HR1, HR2), competitiveness and attractiveness for their customers (HR3, HR4, HR5, HR7, HR8, HR9, HR10) and long-term business success (HR2, HR6, HR9, HR10).

Thus, companies in all the industries aim to align corporate strategy with talent management strategy, as well as to exploit the talents for organisation's effectiveness, competitiveness, attractiveness for customers, and development of long-term business success. Respondents' answers expressed the idea that all the talents (as opposed to an exclusive group of them) contribute to the above mentioned strategic objectives, and it can be said that the results of the third research direction (question) indicate a link with inclusive talent management strategy for companies in all the industries.

### ***The usage of external and internal sources for talent attraction***

This and further research directions (questions) sought to extend and specify the results of "talent management" concept in companies of various Lithuanian industries, based on the above mentioned theoretical assumption that talent attraction and selection is more important for an exclusive talent management strategy and talent training and development – for inclusive. Most of the respondents said that they prefer to develop talents within the company (HR1, HR2, HR3, HR5, HR6, HR7, HR8, HR9, HR10). They emphasized that is typical for various managerial levels (*"<...> first of all we try to provide opportunities for development of already existing employees. We have a lot of examples where employees of the companies start from the lowest steps and then during the decade reach solid management positions"* (HR2)). And only then, if they fail to develop within the company, attracting talents from outside (HR1, HR2, HR3, HR7, HR10) one company (HR6) claimed, that tries to attract talents from the outside without any developmental opportunities inside.

Respondents have mentioned the causes for external attraction: absence of an internal candidate (HR2, HR3, HR4, HR7, HR10), rapid development of the organization (HR3, HR5), intentions to find the best employees (HR2).

Companies attract the candidates from outside for these positions: top and middle level managers (HR1, HR2, HR6, HR8, HR10), technical staff (HR1, HR3, HR4 HR5, HR10), specialists (HR4, HR7, HR8, HR9), workers (HR8, HR10), service staff (HR6). The means of external attraction: various job portals in the internet (HR1, HR4, HR6, HR7, HR8, HR10); corporate website with career section (HR3, HR6, HR8, HR9, HR10); newspapers (HR6); recommendations, friends (HR6, HR8, HR9); consulting companies (HR1, HR3, HR4, HR5, HR7), emphasizing that they use professional help in managerial positions (HR7) or highly experienced professionals (HR5). Other possibilities: “head hunting” (HR1, HR2, HR3, HR4, HR7, HR9, HR10), universities (HR1, HR3, HR4, HR5, HR6 HR10).

In summary it can be said that for attracting talents from outside, there is no dominance of one position over others. Both managerial and non-managerial positions are distributed equally. 5 out of 10 companies choose to attract an external candidate because there is no internal candidate and a number of respondents identified the rapid development of the organization. The company in technology industry attracts external talents for the reason to hire the best.

There are many methods for attracting from outside, however, especially dominant is “head hunting”, which means hunting the best from competitors. This method is preferable in almost all the companies (excluding the companies in catering services, consultancy, and energy industries) and refers particularly fierce battle for talent outside, if they fail to develop internally. The most common causes of internal attraction named as follows: fulfillment of managerial needs (“<...> if required, (middle and top-level managers) are prepared at any time to go to one or another management position”, HR1), motivation and development of existing talents (HR1, HR2, HR3, HR4, HR9, HR10) and image of socially responsible employer (HR2).

The main level of the organization, which is approached from the inside, is high and mid-level managers (H1, HR2, HR5, HR6, HR9, HR10) or as respondents mentioned, they give priority to development inside and in the case of failure, they attract from outside, in some cases emphasizing that such situations are most like. “<...> “even 95 percent of heads of various construction departments have started from the lower levels” (HR4). Listing the ways of attracting from the inside, almost all the respondents mentioned succession plans (HR1, HR2, HR4, HR3, HR5, HR8, HR7, HR9, HR10); 4 out of 10 companies have succession plans only for managerial positions (HR1, HR2, HR3, HR5), and some – not only managerial positions (HR3, HR7, HR9, HR10), and one company (HR6) has no succession plan at all.

One of the respondents mentioned a career plan which is related to a succession plan, as well as staff coaching for career planning (“<...> contributes career planning as well. Specially for this purpose we established a Career Center, where we meet employees who want to discuss in which direction to move, in order to evaluate their competencies, to get an advice, and finally to move further”, HR3). Some companies

use internal competitions as an internal source of candidates (HR1, HR2, HR3, HR4, HR9, HR10).

When summarising, it should be pointed out that the majority of respondents mentioned the possibility to develop and motivate their talents as the main reason for internal candidate sourcing. Accordingly, almost all the companies have succession plans, except the company in the consulting industry. Some companies have succession plans not only for managerial positions, but for non-managerial positions as well. The most popular source of internal candidates is internal competitions.

Thus, the summary of respondents' opinions suggests a link to inclusive talent management strategy, rather than exclusive.

### ***Retaining talents***

In order to continue the search for attributes specific to inclusive or exclusive talent management strategies, an attempt was made to find out whether the training system for talent is different from the rest of the staff. In other words, the aim of this question was to reveal how the company's retention (training, development, motivation, etc.) policy reflects the specific features of a particular talent management strategy. In addition, based on the assumption that high-potential employees are able to bring more value to an organization than the average employees (Aguinis, O'Boyle 2014), it seems justified to invest a large part of the human resources budget, assuming that this large investment will pay off, causing positive reactions such as increased talent commitment and motivation.

Some of the answers are related to (1) common practice in employee training, development and motivation with the main categories as follows: companies give priority to staff development and have various competence development programs (HR1, HR2, HR3, HR4, HR9, HR10), special focus on the development of professional competencies (HR2, HR4, HR5, HR7, HR8, HR9, HR10). Other notable techniques used in developing staff are horizontal and vertical rotation (HR2, HR9), compensation of the studies (HR5) and sharing the "know-how" (HR5).

After analysis of (2) talent management exclusivity in common developmental (training) system, it should be noted that companies create individual plans for their talents' development (HR1, HR3, HR6, HR9), provide an opportunity to participate in internships or by the help of international career ("*Working for a large international group provides opportunities for talent internships and career not only in Lithuania, but also abroad*", HR1, HR2), draw up specific programs ("*Over the years we have gained experience and knowledge and the "Leadership School" was launched*", HR2), carry out various coaching sessions (HR3), expand opportunities for self-development, and promote vertical and horizontal career (HR4, HR7, HR8).

In summary it can be said that the retaining area is a priority for all the companies (with the exception of the company in the consulting industry), and a variety of tech-

niques are used for this purpose. Naming the uniqueness of talent in the common retaining system, it should be pointed out that companies often try to distinguish special ways of talent development by creating individual development plans or by using such non-traditional forms like internships, coaching sessions, promoting the development with the help of not only vertical but also horizontal career. The summary of respondents' opinions justifies the theoretical assumption that companies invest more and a wider range of educational methods in their talents. This theoretical assumption endorses the conclusion that in the area of talent retention, major companies prefer exclusive instead of inclusive talent management strategy, despite the fact that other research areas stated otherwise.

### ***The effectiveness of talent management system***

The last research direction (question) was devoted to summarising respondents' opinions as well as any potential unspoken insights that would help to identify the characteristics of inclusive or exclusive talent management strategy. The answers can be divided into 3 main categories: (1) evaluation of the current talent management systems, (2) criteria/indicators of talent management system evaluation, (3) challenges.

The analysis of (1) the current talent management system noted that two respondents evaluated their talent management system as positive (HR1, HR3), others did not mention anything. There were no negative evaluations either.

2) Criteria/indicators of talent management system evaluation are: performance of a company (HR2), employee surveys (*"In our opinion, the key question is a constant communication with the company's employees, listening to their opinions. We have noticed that many good ideas are born precisely in those opinions"*, HR3, HR4, HR9), measuring employee engagement and turnover rates (HR1, HR2, HR4, HR8, HR9, HR8, HR10). As (3) the challenges of improving the talent management system, respondents mentioned monitoring of innovation in the field of development (HR1, HR 9), creating succession plans (HR6), and, due to not being able to increase salaries any more, considering to source employees from foreign countries (HR5).

When summarizing the respondents' opinions, the main indicators of talent management system in major companies are the turnover rates, engagement, and various surveys (a feature of inclusive strategy). Only the company in the technology industry measures its performance by effectiveness (a feature of exclusive strategy stimulating internal competition and exceptional results). And only a few companies mentioned potential challenges of improving the existing talent management system. Thus, the results of this research area led to the conclusion that talent retention for major companies is much more important than attraction of new talents. In other words, the emphasis is given to inclusive rather than exclusive talent management strategy. However, attention should be drawn to the fact that the effectiveness of talent management system was positively evaluated only by the companies in the manufacturing and banking industries.

It seems that the remaining companies are still looking for ways to improve the system; so far the results have not been evaluated.

After summing up all the research results, the following conclusions were formulated: the features characteristic to inclusive talent management strategy dominate in the companies of manufacturing (HR1), banking (HR3), catering (HR5), consulting (HR6), trade (HR7), energy (HR8), transport (HR 9), and agribusiness (HR10) industries. In the company from the technology industry (HR2), features of a mixed (having both exclusive and inclusive) talent management strategy are apparent. The company in the construction-engineering industry has the dominating features of exclusive talent management strategy.

## **5. Summary**

Talent management is the key competence for all the forward-facing businesses. An effective talent management system can help overcome such challenges as demographic changes, mobility, globalization, economic climate, competition, and business transformation.

Regardless of the above, the challenges of talent management are much more analyzed in the popular literature which is oriented towards practical activities, and scientists still recognise that the analysis of issues in the area of talent management has just shifted from infancy into adolescence stage (Collings *et al.* 2011)

The aim of qualitative research was to identify the features specific to a particular talent management strategy, as well as the practical application of these strategies in the companies of various Lithuanian industries. Based on the scientific literature, research directions (questions) were designed with the purpose to identify specific features of talent management strategy in the key talent management-related areas.

The first direction of research has shown that the values of all the companies in various Lithuanian industries prefer to emphasise cooperation, not competition, which is characteristic to the inclusive talent management strategy.

The results of the second research direction (*defining the concepts of “talent” and “talent management”*) has revealed that companies in all the industries (except for catering services and construction-engineering industries) consider all employees talents as long as they fit certain characteristics. By defining the concept of “talent management” there was an attempt to find out which functional part dominated: talent attraction and selection or retaining (including training, development, motivation, etc.). The results show that only one company (in the construction-engineering industry) prefers talent attraction and selection (that is typical for exclusive strategy) to other functional areas; for four companies (in consulting, energy, transport and agribusiness industries) talent retention (including training, development, motivation, etc.) was most important, which is a characteristic of inclusive talent management strategy; five companies

(in manufacturing, technology, banking, catering services, and trade industries) prefer to choose both, talent attraction and selection, as well as retaining them, which leads to a mixed talent management strategy.

The third research direction (*the link between talent and performance management*) showed that all the talents (not excluding a specific group) contribute to the achievement of strategic objectives. This finding indicates the links with inclusive talent management strategy for companies in all the industries.

The results of the fourth research direction (*the usage of external and internal sources for talent attraction*) revealed that all the companies (with the exception of the company in the construction-engineering industry) prefer first to develop their talent internally, and only if this fails, to attract from the outside. No position dominates over others in the case of external attraction. But the dominant method is “head hunting”, which means that the best candidates are being headhunted from competitors. This search method is attractive in almost all companies (excluding the companies in catering services, consultancy, and energy industries) and refers to a particularly fierce battle for talent from the outside if companies fail to develop it internally. The majority of respondents mentioned the possibility to retain (train, develop and motivate) as the main reason for choosing internal candidates. Almost all the companies have succession plans, except the company in the consulting industry. Some of the companies have succession plans not only for managers, but also for non-managerial positions. In major companies, the most popular source of internal candidates is internal competitions. Thus, the input from the respondents suggests that major companies prefer the inclusive talent management strategy, rather than exclusive.

The fifth research direction (*retaining talents*) revealed that talent training, development and motivation are priority areas in all the companies. However, it should be noted that often companies try to distinguish talent development techniques that are specific in comparison with other employees and the results of this direction are completely different than in the previous directions. It leads to a conclusion that exclusive talent management strategy is more acceptable for major companies when there is a focus on talent retention.

The sixth research direction (*effectiveness of talent management system*) showed that the main indicators of talent management system in major companies are turnover rates, engagement, and various surveys (a feature of inclusive strategy). Only the company in the technology industry measures its performance by effectiveness (a feature of exclusive strategy stimulating internal competition and exceptional results). Only a few companies mentioned potential challenges of improving the existing talent management system. Thus, the results of this research area led to a conclusion that talent retention for major companies is much more important than the attraction of new talent, in other words, the emphasis is given to the inclusive rather than exclusive talent management strategy. Summing up all the research results, the following conclusions were

formulated: the features characteristic to inclusive talent management strategy dominate in the companies of manufacturing (HR1), banking (HR3), catering (HR5), consulting (HR6), trade (HR7), energy (HR8), transport (HR 9), and agribusiness (HR10) industries. In the company of technology industry (HR2), features of a mixed (having both exclusive and inclusive) talent management strategy are apparent. The company in the construction-engineering industry has the dominating features of exclusive talent management strategy.

It has been argued that any talent management approach can only ever be effective if it is aligned with an organisation's culture, values, mission, vision, and strategy, as well as with its business and national context (Sidani, Ariss 2014; Thunnissen 2016). Consequently, decisions about talent management should never be taken in isolation without giving due consideration to the context in which it is implemented.

## **6. Conclusions**

The role of human resources within the corporate structure has changed dramatically over the years. Talent management is a key component to business success in the current economy as it allows companies to retain top talent while increasing productivity. Talent management in organizations is not just limited to attracting the best people from the industry but it is a continuous process that involves sourcing, hiring, developing, retaining and promoting them while meeting the organization's requirements simultaneously. When examining talent management in the context of an organisation, researchers distinguish key functional areas (to attract, develop, motivate and retain talent), emphasize the importance of consistency in talent management and corporate strategy, assess the influence of talent management on organisational performance, and suggest to look further, emphasizing the aspect of sustainability and benefits for the society. Therefore, there is no uniform definition of talent and talent management, or their objectives and scope. While at the same time there are discussions among researchers whether talent management is concerned with all employees (inclusive, or strength-based talent management strategy) or talents are only employees of high potential and high efficiency (exclusive talent management strategy). The input from the respondents of the research suggests that major companies prefer the inclusive talent management strategy, rather than exclusive. The features characteristic to inclusive talent management strategy dominate in the companies of manufacturing, banking, catering services, consulting, trade, energy, transport, and agribusiness industries. In the company of technology industry, features of a mixed (having both exclusive and inclusive) talent management strategy are apparent. The company in the construction-engineering industry has the dominating features of exclusive talent management strategy. Inclusive talent management strategy responds to the principles of human potential development-oriented expression and is an important message for the formulation of further insight into talent management, based on the use of internal potential.

Thus, the issue of choosing a talent management strategy is very relevant. According to the aim and results of the paper, the researchers recommend the following directions for future investigations: (i) identify how these strategies are influenced by the context of not only the organisation itself, but also that of the industry and the entire country, including political context; (ii) compare the results of different nations.

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