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MASTER'S THESIS

**STRATEGIC APPROACH TO TALENT MANAGEMENT IN THE  
LARGEST MACEDONIAN EXPORT COMPANIES**

Ljubljana, October 2014

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## INTRODUCTION

Macedonia is a developing country aiming to access the European Union and to enter the large and developed European market. The Macedonian economy is on the other hand one of the smallest in European terms, with very limited number of active subjects and not much developed; the labor market is underdeveloped with a high unemployment rate, especially of highly educated young persons and a significant brain drain (Dietz 2010; Schwab 2011).

The most successful Macedonian export companies are supposed to be more advanced in the implementation of suitable human resource management practices, as one of the ways to be more competitive in the global markets. Some of them are subsidiaries of international companies which transfer modern business practices and know-how in the human resources management in their Macedonian daughter companies.

The talent management is one of the plausible alternatives for the Macedonian companies in gaining competitiveness. Therefore it deserves attention and strategic approach in the corporate as well as in the educational and in the consulting sector. Still, a simple inquiry on any internet search engine shows no single result of any research papers in the field of talent management in the Republic of Macedonia. This indicates an evident absence of broader awareness for the importance of this topic within the Macedonian companies, as well as in the scientific and business research circles, the universities and the consultants.

The research within this master thesis is aimed to provide the very first insight into the current situation in reference to the talent management practices in the biggest Macedonian export companies. It should help the Macedonian companies become aware of the necessity to manage the talents in order to secure competitive advantage and to quickly change in order to follow the pace in the global war for talent. That is going to contribute to the companies' competitiveness in the regional and global markets. This master's thesis also touches some aspects on the awareness for the talent management in the public sector and provides discussions on the possibilities for future development in the country.

The structure of the thesis consists of four main chapters. In the first chapter you will find the theoretical postulates based on the literature review on the most common widely used talent management practices. In the second chapter, again based on the most recent research and publications, the considerations about the importance of a strategic approach to the talent management in the companies have been presented.

The third chapter gives an insight into the details of the empirical research and the methodological approach for assessing the current situation on talent management in the biggest Macedonian export companies, and also overall in the Macedonian economy. The

last chapter presents analyzes and results from the research, including comments on the implications and recommendations for future research on this topic.

## **1 TALENT MANAGEMENT**

The changes which happen in the world's economy have been described by Cheese, Thomas and Craig (2008) in the following way: "In yesterday's economy, workers contributed their brawn, not their brain. Companies invested in big factories with production processes and sophisticated machinery that required little decision-making or skill from the operator". Now-a-days, the world is changing at a pace which can hardly be followed, new markets are opening up everywhere, new workforces are emerging, and new ways of working are challenging everyone in the global market place. The economy is moving to a new stage of globalization where human potential such as talent and brainpower are gaining a predominant importance.

### **1.1 Definition of talent management**

It is helpful to separate the definition of talent from talent management. As Garrow and Hirsh (2008, p. 390) realized in their research, mentioning talent management in many organizations makes people rather nervous: "They start to wonder, what we mean by talent? Have talent for what? If I am a talent, what will "managing" me mean? What if I am not a talent? And if I am a manager, will I need to tell some people that they are not talented as they thought they were?"

Partially because of these tensions, but also because people are not well acquainted with this topic, it is extremely difficult to conclude a formulation about this term in a single definition. For that reason, CIPD (2012) adopted a working definition which describes talent as a person who can influence the organizational performance either through own immediate contribution or in a long term by demonstrating highest levels of potential.

Berger and Berger (2004) claim that talents contribute the most to the development and achievement of goals, and in creation of added value for the company. Talents are role models for success, i.e. the employees who demonstrate superior performance, who inspired the others to achieve superior performance, and who embody the core competencies of the organization. Typically, no more than three to five percent of the organization's workforce, are classified as talents.

It is very difficult to give a coherent and comprehensive definition about talent and talent management. Lewis and Heckman (2006) are pointing out that the difficulties they had while identifying the exact meaning of talent management, came as a result of the confusion regarding definitions, the terms and the many assumptions made by different authors who write about talent management. The most common definitions on talent

management focus on the outcome, the given process or specific decision and are summarized in Table 1.

Table 1. Summary on Definitions of Talent Management by Different Authors

<b>Nr.</b>	<b>Author</b>	<b>Year</b>	<b>Finding</b>
1.	Aston&Morton	2005	No single consistent or concise definition can exist and no definition can be used worldwide.
2.	Becker&Huselid	2006	The definition bases lie in the systematic identification of key positions which differentially contribute to an organization's sustainable competitive advantage.
3.	Hartley	2004	Loosely usage of talent management across a wide array of terms such as succession planning, human capital management, resource planning, and employee performance management.
4.	Pascal	2004	Managing the supply, demand, and flow of talent through the human capital engine.
5.	Rothwell	1994	A deliberate and systematic effort by an organization to ensure leadership continuity in key positions and encourage individual advancement
6.	Jackson & Schuler	1990	Ensure the right person in the right job at the right time.

Those who are being actively talent-managed through talent programs or talent pools are often an organization's most valued employees and by not understanding their needs companies could be misdirecting talent management efforts to the detriment of both the employee and the organization (CIPD, 2010, p. 5). Talents are the extraordinarily productive and they need a special approach. If firms managed their money as carelessly as they manage their people, most would be bankrupt (Charan & Conaty, 2012).

For the purpose of this research, the following working definition was adopted as the most appropriate one from the different definitions throughout the literature: Talent management are the initiatives and the practices needed to identify, develop, attract and retain skilled workers of value to the company.

## **1.2 Talent management process**

Talent management is about doing positive things for companies' best people, about investing and developing them, building on their potential and helping persons use best of their strengths and improve on their weaknesses (Garrow & Hirsh, 2008, p. 389). It is a continuous systematic process that usually involves targeted recruitments and retention programs together with policies that encourage career growth and development, high performance and establish a pool of successors for every important position at each level.

Talent focuses on the future potential instead of past tracks. The company is responsible manage the diverse talent and the ability to learn of its own employees in an effective manner in order to achieve the business objectives in a dynamic environment. Therefore companies implement integrated talent management processes and systems (Bano, Khan, Rehman & Humayoun, 2011, p. 5).

People create value through established business processes, customer services, sales, innovations, and various important actions. They make the companies. While a company tries to meet its business goals, it has to be sure that it has an uninterrupted and integrated process for recruiting, training, managing, supporting, and compensating these people (Bersin, 2006, p. 3).

Following key elements of the talent management process have been considered for this thesis: workforce planning, identification and acquisition of talent, performance management, competencies modelling, talent development, succession planning and talent retention.

### **1.2.1 Workforce planning**

Workforce planning encompasses keeping track of the skills and competencies, succession planning, various workforce analysis and broad activities to align corporate objectives to the existing and future employees. If an organization conducts talent strategically, it must create a cycle to ensure that desired outcomes are being achieved in relation to broader, strategic growth, reduction or optimization efforts (Schweyer, 2004). Human resources planning has indisputable contribution to the success of organizations and in today's turbulent environment they will be forced to re-adopt some strategies (Boxall & Purcell, 2003).

The planning process must not become a goal by itself, but it is a necessity that helps the company in achieving goals with the existing or future employees. The difference between long-term, medium-term and short-term planning is changed from the previous interval 10-5-1 year, to 5-3-1 year, even in 3-2-1 year in some cases. That indicates the need for constant readiness for adaptation to the rapid changes in the market and the need for quick thinking and cooperation between the HR departments and the top management. The worst case scenario is to have waiting employees with required qualifications and skills (Marušić, 2006).

The workforce is similar to inventories of workforce capabilities, needs and behaviors that start outside (in schools, job boards, other employers etc.) and continue inside (in jobs, training programs and development assignments). In all parts of the HR activities until the arrival of an employee in a company, the company itself bears the responsibility for the future success in the workplace. Prior to the employment, companies should clearly define



the required workplaces, descriptions and demands, criteria for employment, factors, indicators of success, as well as the organizational structure. Once the employment has been established, the responsibility is divided (Boudreau, 2010).

Analysis of the internal and external status of the labor market is a part of the preparations for the workforce planning. Companies are getting information on the structure of human resources within the company, as well as on the external market (Vance, 2006). Based on obtained information, the company focuses its activities in order to meet the workforce needs in accordance with their action plans.

Table 2. Summary of Mass Career Customization (MCC) Dimensions

<b>Dimension</b>	<b>Description</b>	<b>Scope</b>	<b>Points on continuum</b>
Pace	Options relating to the rate of career progression	<ul style="list-style-type: none"> <li>• Expectations for time in role and time to promotion</li> <li>• Expectations for reasonable and likely progression path</li> </ul>	<ul style="list-style-type: none"> <li>• Accelerated to decelerated</li> </ul>
Workload	Choices relating to the quantity of work output	<ul style="list-style-type: none"> <li>• Number of assignments</li> <li>• Types of assignments</li> <li>• Adjunct activities- recruiting, office morale activities, involvement in community programs, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Full to reduced</li> </ul>
Location/ Schedule	Options for when and where work is performed	<ul style="list-style-type: none"> <li>• Ability to travel</li> <li>• In-office or remote work location</li> <li>• Specific hours in day(s) per week (or other time interval)</li> </ul>	<ul style="list-style-type: none"> <li>• Not restricted to restricted</li> <li>• At home or at the office</li> </ul>
Role	Choices in position and responsibilities	<ul style="list-style-type: none"> <li>• Position</li> <li>• Responsibilities</li> <li>• Work assignments</li> <li>• Span of management</li> </ul>	<ul style="list-style-type: none"> <li>• Line versus staff</li> <li>• Individual contributor to leader</li> </ul>

Source: C. Benko and A. Weisberg, *Mass career customization: Aligning the workplace with today's nontraditional workforce*, 2007, p. 96.

According to Benko and Weisberg (2007), the workforce planning could be also recognized as mass career customization (hereinafter: MCC). MCC moves organizations away from the one-size-fits-all vision of career development in a direction of supporting multiple career paths, separately designed and realized through constant collaboration between the employer and employees, assuming a better partnership between the employer and the employee in designing and building careers over time to be more satisfying for

both sides. They defined four dimensions of a career: pace, workload, location/schedule and role.

### **1.2.2 Identification and acquisition of talent**

Having had no precise meaning of the term talent management, the identification or acquisition of talent in an organization is made harder. Collings and Mellahi (2009) argued that the first stage in any strategic talent management system should be the identification of the talent positions.

While influential talent management authors (Axelrod, 2002; Frank, 2004; Michaels, 2001) emphasize the identification of A performers and focus on their retention and development, later works advocate focusing on identification of key positions (Boudreau & Ramstad, 2005; 2007); Huselid (2005) defines A positions, consisting of persons with a potential to impact on the sustainable competitive advantage by their unequal importance to the ability to realize parts of the company's strategy, appealing that the companies' systems and processes create and manage this strategic human capital and provide maximized contribution (in Collings & Mellahi, 2009, p. 307).

In contrast of some scholars from the strategic HRM (Lepak & Snell, 1999), Becker and Huselid (2006) suggest a top-down approach. They discuss that the employees who are able to contribute to the company's strategic objectives provide strategic value, and that not all strategic processes are highly dependent on human capital; the human capital according to Boxall and Purcell (2008) has lower economic value unless it is deployed in the implementation of the company's strategy. Boudreau and Ramstad (2007) recommend segmentation of the talents and a focus on pivotal talent pools, which would have the greatest impact on the company's success (in Collings & Mellahi, 2009, p. 307).

The specific qualities of the knowledge workers make them a vital strategic resource which is harder to get sourced through a conventional supply chain model of acquisition and need to be observed beyond the simple headcount. A company needs to create a clear picture of the specific combinations of knowledge, skills and attitudes, available in the present talent supply process and compare it with the specific combinations it requires now and in the future, to realize the taken strategy (Cheese et al., 2008).

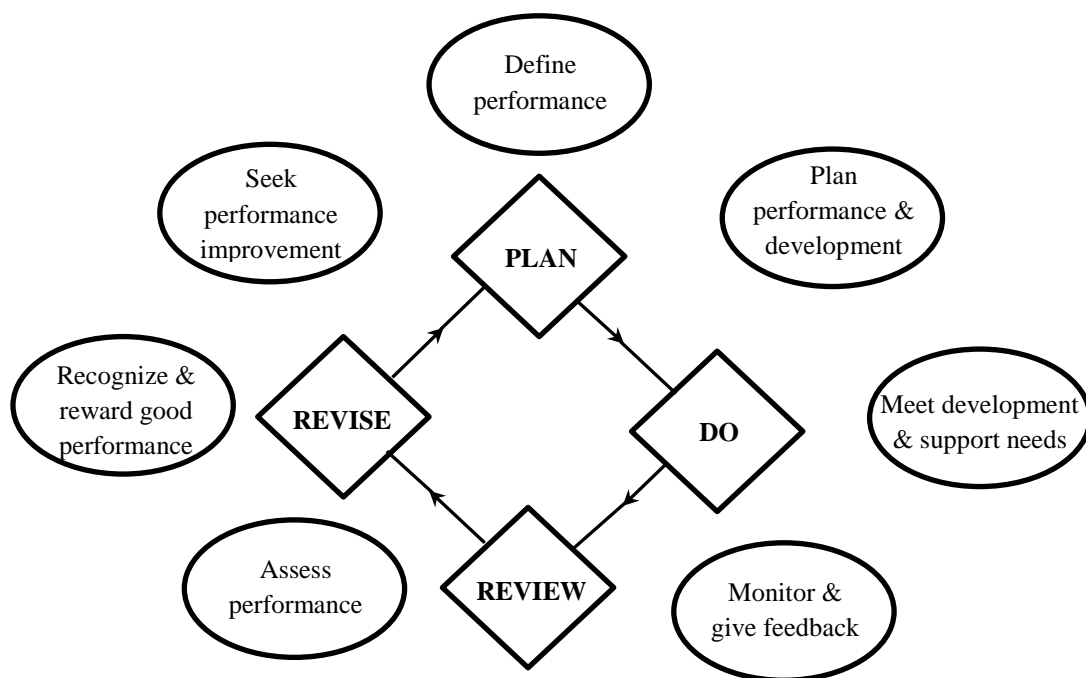
To attract talents became an important issue for companies, due to increase of the foreign market access, technological development, qualifications level, and high labor-force mobility (Todericiu & Muscalu, 2008, p. 3). When companies identify the type of the required talent and the sources, they need to consistently send a double message in every recruitment channel about the general employer's brand, and about the specific expectations that the recruits can meet once they join the company. It is very important that

they keep the promises made to the chosen candidates as soon as they begin to work and also during their careers (Cheese et al., 2008, p. 112).

### 1.2.3 Managing performance

Managing performance is a regular management process that contributes to effective management of individuals and teams. Furthermore, it is the approach of managing people and developing staff competencies which contribute in achieving high levels of organizational performance. Everyone in an organization must decide where improving performance makes the greatest difference to success (Boudreau, 2010).

Figure 1. The Steps Involved in Managing People's Performance



Source: M. Armstrong and A. Baron (2004), in B. B. Mahapatro, *Human resource management*, 2010, p. 112.

Successful appraisal methods have defined and explicitly communicated standards or expectations of employee's job performance (Mahapatro, 2010, p. 106). Evaluating the performance of employees is a process of continuous and organized planning, monitoring, evaluating, directing and adapting work performance and work behavior of employees, through which organizations are achieving two important goals: increase work motivation and create conditions for establishment of high-quality staff development plan, which

influences the career. Armstrong and Baron (in Mahapatro, 2010, p. 112) explain performance management as a cycle comprising of four phases (Figure 1).

The ability to manage performance makes the difference between the companies that produce suitable results and those that excel. To find the competitive advantage through its talent, companies have to put the performance management in focus at all levels. In an HC-centric organization, an effective performance management system is a must-have. Performance management systems have to determine the exact goals to be achieved and the measurement methodology and tools. The HC-centric organizations do not possess bureaucratic control systems and detailed job descriptions. Without an effective performance management system the employees may feel insecure of what they should do and what is considered an effective performance (Lawler, 2008, p. 100).

### **1.2.4 Competencies modeling**

Competencies are combination of knowledge, skills and behaviors required for an individual to effectively carry out the assigned role. Behavior consists of both emotional and social components such as self-awareness, confidence, and preparedness to collaborate. (Cheese et al., 2008, p. 91). Competency systems define capabilities than span multiple jobs and positions (such as vision, focus, action orientation, and ethics) and often provide a common language for training, performance, staffing, and other HR processes (Boudreau, 2010). Identification of competencies and clarification of values are very important tools for effective succession planning and management programs.

Rothwell (2010, pp. 87-88) is indicating confusions in defining competencies by the use of the two terms: competence - refers to the expertise required for some work and competency - refers to how these skills and knowledge are used and provide a superior work performance. Competency is a combination of skills, knowledge, characteristics, and traits that contribute to outstanding performance in a particular job. A competency model is the result of the competency identification - establishing the job competences. Competency assessment is the process of comparing an individual to an existing competency model.

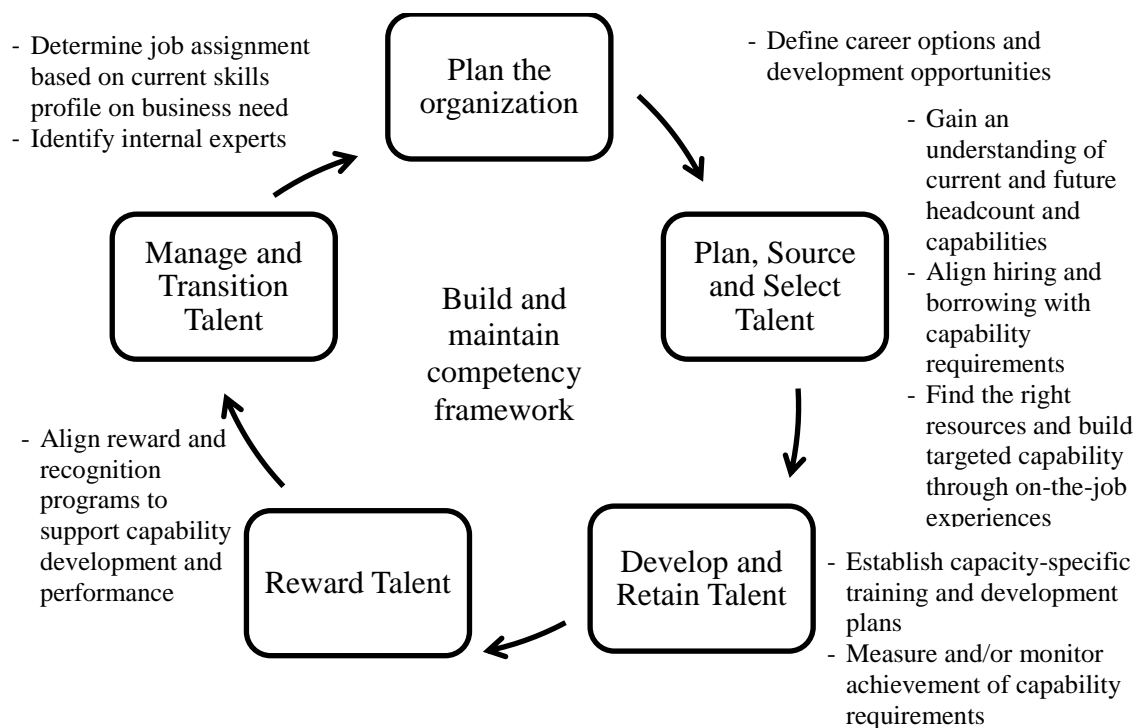
Competencies in general have strategic and job-specific basic forms. Strategic competencies are linked with the knowledge, skills, and behaviors which are directly related to the company objectives, shared values, and/or competitive advantage, as for example leadership, communication, effectiveness and business understanding. As the companies try to raise employees' understanding and engagement in the business, strategic competencies are more important than the job-specific ones (Berger & Berger, 2004, p. 385).

To link across all talent management and development processes, from recruitment, through learning and development, to performance management, companies must

understand which competency processes are required (Figure 2). In many companies it has proved hard to develop, implement and maintain such processes, which are often with little of value to support decision making. The key elements of the competency framework, as the first area of competency management, are the critical and the common competencies required for different work-groups. Competency categories need to be demonstrable, measurable and observable and usually divide into three main areas (Cheese et al., 2008, pp. 91-92):

- core competencies encounter the common skill combinations and behaviors that reflect the company values and culture,
- functional and technical competencies are the skills and knowledge required to perform the specific job or related tasks and
- professional competencies regard the behavioral aspects of competency such as personal and interpersonal skills and leadership features.

Figure 2. Competency Processes



Source: P. Cheese, R. J. Thomas and E. Craig, *The talent powered organization, strategies for globalization, talent management and high performance*, 2008, p. 92.

They note that their roles may shift from execution and team support to managing and leading teams as the employees develop their careers through the organization. Professional competencies such as leadership become more important as they progress upwards, while functional and technical competencies become less important. Grigoryev (2006, p. 16) suggests that analyzing the critical components of a position directly linked with the company goals lead to a development of effective competency models. After a

careful evaluation of the position for both technical and soft skill requirements, the experience suggests clear and understandable scales and descriptors for the different levels of competency required in each area.

Many technology packages as a part of larger HR information systems are now available to support competency identification and modeling efforts. Effective competency identification, assessment, and modeling are hard work. Competency development strategies may be divided into two categories: (1) generic and (2) specific to corporate culture. Competencies are used in two major, interrelated areas: within the evaluation and assessment of work performance and as a basis for professional development. Therefore, competency modeling is a very important tool in the hands of HR managers and assistants (Langdon and Marrelli 2002, p. 17).

### **1.2.5 Talent development**

Businesses need constant and continuous up-skilling by continually applying new techniques, processes and growth models and by working in new locations (Cheese et al., 2008, p. 114). Davenport and Prusack (in Cheese et al., 2008, p. 133) estimate that as much as 70% of essential knowledge is unrecorded and stored within the memories of individuals – which is commonly referred to as tacit knowledge. When these individuals disappear from the organization their tacit knowledge can well disappear with them.

In companies with a strategic approach for developing talent, employees continually acquire new skills and capabilities and take on new responsibilities. The talent powered company achieves development as part of its daily work, through work roles and special assignments, and through relationships at work, particularly with line managers. It trains and develops all managers to attract, retain, motivate, nurture and grow talent as their key priority (Cheese et al., 2008, p. 78).

By linking the core competencies to individuals' skill sets, company can focus on growth opportunities for each individual (Kirkland, 2009). SAP provides special functionality for personnel development which gives support to the companies in the process of short and long term development plans creation as well as for tracking and monitoring the progress of the employees. Through matching up the profile with the positions, the gaps in the skills and the knowledge can be identified tied directly to the specific training plans for each employee (SAP Solution Brief, 2011, p. 3).

Wide arrays of different practices for talent development are used in terms of talent development in companies:

- Training refers to the learning activities carried on primarily for helping the employees to acquire and replicate the knowledge, skills and abilities and attitudes needed by the

company. It teaches the employees to skills and knowledge which contribute to the company's efficiency and cope with the changes in the environment. The managerial skills should be continuously re-assessed in order to cope with the environmental changes. On the other hand, the technological changes make the skills obsolete. It necessitates training activities (Mahapatro, 2010, p. 281). Internal education and training, especially leadership development programs which companies often create in their internal corporate universities, sometimes in partnership with a local educational institution, provide curricula adopted according their business competency requirements (Berger & Berger, 2004, p. 301);

- Introductory training or orientation is provided for most of the new employees by many companies, either through an assigned older employee or by the HR department, or the individual's new supervisor. Mahapatro (2010, p. 282) adds that some companies in highly competitive industries recognize the value in the New Employee Orientation (NEO), which requires some weeks or in certain cases months of training to make the new employees familiar with the company, its products, its culture and policies, and its competition. Berger and Berger (2004, p. 296) suggest that it is crucial for the companies to clearly define goals, expectations, and ethical practices. The orientations may be structured or informal, and they need to be delivered with involvement of the organization's most senior leaders in order the messages to be strong and meaningful,
- Coaching as a strategy for development should be continuous and consistent. In order to bring an employee up in a particular technical skill or in the elements of a business plan more quickly, a peer coaching can also be of help (Berger & Berger, 2004, p. 297). Many organizations formally appoint coaches, but because teaching others and on-the-job learning are very much effective, most of the coaching is done informally (Cheese et al., 2008, p. 131);
- Development meetings, especially meetings in problem-solving groups, may serve as a place for competition, when, contrary to routine staff meetings which rarely hold the interest of a top performer, there is a pattern that expands beyond routine operational reporting (Berger & Berger, 2004, p. 298);
- Job rotations imply horizontal moving of employees from one job to another without any fundamental change in the nature of their jobs (Mahapatro, 2010, p. 266). The advantage of job rotation may reduce the monotony, broaden employee's knowledge and skill and make employees competent in several positions rather than in only one. It maximizes the long-term and the short-term performance of the employees by placing them in different assignments (Cheese et al., 2008, p. 227);
- Interim and emergency assignments of high-potential performers provide one option for many organizations which experience unexpected leadership voids as a result of

turnover, major change, or crisis. In such cases readiness from the prepared ones is expected (Berger & Berger, 2004, p. 298). The tools allow organizations to describe temporary assignments and projects and post them on the exchange for individuals and teams to bid on;

- Task force assignment is considered to be an excellent experience for the development of leaders. These assignments require orientation to actions, visibility and dedicated involvement of high-potential individuals. They enable the high-potentials to get their first opportunities for leadership through observing team dynamics and developing facilitation, negotiation and conflict-resolution skills. These types of assignments provide basis for delegating greater responsibilities in the future (Berger & Berger, 2004, p. 301);
- External course work in a form of for example an executive program may provide maximum opportunity for trying out new things, away from the specific leadership scope, when formal internal development programs are unavailable or another learning environment is desired (Berger & Berger, 2004, p. 302);
- Guided reading helps to broaden intellectual and cultural interest. Some companies have made a practice of assigning periodicals and recent business books as part of a development plan (Berger & Berger, p. 303). It helps the talent, as well as the company, to keep up with the newest trends and developments in the given area;
- Teaching as learning - a talent powered company is at the same time a learning and a teaching organization. It is a master in regard to how to invest in learning and development and knowledge-management capabilities and how to use them to speed-up the skills building and improve competitiveness in its crucial employees (Cheese et al., 2008, p. 242);
- E-learning - The existence of the internet and continuous reductions in the expenditure of information technology have radically enhanced the range of learning options in companies. Technology has huge potential to fuel the learning organization (Cheese et al. 2008, p. 137). Organizations that have the resources to invest in Web-based learning are plumbing a whole new well of opportunity for learning and information delivery (Berger & Berger, 2004, p. 305). People with needs for development will naturally be closer to Web-based programs when they are designed in short modules that parallel a leadership group's learning pathway or support a performance management program that has online mentoring and dialogue capacity.

Every learning methodology does not work with every individual on a growth track. Employees' development is a critical competency for all companies. It is particularly important in businesses and sectors where main tools for creating value are the employees'



knowledge, skills and capabilities. Talent-powered companies give learning and development highest priority (Cheese et al., 2008, p. 151).

### **1.2.6 Talent review and succession planning**

Hirsh (in Consultancy and Training Partners, 2006, p. 2) defines succession planning as a process by which one or more successors are identified for key posts (or groups of similar key posts), and career moves and/or development activities are planned for these successors. Successors may be fairly ready to do the job (short-term successors) or seen as having longer-term potential (long-term successors). Succession planning is part of a wider set of processes called succession management, which includes management resourcing strategy, aggregate analysis of demand/supply, skills analysis, the job filling process and management development.

According to Stevens (2008) succession planning is a constant challenge for all kinds of organizations regardless of their size. By identifying and training high-potential employees, it is supposed to minimize the risk through appropriate compensation, recognition and readiness of successors. Succession planning focuses on developing plans to replace the most senior staff, such as the CEO or board members in case of an unexpected event.

Succession planning is important part of each business. According to Clark (2011) each leader's term has an end and then the replacement becomes necessary. The company should have a plan for that moment in order to avoid the difficulties of being forced to transition to a temporary leader, or in the worst case, in a hurry to choose a permanent leader. Each company should carefully plan the succession of their leaders in order to find appropriate replacement available almost immediately when the need arises. To fill the top positions, maintaining a database of all the employees who show the required potential could be of great help. It allows monitoring of the progress over a prolonged period and to make recommendations for promotions that will put people on track for a senior position.

Clark (2011) also states that professional development programs need to be available to the most promising employees. A plausible solution to do that is by paying partially or fully for employees to continue their education, such as completing an MBA program.

To achieve the best succession planning, the company should start with a well-thought-out strategy of where the marketplace and the business are going and after many years of internal discipline, should result into a careful and systematic planning that never stops, because while one leader is in place there is always the preparation of another who will take his or her place when needed. (Berger & Berger, 2004, p. 244).

According to Hirsh (2000), succession planning needs to be owned by line managers under an active leadership of the chief executive officer, who has a key role in making sure that succession planning has been given the importance it has to have by the other senior managers. Ensuring a healthy pipeline of potential leaders is absolutely crucial for the future of the organization. But it is not realistic for CEOs and those around them to have sole responsibility for this, since they have neither the time nor the required expertise (in Consultancy and Training Partners, 2006, p. 5).

According to Cowie (2005), all organizations need a certain amount of new blood to bring in fresh ideas and approaches and fill unanticipated roles. Companies seem to rely either too much on outsiders or too much on insiders, pointing out the difficulty to find the right balance, which according to some academicians determines a ratio between insiders and outsiders of approximately 80:20. Some also argue that outsiders should get a place somewhere below the board function in order that these people with outside experience can become familiar with the corporate culture and go through a development before making the next step up in the hierarchy (in Consultancy and Training Partners, 2006, pp. 4-5).

The succession planning cannot be defined in a single unique model with exactly defined rules. Every company is different and the presented conclusions are based primarily from the experience of large organizations. Smaller organizations could take parts or certain practices which suit them best. But the fact that all organizations need leaders with different range of experience is not to be disputed. Relying only on various management training programs is not enough in getting the hands-on experience which is considered to be critical for forming the future leaders (Cowie, 2005; Hirsh, 2000; in Consultancy and Training Partners, 2006, p. 5).

### **1.2.7 Talent retention**

Today employers are facing great challenges in their efforts to find and keep the good employees (Irwin, 2011). Employees effectively contribute to the successful running and profit making of a company. Every company invests time and money to induce a new employee that joins in order to make the individual ready to participate in the fulfilment of the corporate objectives and bring him/her at par with the existing employees and the company's environment. Companies deploy different policies and practices in order to fascinate the employees to stay with them for a longer period of time under one term named retention.

Retention also refers to the various techniques and strategies of the management for motivating employees stay in the company maximum time possible and contribute effectively (Management Study Guide, 2013). The employees' retention mostly depends lately on how the company provides the balance between work and life (Mahapatro, 2010,

p. 22). It is closely related to the employees' engagement, creativity, risk taking, innovativeness and satisfaction.

It is a vast loss for a company when employees leave their jobs after being fully trained. It is a natural tendency for them to look for a change to other companies because of different factors such as their own progress, higher salaries, comfortable working times, better environment, or growth possibilities. Nair (2013, p. 220) in his research concludes that one of the most present factors for leaving a company is the frustration and the constant friction with the superiors or other team mates. The management must find ways to retain those employees who effectively contribute to achieving the company's objectives. Line managers are responsible to make sure that the employees are satisfied with their roles and responsibilities and that their daily activities offer new challenges and constant learning.

It is often believed that employees leave their organizations in the first place for better wages and benefits. Actually the real reasons are much different. One of the main causes of top-performers' turnover is reported to be the not adequate job-fit. It leads to frustrations of the top-performers, because they are not doing the job they would like to do. The job dissatisfaction due to these mismatches results to a large extent in an unwanted turnover of the talents (Stevens, 2008).

Talents need to find their jobs challenging and interesting in order to develop at work and stay longer with the company. Major role in the retention of the top performers who are accustomed with the working environment and perform better than the other employees who only come and go plays the management. The management cannot fully control the process of attrition, but can proactively manage it by using some retention strategies. They include hiring the right candidates, employee recognition, avoidance of conflicts in the work place, company's rules and regulations, but also delegation of responsibilities in accordance with the person's specialization and interests. The employees must feel indispensable for the organization (Management Study Guide, 2013).

The monetary dissatisfaction is usually one of the major reasons for an employee to look for a change. The problem arises when an employee asks for exceptional conditions which go beyond the budget and is not willing to make a compromise. Since the company must as well take care of the other employees' interests, it can't afford making them angry. When an employee has unrealistic expectations from the job it is almost impossible to find any solution. A sufficient level of maturity by an individual is required that not everything can be asked for in an organization. Different individuals come together at the workplace, so some misunderstandings could arise which should not become a reason for a change, but as something which could be easily dealt with (Rao, 2012).

Lack of challenges and a monotonous work is quite often a cause to change the employer. Therefore, employees should be given responsibilities according to their specialization and

background, motivating them for a high performance. Doing interesting things makes talented employees deliver most (Management Study Guide, 2013).

Companies have to work hard and consistent to retain those individuals who are really important for the organization because as much as the processes of identification, selection or managing of talents are important for the company, this process of retention is of great value for future development. Talents need to be offered to do something innovative. They do their best to deliver highest level of working in accordance to the expectations of the management, at the same time looking forward towards achieving the company's objectives and goals.

## **2 STRATEGIC APPROACH TO TALENT MANAGEMENT**

The talent management strategic framework reviews all the human capital elements of the business required to meet the goals and objectives set out in the business strategy, and pulls them together in the form of a unifying human capital strategy. In order to fulfill this strategy, all talent related processes and capabilities need to be aligned and integrated, working towards the same end. It starts with a proper definition of the talent requirements based on a clear understanding of the business strategy, integrating all the potential sources to discover talent, and then to develop and deploy talent in the right way at the right time (Cheese et al., 2008, p. 51).

If talent management is to be as strategic as its proponents hope, it must shape organizational strategy, not simply respond quickly to the implications of the strategy. Strategic talent management needs to develop a point of view regarding how talent decisions are made. Boudreau and Ramstad (2005) stated that HR must have a unique, talent-focused perspective for improving decisions, not just a process for implementing decisions (in Lewis & Heckman, 2006, p. 145).

Two streams of research seem to hold the promise of creating a truly strategic approach to the talent management. Both draw from strategy work developed in fields outside human resources and apply those fundamental concepts to strategic decisions regarding talent. Barney (1991, 2001) advocates that sustained competitive advantage accrues to firms that develop resources which are valuable, rare, and hard to imitate. Resources (financial, physical, human, and organizational assets) that are hard to imitate will likely provide advantages over the long run (in Lewis & Heckman, 2006, p. 145).

Boudreau and Ramstad (2005) suggest integrated principles of strategy, economics and human resources, and draw lessons from the evolution of the fields of finance and marketing to develop a decision science that can underpin a talent management they call talentship. They note that HR should develop a science that makes decisions about talent resources in the same way as finance has developed a decision science to enable business

decisions separate from accounting measures. The positive outcome is that talentship gets embedded in talent decisions at each place in the organization – similar as the financial decision tools are embedded in human resources investment decisions (Lewis & Heckman, 2006, p. 150).

They designed a framework which shapes decisions at three independent levels of analysis - impact, effectiveness, and efficiency - and the organizational tools, practices, and resources which influence those decisions. The first level refers to the strategic impact of changing a talent pool, i.e. how improving the performance or the depth of a particular talent pool influences the company's capability to reach the major strategic goals. Effectiveness refers to the degree to which interventions affect the behaviors of those in the targeted talent pool. Efficiency is a measure of the amount of activity generated for the investment (Lewis & Heckman, 2006, p. 146).

## **2.1 Designing organization**

In the process of designing an organization, irrespective of whether it is a HC-centric or a structure-centric one, it is a great challenge to create a highly effective design because no single practice, process, structure, or system can be seen as a stand-alone best practice, regardless of how good it is. Even when the simplest organization is reduced to its fundamentals, it will still be complex, and will require various systems, processes, structures, and practices. An organization may set up all the best practices, but it will not be effective if those practices do not work together to produce supporting behaviors for its business model (Lawler, 2008, p. 36).

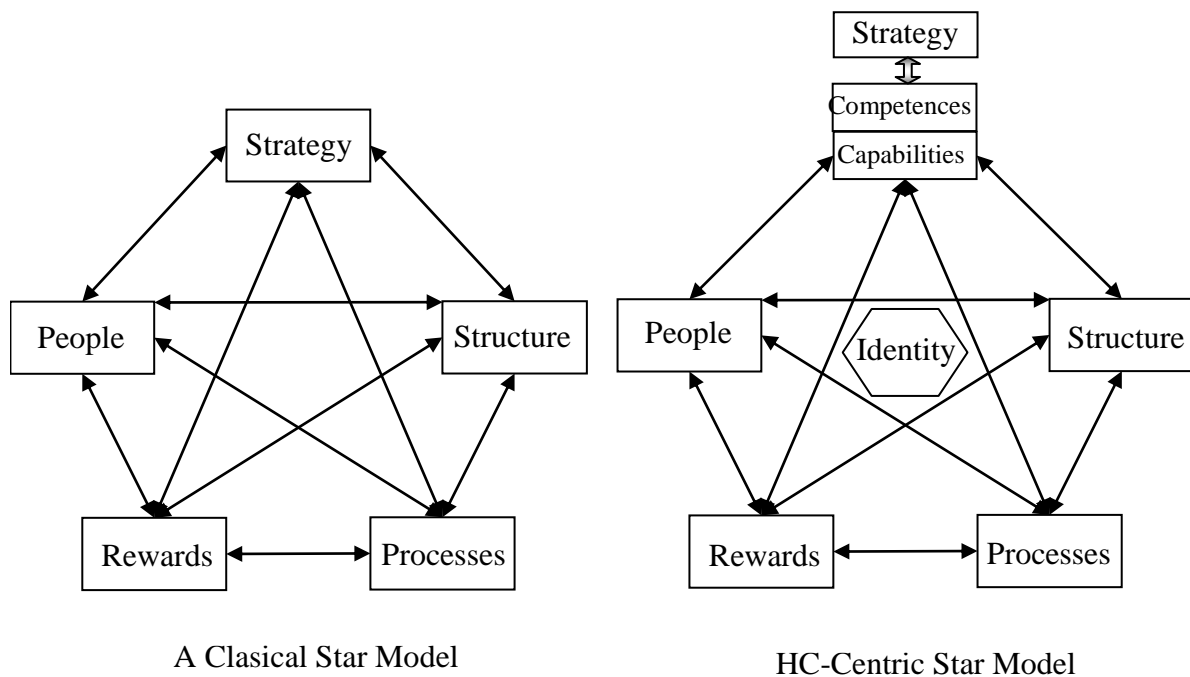
The key to designing an HC-centric organization is to create the related systems, practices, processes and structures which support the effective acquisition, development, deployment, retention, and performance of talent. The organizations which consider their human capital for its competitive advantage require different practices and structures from the typical ones (Lawler, 2008, p. 36).

The star model (Figure 3) is used to present the key elements of an organization. Galbraith (1995) identified five interconnected star points that must work together to create an effective organization. Lawler (2008, p. 37) presents the revised HC-centric star model as an improved model for companies that want to become HC-centric, which adds the competencies and the capabilities to emphasize their role in the formulation and implementation of the strategy. Identity is also added to the model in order to highlight the importance of the organizational culture.

The strategy should give a definition of the products, services, and markets that are in focus of the organization and how it will compete. It presents the intention of the organization that should lead to the choices about how it creates value and about how it is

designed. The strategy may or may not be anchored in its mission or purpose, which is much more likely for structure-centric organizations. When it comes to how the business strategy is executed and how the organization is designed and operates, HC-centric organizations need to make sure that they do what they say (Lawler, 2008, p. 39).

Figure 3. Comparison between a Classical and a Human Capital Centric Star Model



Source: E. E. Lawler, *Talent: Making people your competitive advantage*, 2008, p. 37-38

The knowledge in a company usually lives only in the brains of few employees. The products and services a company offers depend on the technical expertise and knowledge base known as competencies. The things that the company can do are called capabilities. The capabilities do not exist with one or a small group of individuals and are products of the collective knowledge and ability of employees to work together, to deliver the products and services. The existing competencies and capabilities should ensure a good fit to the strategy and are critical to the execution of the strategy. The development of new competencies and capabilities is important and closely linked to the availability of talent (Lawler, 2008, pp. 40-42).

Structure is the most descriptive feature and typically attracts highest attention when organizations are being designed. It must fit with the other points on the star. HC-centric organizations look differently from structure-centric ones regarding the job types and the organizational chart designs. HC-centric organizations usually have flat structures with few supervisors as well as team-based structures. They enable employees to be flexible about what to do and how to do it (Lawler, 2008, pp. 44-45).

Structure-centric organizations emphasize the hierarchy and often use matrix structure with various reporting relationships. The jobs are well defined and described with clear responsibilities and authorities. The work is segmented into small parts of a total service or production process with highly repetitive, low-skilled jobs. The sense of wholeness is missing and the employees are rarely motivated to perform well (Hackman & Oldham, 1980).

Having no effective information and decision processes, there is no organization. The information and decision processes cut across organization's structure as the nervous system, thus gathering data and controlling the actions. They are the glue which holds an organization together, allowing coordination. The communication and decision processes need to fit to the organization's structure and are very different between an HC-centric and a structure-centric organization (Lawler, 2008, pp. 49-50).

Information flows not only up, but also moves across and between different parts of an HC-centric organization. It uses non-hierarchical information and decision processes since it would be unable to function because the senior management would be overloaded. The employees need much more information than is required in a hierarchical organization in order to make informed decisions and manage their performance. They need to get data about the operations and the financial results to understand the impact of their performance and get engaged in better self-direction and self-management (Lawler, 2008, pp. 42-43).

The talent needs, the information processes, and the structure of an organization are the factors which determine how the reward system should be structured. What will be rewarded critically depends from the company's strategy, and its competencies and capabilities. Structure-centric organizations have well-developed hierarchical reward systems and compensations based upon the job nature, seniority, and in some cases their performance and their market value. Higher-level employees are much more important than lower-level ones for the performance of the organization since they make the key strategic decisions and direct the work of others (Lawler, 2008, pp. 53-55).

The competitive advantage of the HC-centric organizations rests on their ability to attract, develop, retain, and manage talents with the competencies and capabilities which fit their business strategy. The reward system of an HC-centric organization emphasizes the focus on talent and human capability and rewards high levels of performance. In the center of interest is the individual, not the job position. The skills and competencies of the employees drive the reward system based on the organizational performance (Lawler, 2008, p. 57).

As presented in the center of the modified star model in Figure 3 is identity. Lawler (2008) chooses identity rather than the more common term, culture, because it better captures this critical feature of an HC-centric organization (p. 61). For Hatch and Schultz (2002) culture

usually refers to the internal values and norms of an organization that define how things are done and what is important. It is almost always measured by surveying the employees' opinion. By identity, as a psychological concept which is subjective and exists in the eyes of its customers, investors, and competitors, is meant the fundamental personality of the organization with respect to how it treats people, what it values, what the right ways to do things are, and what are acceptable and unacceptable behaviors (Lawler, 2008, p. 61).

The identities for both structure-centric and HC-centric organizations are often clear and strong and considerably vary in their key features. While structure-centric organizations have bureaucratic, stable, rigid, and in some cases efficient identities, the HC-centric organizations need to articulate an identity that determines the importance of human capital where talent is the key to the organization's competitive advantage (Lawler, 2008, p. 61).

## **2.2 Leading**

Organization's leaders are the ones responsible by default for many of the good and bad things that happen in and to the organizations and they get the credit when a company does well and the blame when a company fails. Senior executive leadership is exceptionally important for the effectiveness. The quality of top and the senior management affects the financial performance and the motivation and satisfaction of its employees.

However, the key roles in employee's behavior play not just the CEO and the senior executives but the employee's immediate supervisors. These persons provide much of the day-to-day motivation and the orientation to most of the employees in organizations. They possess and pass along the technical and organizational knowledge linked with the strategy implementation, change management and work processes. They also shape the culture through their immediate behaviors in a tangible manner more than the senior executives (Lawler, 2008, p. 196).

The CEO of Hewlett - Packard Mark Hurd has argued that in HC-centric companies leadership should be a team sport played by everyone, not only by the executives and the immediate superiors. There are two critical reasons for the success of an HC-centric organization in regard to the effective leadership: it substitutes the missing bureaucratic controls and structures and it provides the required motivation and culture which makes talent a competitive advantage. There, an employee can easily show leadership by encouraging the peers, being a role model, explaining a corporate policy or business decision and especially by expressing disapproval of what someone does or doesn't do (Lawler, 2008, p. 197).

In HC-centric, particularly high-involvement organizations, the persons in management positions have to be both with good managerial and leadership skills, which is quite complementary. There is no thing which prevents a good manager from being a good



leader, and vice versa. On the other hand, it is not necessary to be a manager in order to be a leader i.e. those who are not in managerial positions can and often do act as leaders in HC-centric organizations (Lawler, 2008, pp. 197-198).

### **2.3 Managing change**

The process which includes a comprehensive, cyclic and structured approach aiming to move individuals, groups and organizations from the current to a future state resulting with intended business benefits is defined as change management. It makes organizations able to align and integrate people, structures, processes, culture and strategy. In reality, the successful organizations advance through dynamic strategies that have a purpose and effectively anticipate, reflect, and respond to evolving and fluctuating trends, configurations and happenings in the external environment (Project Management Institute, 2013, p. 2).

An important tool for many businesses is the organizational change management, since it allows for the stabilization and continued growth of a company which is experiencing turbulent periods. Change management games can often be tricky and rocky, but sometimes also a fun, an interesting way which requires specific strategies to impart the skills required for realization of the objectives, to maintain productivity, to hold on to clients, and to keep up morale in the work environment. But, it can be very frightening if the implications of this new environment sink in (Mahapatro, 2010, p. 315).

The employees from an organization which aims to change need to be motivated to change and to know what kind of change is wished. The organization needs the ability and resources to change, and also people with adequate skills and competencies. When it comes to moving from a structure-centric to an HC-centric organization, it is relatively easy to convince a substantial number of individuals about the advantages of the new management approach. Most individuals like to be involved in decisions that affect their workplace, enjoy being part of a community, and want to develop new skills and abilities. Changing a structure-centric organization into an HC-centric organization is still likely to require numerous change efforts before the right HC-centric approach is fully implemented (Lawler, 2008, p. 225).

Many employees may lack the required skills in the new environment. They may feel threatened by the change and therefore show resistance, especially if the organization is not willing or not able to provide larger investment in training and developing for the existing employees. Eventually a major change almost always involves personnel changes in order to be successful. The efforts to move toward the high-involvement approach need to have active members on the teams that work on the design, to help plan the implementation, and to carry out the implementation (Lawler, 2008, p. 228).

Lawler further claims that when an organization turns into HC-centric and relies on high involvement of talent, all following changes to fulfill the organization policies and objectives and to retain the competitive advantage should run more easily, because talents will carry those changes and they will prevail on the people resistant to change. Changes then should be part of the identity of the HC-centric organizations.

## **2.4 Technology support for talent management systems**

The main features of the companies in this century are globalization, the lack of clear boundaries in organizations, focusing on complementary basic resources and activities, together with the allocation of other resources. Knowledge and the intellectual capital are increasingly becoming crucial resources for companies, while the use of information and communication technologies (ICT) becomes inevitable for coordination of the working activities (Horvathova & Davidova, 2011)

Employee self-service, online portals and web-based performance management tools are in their advanced generations of growth and have seen significant adoption rates among the world's largest companies (Berger & Berger, 2004, p. 415). The development of telecommunications and information technology has a great impact on the companies. It challenges HR especially as a result of the outsourcing, since outsourcing saves money also for many of the HR processes which are linked to the advanced usage of the ICT technology (Mahapatro, 2010, p. 22).

The internet and steady reductions in the cost of information technology have dramatically enhanced the breadth of learning options in organizations (Cheese et al., 2008, p. 137). Technology-enabled tools and applications which make talent recruitment easier include Yahoo!, Resumix, Unicru, and Monster.com.

The utilization of appropriate ICT is a precondition for a quality application of talent management, especially in the large companies. Additionally to other commonly used ICT, it is most efficient to use the application of special computer software in the specified field, which can collect data, carry out different analyses, iterations and possible evaluations. Its application will automatize the basic HR processes and improve the quality of managers' communication with their employees in real time (Horvathova & Davidova, 2011, p. 460).

Horvathova and Davidova state that companies can get a significant help by using a special software for recruitment and retention of talented employees in global terms at efficient prices, to cut expenses for administration and training, to reach company's objectives through enabling the substitution and development of employees, to accomplish an overview and supervision over the whole process of development strategy and transform the employees into real assets. There is different software which could be implemented

within every company's processes. Along with its applicability comes better talent management.

On-line applications are used as well. The SAP fully web-enabled, integrated recruiting solution gives companies possibilities to source from global pool of qualified internal and external talented individuals. Recruiting specialists from different parts of the organization can make use of the talent pool to manage projections in an effective way and to search appropriate candidates for any open position (SAP, 2011, p. 2).

Horvathova and Davidova (2011, p. 460) argue that the entire process of talent management is generally separated into three elementary phases - identification, development and retention - which then consist of some further smaller stages that are implemented just on-line, others in a combined way, partly on-line and partly in a form of a piece of paper and a pencil.

In such a way, the recruiters can work more quickly through the ocean of applications that come in from multiple sources and use powerful workflow functionality to automate tasks. Processing of the job applications and monitoring the effectiveness of the recruitment is easily organized by the applicant tracking and reporting functionalities (SAP, 2011, p. 2).

Tools and technology can help in creation of job postings for positions that one company opens. They also enable the job posting for lots of candidates, casting a wide net. Together with the ocean of potential candidates comes the challenge of cutting the list to a reasonable size, so that first-cut phone interviews can be conducted (Hartley, 2004).

Initially, recruitment is one of the segments that changed with the introduction of the new technologies. Before the advent of the Internet, everyone relied on printed media, such as the newspapers, to publish jobs and open positions. Networking was also used, but it has restricted the possibility for many potential candidates to get the information. Technology has made recruitment more efficient, and in the hands of the right agent, more effective. Training and development for the new employees also became simpler. The capability for accessing information and training programs from distant locations eliminates the need for trainers being in direct contact with the new recruits. There may be lack of a certain level of interaction, but the virtual classrooms make training, development and evaluation of a large number of candidates in a short time possible (Kjiroski, 2013).

In order to broaden the horizon of academic and practice work on HR applications, as an advanced practical and scientific work at the universities, Jantan, Hamdan and Othman (2009, p. 811) propose system architecture for talent performance forecasting which consists of four main components: knowledge discovery in database, model management system, knowledge base system and an advisory system, all based on collected empirical data. The data in HR should be tested using some of the forecasting techniques. Some of

the techniques can be hybrid with other techniques which can produce better decision making results.

### **3 EMPIRICAL STUDY OF THE STRATEGIC TALENT MANAGEMENT AMONG THE LARGEST MACEDONIAN EXPORT COMPANIES**

#### **3.1 Research approach and objectives**

In order to assess the current situation on talent management in Macedonia, a representative sample concerning talent management practices are the most successful Macedonian export companies in 2011, which compete on the regional and the global market i.e. in a broader economic environment. Therefore the survey is based on the edition published by a Macedonian economic magazine (Top 100 exporters, 2013).

The survey was performed to diagnose the current development stage of the talent management practices in the Macedonian export companies and to provide answers to the following core research questions:

- Is there awareness for the importance of the talent management practices in the Macedonian companies and to what extent?
- What kind of strategies do the biggest Macedonian export companies establish in regard to selecting, employing, developing and retaining the talents, the high potentials, the knowledge workers and the future leaders?
- What are the mostly used talent management practices? Are there cases with an integrated talent management system?
- Are there specific patterns regarding the strategic talent management approach depending on the companies' capital, size, field of operation and the existence of internal HR-capacities?
- Do the universities and consulting companies in Macedonia provide any support for the companies regarding managing talents?

The objectives of the research are to assess the awareness of the importance of talent management and the relevant practices in the Macedonian economy through the 100 most successful export companies (Top 100 exporters, 2013), as well as what extent they are deployed to. It is of interest to find out if there are any patterns related to the industry or to the basic company features as the size, the capital or the HR capabilities. An auxiliary objective of the survey is to identify if there is, not only demand, but also capability within the Macedonian scientific and university capacities to support the rising awareness on managing talent, as well as among the practitioners and consultants to help companies in implementing such practices and systems.

Both the results from the survey and the thesis recommendations need to contribute to raising the awareness in Macedonia on the necessity of practices for identification, development and retention of talents. They are also supposed to provide evidence of the practices used by the Macedonian companies and as to what extent. The conclusions from the analyzes based on the survey encounter suggestions for awareness raising as well as for a structured approach towards adopting the most common and world-wide talent management practices.

### **3.2 Methodology**

The research for this thesis is empirical, based on a quantitative survey in the first stage and in addition to a qualitative survey in the second stage. The quantitative survey relies on a structured questionnaire (Appendix B) which, aside from the introductory part, consists of three major sections of questions. The first part involves demographic questions in order to identify the industry, the capital (domestic, foreign or mixed), the size (medium or large) and the organizational capacity concerning human resources management, as well as the position of the respondent in the company. Secondary sources (200 biggest, 2013), which provided background information on the relevant respondent companies, about their size, capital structure, their annual turnover and the industry, contributed to the analysis and verification of these results.

In the second part the quantitative survey raises questions so as to assess the organizational awareness of the talent management in relation to the general company's strategy. Hence, it offers definitions for talent and talent management in a particular company and raises questions of the existence of a strategic approach and of an integrated talent management system which positions in the company it affects, and if a defined talent pool exists and is managed.

The second part includes a set of questions in order to identify the existence of some practices which are usually part of a typical talent management system. The questions are supposed to identify existence of a competency models linked to the certain positions in the company, defined practices for recruitment, attraction including employer branding and acquisition of talents. Some of the questions are designed in a form to assess not only the existence of some talent management practice, but also to define the grade of development of that practice as for example the talent personal, professional and leadership development programs, job rotations, career plans and performance appraisals.

For this purpose, experiences from relevant surveys of the Boston Consulting Group and World Federation of People Management Associations (2013) and of Graf and Laske (2010) are consulted, and some questions are accordingly modified and adopted for this research.

In the third set of questions, subject of the survey are the experiences of the companies on the extent of external help by the universities or by the consulting companies during the implementation of the talent management practices and the processes as part of a talent management system.

Expecting that the sample of the 100 top Macedonian exporters would largely shrink due to the fact that in general the talent management is still out of the map of the companies in Macedonia, and especially due to the fact that half of the surveyed companies belong to the group of micro and small companies with employees headcount below 50, where a talent management system makes no sense due to the size of the company, a second attempt of a qualitative survey took place. The qualitative survey serves as a verification tool of the results and observations from the primary quantitative research.

The second stage searches for answers to the basic research questions through semi-structured interviews with a help of a conceptual questionnaire (Appendix C) within the representative group of respondents from the quantitative survey. It offers a deeper analysis of the awareness, the current usage of the talent management practices and experiences, as well as the perception for the overall situation regarding talent management in Macedonia. Besides that, the interviewees were asked to provide their estimation of the situation with the experiences and support of the existing universities and the consultants on the topic of talent management. Also representatives from the academic institutions, as well as from the representative employers' organization and the association of the human resources professionals have been interviewed. Finally, to wrap-up the picture, a representative involved in the public administration contributed to the survey.

### **3.3 Research process**

Taking into account the perception before the beginning of the survey, that the Macedonian companies in general, including the Macedonian export companies, are not much aware of the possibilities which the talent management systems provide, and, based upon observation, that they do not widely and strategically adopt some of the talent management practices in their daily human resource management systems, the two-step research process which included a quantitative and a qualitative part was designed.

The list of the 100 top Macedonian export companies served to identify the potential respondents of the survey before the delivery of the questionnaires, taking into account the anticipated difficulties in the selection of the right respondents from the companies to receive the questionnaire. An electronic database of all selected companies, including the contacts (post and e-mail addresses, phones and contact persons) provided the basis for the delivery of the questionnaires.

The questionnaire with an introductory part and additional background information was delivered via the SurveyMonkey (2013) internet mediated survey. Prior to the survey, a test trial was conducted by collaborators and colleagues in order to prove the validity and functionality of the internet platform.

For the quantitative survey a multi-stage sampling method was used. The first round consisted of all 100 export companies, which were invited to participate in the internet based survey via an e-mail in July and August, 2013. Additional telephone and e-mail reminders with one-month prolongation of the deadline for the internet survey took place and this led to 17 answers. The response rate from the first invitation led to engaging a purposive sampling, narrowing down the sample to the medium and large companies (with over 50 employees) from the list.

For those companies which did not give their answers through internet, a direct and/or telephone contact for filling out paper form questionnaires was used and through these channels additional 10 answers were provided.

The qualitative survey used semi-structured interviews with the responsible contact persons from the selected responding companies. The questions and the discussions (Appendix E) were designed based on the result analysis from the quantitative survey, in order firstly to verify the accuracy of the provided answers in the quantitative survey and to provide additional explanations for a deeper analysis of the companies' experiences in the implementation process of talent management practices and processes, as well as of their future perspectives.

The perceptions of the overall situation concerning talent management in the Macedonian companies and the awareness of this topic were also part of the discussions. The discussions were guided by the basic research questions, directed towards putting forward some recommendations for the other companies which would have in mind implementation of certain talent management processes, taking into account the results of the respondent-companies' own experiences.

The final interviews involved representatives from the consultant and the university sector active in the field of human resources management in order to get an insight about their capacities to deliver lectures, trainings and consulting services on talent management topics and also to get their perception of the current capabilities in the Macedonian economy and the public sector for managing talents.

### **3.4 Limitations and exclusions**

The defined sample of the 100 largest Macedonian export companies needed to be restricted after the results of the primary quantitative survey. This outcome was expected

due to the fact that among the Top 100 Macedonian export companies, one part were micro companies with a very low number of employees (0-10), in which an implementation of a talent management system or processes would not make any sense.

The rest of the small companies with a headcount below 50 were also analyzed after the quantitative survey. Bearing also in mind the personal perception as a long time professional and practitioner in the field of the human resources management of the overall awareness among the managing staff and the HR professionals in the Macedonian companies especially when it comes to talent management, short phone calls with several of them headed to the conclusion for the necessity of exclusions of the companies with less than 50 employees from the second stage as well.

### **3.5 Data collection and analysis**

The survey consists of two stages: an internet mediated quantitative survey and an interview-based qualitative survey.

The data for the quantitative survey have been acquired partly through the internet mediated survey, and afterwards, through direct contacts with relevant representatives of the companies who did not take part through SurveyMonkey (2013). The quantitative survey data received from the companies, whether through the internet survey or through the paper-filed questionnaires, were inserted in a spreadsheet and then, taking into account the relatively small number of data received from the respondents, analyzed by using pivot tables from intersectional aspect.

They have mainly been analyzed from the aspect of the three groups according to the main differentiation criteria: the size, the capital and the industry. The specific relations of the parameters such as the awareness of the existence and importance of the talent management, the existence of institutional capacity for HR activities, presence of a talent management system and/or of certain talent management practices were then considered for each group of companies.

The analytical tools available through the SurveyMonkey platform enabled multiple custom reports, filter and cross tabulate responses by custom criteria, to download responses and to create and download custom charts, as well as to share the responses. They were taken as a pattern for the further spreadsheet analysis whereas different charts for the relationships between different parameters from the questions were produced, showing the relationships and the relevant patterns for interpretation of the received results.

The results of the survey also provided data on which practices are mostly used by the Macedonian companies and to what extent. The lack of answers on some of the questions



by the respondents or the high variation in some answers led to the result of not having any patterns for these questions. Therefore they were not presented in the results and the findings. The conclusions from the analyzes based on the quantitative survey were supposed to include suggestions for the raise of awareness, as well as for a structured approach towards adopting the most common and world-wide adopted talent management practices.

The second stage qualitative survey data were collected through direct face-to-face semi-structured interviews with carefully selected professionals which represent the most important segments: large and middle sized companies with domestic and foreign capital who already have knowledge and some talent management practices in their companies, representatives from the relevant employers' organization and human resources association, as well as representatives from the academic sector. Besides verification of the quantitative survey data, the answers from these interviews were analysed to qualitatively prove the patterns and estimations received from the quantitative data analysis and to draw final conclusions on the main research questions.

### **3.6 Data verification**

The results from the internet survey and from the paper filed answers needed to be aligned and put into a spreadsheet in a form fitted for verification and further analysis. Double reading, proofreading and re-checking were used for the verification. All inconsistencies have been noted and additionally verified through telephone checks.

The answers received during the qualitative survey actually verified the received results in the quantitative survey and proved that the awareness and the capacity in the micro and the small Macedonian export companies is not enough for any implementation of some talent management practices or systems. But they also verified the low response in the quantitative survey due to lack of awareness and capacities in the bigger companies as well.

## **4 RESULTS AND FINDINGS**

The quantitative survey met the expectations that the response rate from the targeted 100 top Macedonian export companies would be very low. Two companies were immediately excluded because all the tries to establish a contact failed. Although the time for the internet mediated survey was additionally postponed for one month and lasted for two months in total, the response rate was below 20% or in total 17 respondents. The additional efforts for direct contacting and collecting of paper-filled questionnaires contributed with additional ten more responses. The analysis finally encountered 19 companies, after excluding the ones that have answered only the general questions and gave no answers on talent management.

The results confirmed that the survey would not have any outcome in the companies the size of which falls into the group of micro and small sized companies with a headcount less than 50 employees. The judgment which was previously developed based on the perception of the overall awareness for managing the human resources in Macedonia, the size of the economy and the development of the participating companies, as well as several telephone calls with some of the managers and/or owners of these smaller companies and HR professionals verified this outcome.

Having all that in mind, and the very low number of some two handful of companies, with relevant answers, showing awareness for talent management and having certain experiences of some talent management practices, it was obvious that the quantitative survey could serve only as a pilot giving a direction for the second attempt of a qualitative survey with several professionals who do have knowledge about the talent management topic.

The carefully picked up interviewees for the semi-structured interviews of the quantitative survey proved to fulfill the expectations from before the quantitative study was carried out, to prove the results of it and to give answers to the research questions defined for this first research of such a kind in Macedonia, as well as for this master thesis.

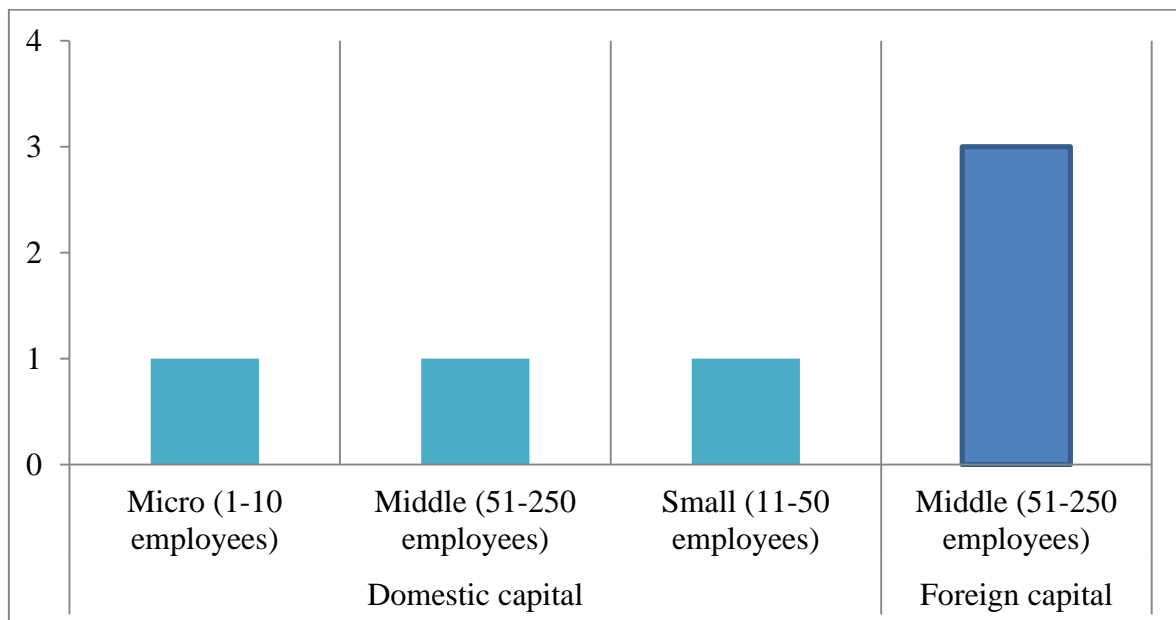
## **4.1 Summary of the key findings**

The quantitative survey proved that less than just a little bit more than one quarter of the selected one hundred biggest export Macedonian companies responded to the given questionnaire. Five out of 27 respondents in the quantitative survey did not give any answer beyond the questions from the first part of the questionnaire on the company basic data, which further lowered the actual respond rate. Additional four respondents did not answer any of the questions related to the talent management practices from the second and the third set of questions. Most of the responding persons fall into the group of qualified respondents such as senior managers, directors or CEOs (32%) or department/functional managers (59%). This proves that the data received from the answered questions should be considered accurate and it determines a high rate of validity of the given responds.

Most of the companies (10), that participated in the quantitative survey come from the manufacturing industry, four of them come from the food and beverage industry and eight - from other different industries. Most of the responding companies (10) are predominantly with a foreign capital, eight of the responding companies possess predominantly a domestic capital and the rest five - a mixed capital. This distribution already points out that some talent management practices and systems expectedly are deployed to a larger extent in the companies with foreign capital, i.e. that the knowledge in regard to the talent management is often transferred from the international foreign companies to their subsidiaries in Macedonia.

The results from the answers confirm that most of the respondents come from big sized companies (12) whereas six of them are from middle sized companies. No small or micro companies reported any talent management activities in their companies. These results are fully in line with the expectations that implementing talent management practices makes sense only for big companies, or at least with companies with more than fifty employees. This happens due to the reason that in the bigger companies there is an availability of bigger number of different positions with defined competencies, a requirement of more extensive recruitment process, an existence of a management structure and there of a necessity of some succession planning and a need for development and training of the personnel.

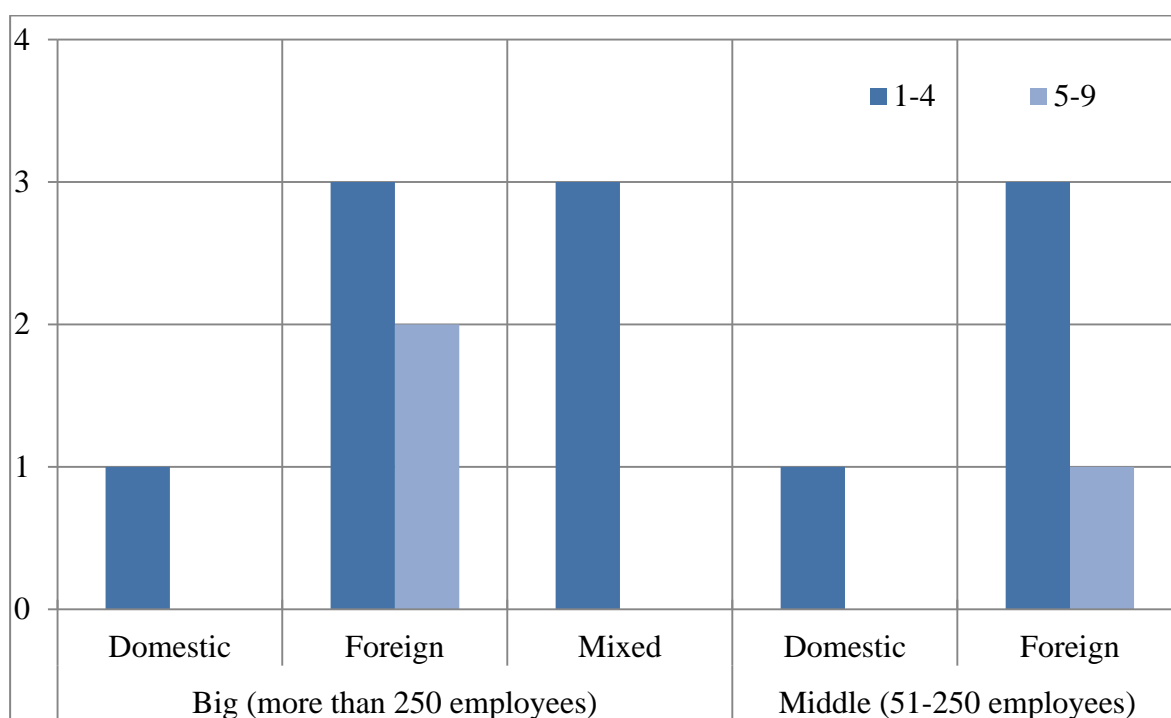
Figure 4. Companies which are Not Familiar with the Terms Talent and Talent Management



In the quantitative survey, 16 companies are familiar with the terms talent and talent management (73% of the respondents with an answer to this specific question) as opposed to 6 others who are not. Most of the respondents (19 out of 22) agreed with the proposed definition for talent management: TM is defined as the initiatives and the practices needed to identify, develop, attract and retain skilled workers of value to the organization. No one proposed any different definition. It indicates that the understanding of the respondents regarding talent management is in general in line with the mentioned talent management initiatives and practices in the definition, but also that no respondent gave any additional argument which would make their company more specific regarding talent management than the others.

Asked about possession of a HR department in their own structure, fourteen of the companies reported having dedicated staff organized in a separate organizational unit (Figure 5). The majority of them have a small department which consists of one to four employees, whereas three companies have a bigger department of five to nine employees. No company reported to have a unit with more than ten employees. Having HR capacities is predominantly present in the big and middle sized companies. In terms of ownership, mostly the companies with foreign and to certain extent with mixed capital possess capacities for managing the human resources. The rest of the companies which responded to the question, replied that the HR function in the company is performed either by the general manager, by the organizational or departmental manager, or by some other manager or managing person.

Figure 5. Companies with a Human Resources Department and the Size of the Department



The logical conclusion from this question is the confirmation of the assumption about the link between the size of the company and the availability of the HR capacities, i.e. the big and middle sized companies are more in favor of having established HR departments. Again, the results of the survey confirmed that the awareness about the necessity of having designed capacities for managing the human resources is much more on the side of the companies with a foreign and mixed capital. Only a couple of companies with a sole domestic capital reported existence of designed HRM staff.

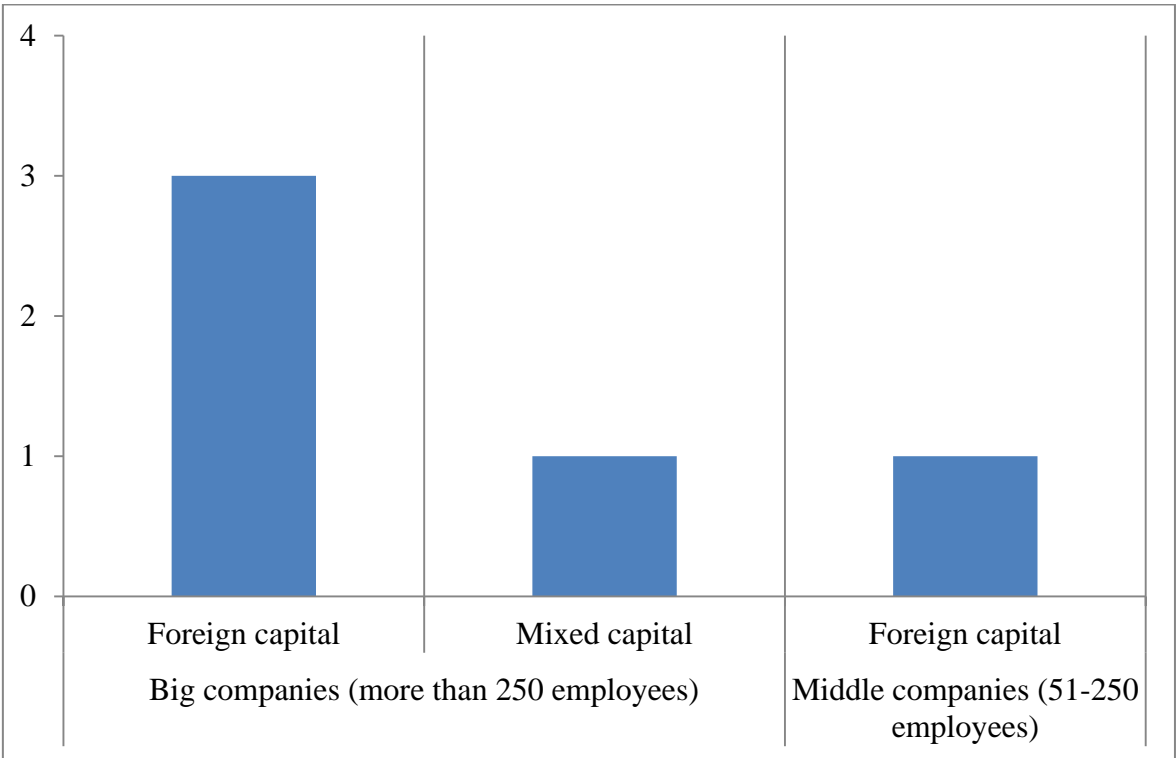
The necessity of having an established department for management of the human resources in the company was emphasized by almost all participants in the qualitative part of the survey. Possessing an organizational unit with qualified and competent staff in the field of

the human resources management was underlined as one of the basic preconditions for the raising the awareness for the talent management in the companies and for proper implementation of different practices regarding talent. What is even more important is the necessity of dedicated HRM capacities in the companies for establishing of a strategic approach towards the talent in the higher phases of their organizational and human capital development.

Only four big and one middle-sized company or less than 20% of the responding ones confirmed to have had a strategic talent management program for not longer than the last couple of years (Figure 6). Most of the companies (16) do not have any strategic approach to talent management. Similar distribution is shown in relation to the existence of a talent pool, seven companies with an answer to this question confirmed to have it, whereas one of them has it just for certain parts of the company and 12 do not have it at all.

These results point out that the majority of the participating companies to the quantitative survey possess some of the mentioned talent management practices, but only few of them have a designed strategic approach.

Figure 6. Companies with a Strategic Approach to Talent Management



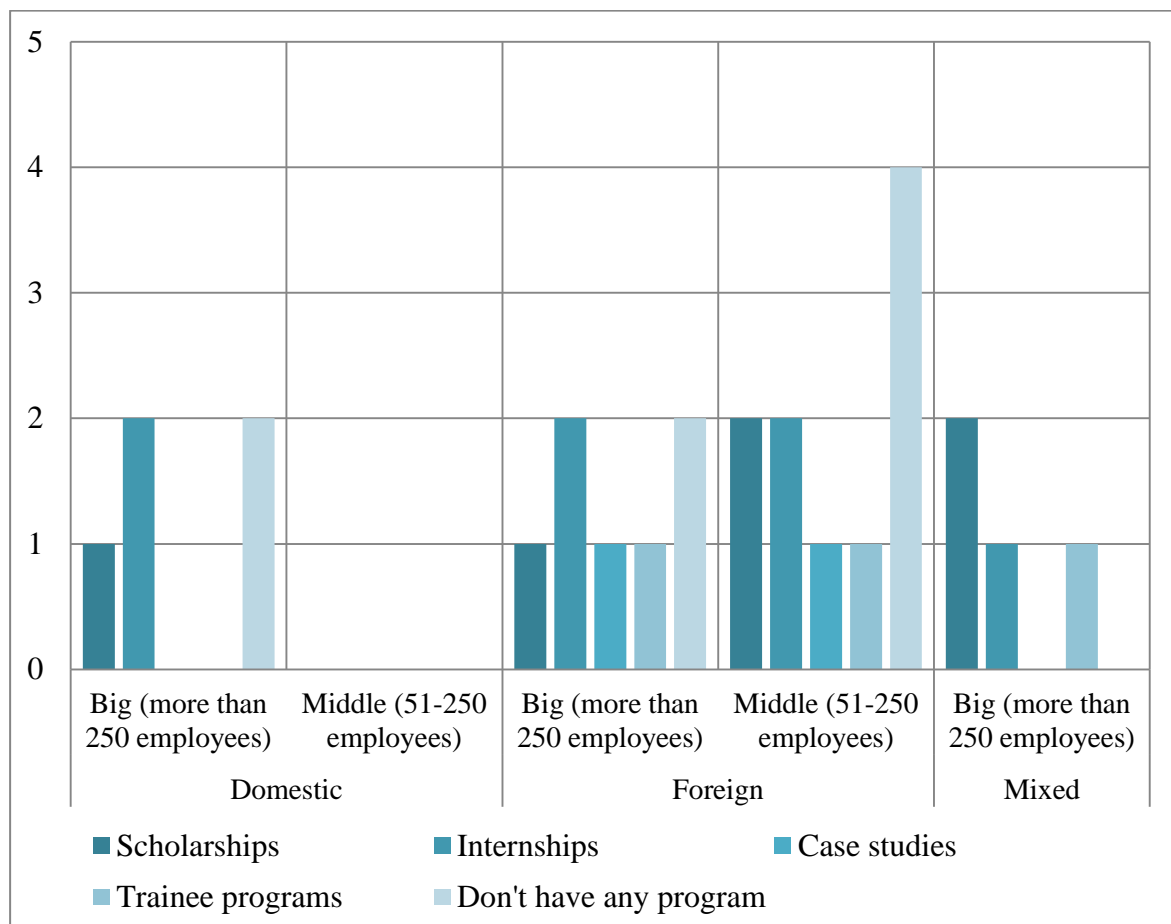
In its efforts to become a fully grown valued profession as the finance, the marketing, the technology and the legal function in terms of strategic importance, the HR function needs defined roles, outcomes and metrics. HR professionals have the opportunity to become a major strategic force and business partners in the companies they serve. Morgan and Jardin

(2010, p. 29) suggest that through an integrated talent management, after ending the battles for their territory and leveraging complimentary knowledge, skills and overview, they can eliminate the gaps and provide excellent services that drive the achievement of the strategic objectives through the development of the individual and organizational capacities.

Sourcing of young and talented potentials includes certain common practices as internship, scholarship or trainee programs and they are mostly used by the big or middle sized companies with foreign or mixed capital. Still, many companies (eight out of the respondents), do not see the necessity to use these sources in order to acquire the young potentials (Figure 7).

Holding and nurturing the links with the educational institutions, as main reservoirs for talented young potentials is one of the most effective recruitment practices for the companies. Through developing internship, trainee or scholarship programs the companies are able to get to know the potential candidates prior to the start of their professional careers and to assess the capacities of the candidates in terms of their competencies, but even more, how they would fit in the corporate culture.

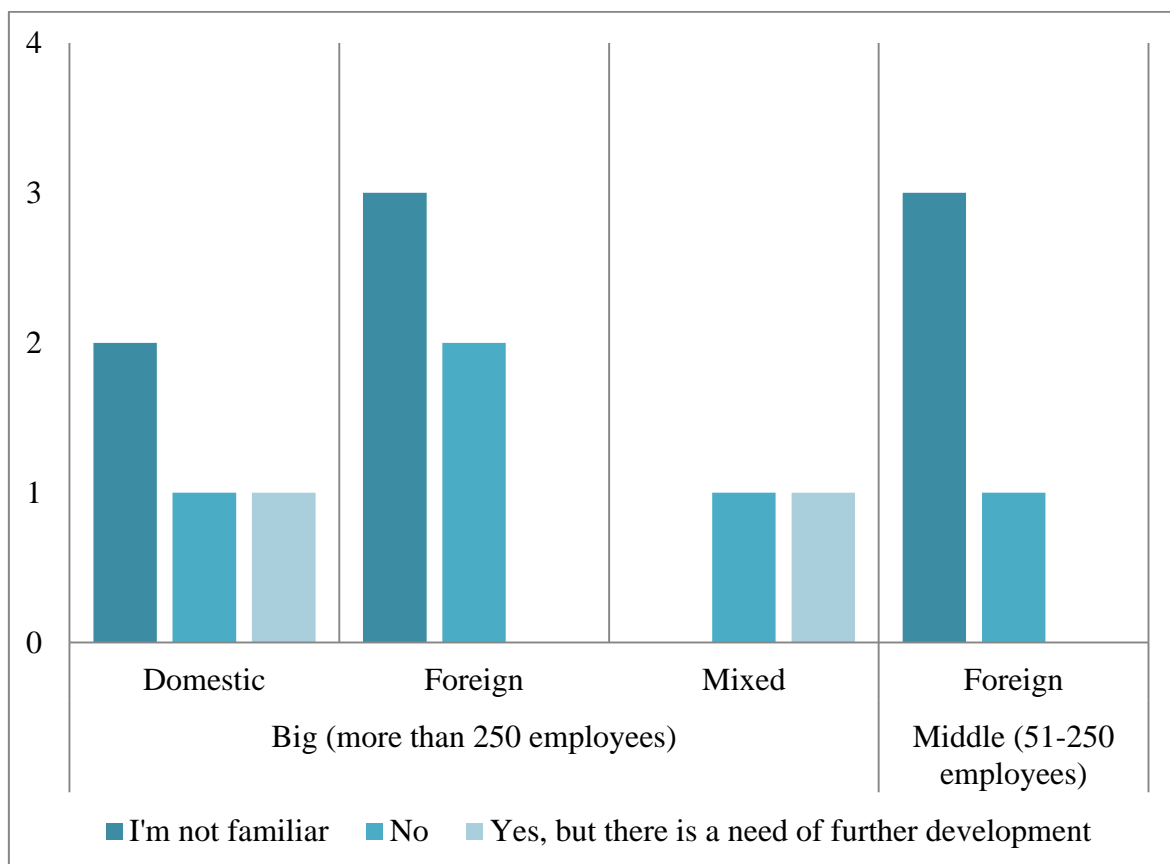
Figure 7. Programs for Attracting Young High Potentials



Asked about the perception companies have of the capacities the universities possess in terms of talent management, the majority of them (nine) are not familiar (Figure 8). The number of the companies which claim the universities do not possess capacities is almost even to the ones that claim capacity exists, but there is a need for further improvement. The opinion of the interviewed experts is also similar. Most of them do know the situation with the present university programs in the field of the human resources and they are almost all confirming the absence of talent management teaching programs, especially in the undergraduate teaching studies.

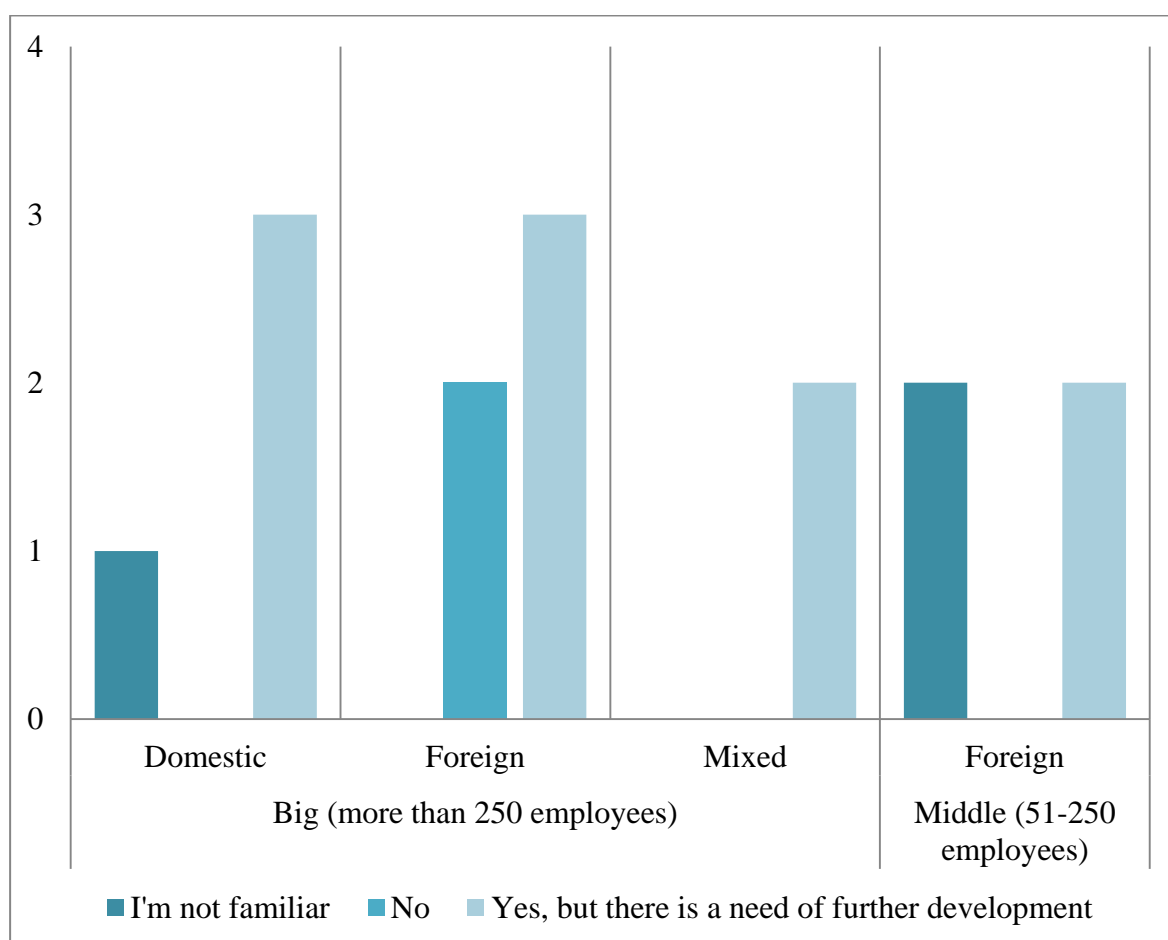
This confirms the lack of awareness or even knowledge among the university staff on talent management, similar to the companies and their HR professionals on the same topic. A positive example is the fact that one of the professors who holds the Human Resources Management subject at one of the biggest universities, at the same time one of the interviewees in this research, confirmed that talent management has been included as a chapter in the teaching programs for this subject. Even more positive is the example with the dean of another university, who confirmed that talent management was included as a subject in the study programs for the school year 2014/15, due to the suggestions received through their university board, which consists of representatives from the business community.

Figure 8. Existence of Capacity for Talent Management at Universities



The figure looks a little bit different when it comes to the consulting companies. The quantitative study shows that most of the answers show existence of capacity within the consulting companies, but with a need for improvement (Figure 9). Still, both the collected replies from the quantitative attempt of the survey and the interviewed professionals suggest that the lack of capacity and competencies with the universities and the consulting companies owes mainly to the lack of demand from the Macedonian companies for support and consulting services related to talent management. The lack of demand surely is a result of the low awareness of the companies for the advantages that managing talent could bring in the efforts for gaining competitive advantage in the national as well as in the global market.

Figure 9. Existence of Capacities for Talent Management at the Domestic Consulting Companies



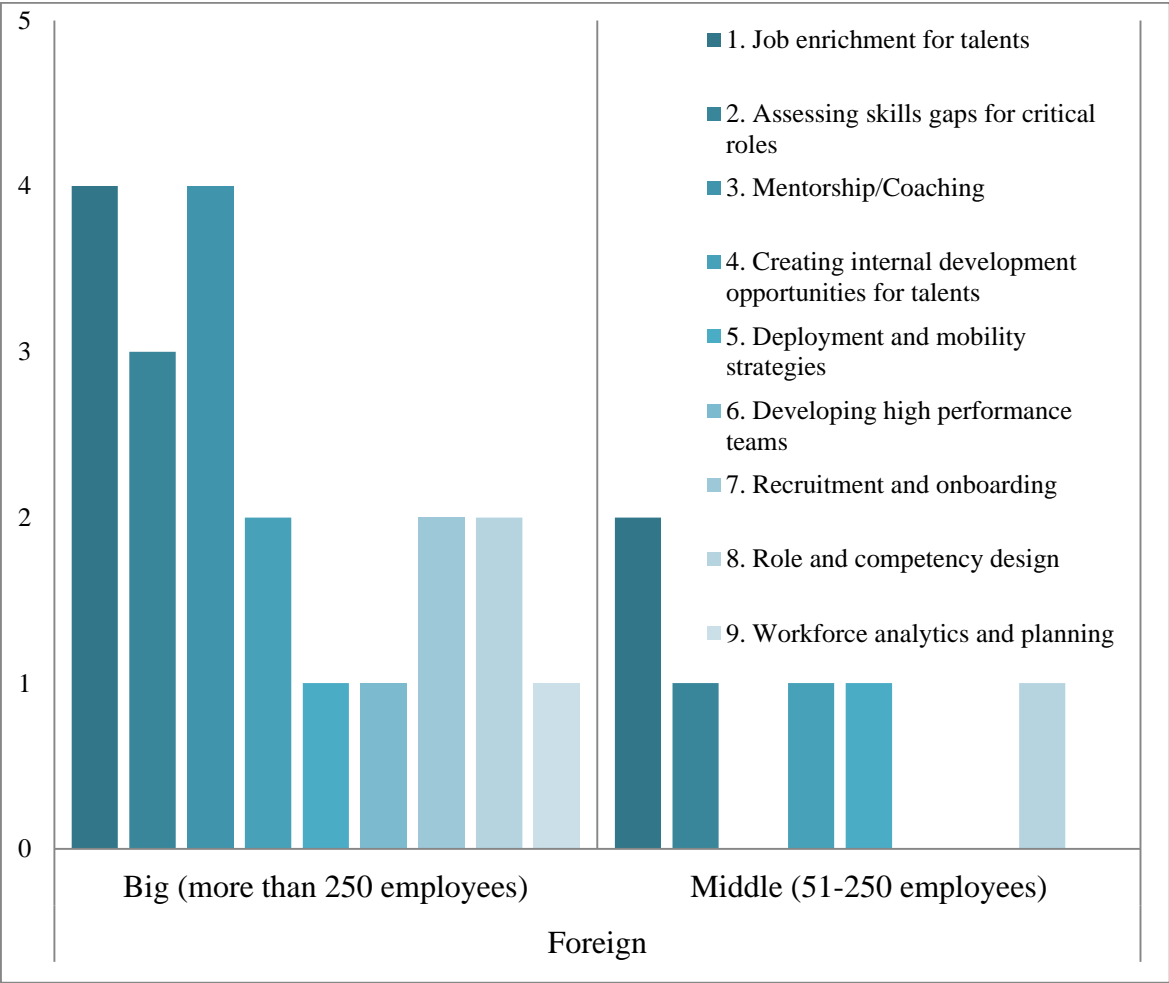
Summarizing the replies from interviewed high end HR professionals in the qualitative part of the research, basically confirms the results received in the quantitative survey and proves the general lack of awareness in the Macedonian economy related to talent management. The perceptions of the interviewees should be considered as very relevant, having in mind that they come from companies or institutions which deploy certain talent



management practices and have proven qualifications and knowledge background as recognized HR professionals in the country.

Asked about the application of certain practices related to talent management in the companies, the responses came almost exclusively from companies with foreign capital, where mostly the big companies confirm the existence of more than one of the mentioned practices in their organizations, as displayed in Figure 10. It may induce a conclusion that the foreign companies use the knowledge regarding the more advanced talent related practices from their mother companies. On the other hand, the companies with a domestic capital did not provide response to the proposed advanced talent management practices nor did suggest some additional different practices from the ones that have been proposed in the questionnaire.

Figure 10. Existence of Certain Practices Related to Talent Management in Companies with Foreign Capital



Recalling the opinion from the majority of the interviewed professionals in the qualitative part of the survey, especially from the representatives of the HR or employers organizations, it is very important to build networks between the professionals. These

organizations can present an open arena for knowledge and experience exchange between the professionals, the experts, the university professors and the consultants in the field of the human resources management, as well as in the talent management. All different practices used in different companies can be analyzed, discussed, developed, and then implemented once the professionals are back in their companies.

## **4.2 Managerial implications**

Talent management is widely recognized and practiced in many companies around the world, especially in the global international large competitive companies. It has proved right for them right to focus on talents in order to identify, attract, employ, develop and motivate them to perform at their best, and eventually, to retain them. All those practices are set for a specific group of people in the market place, who are able to provide specific competitive advantage for the companies.

As the research has shown, the talent management topic is still either not recognized or not practiced in most of the Macedonian export companies. This conclusion can also be applied to all companies. In order to adopt some practices in terms of talent management, it is necessary that the Macedonian managers, stakeholders and especially human resources specialists become aware of the usefulness to adequately build an approach for identifying, attracting, developing and retaining talents. Having in mind the whole proven experience from the world's successful companies who manage talents, it is an assured way for the companies to be more competitive.

The research proved that it is absolutely necessary for the companies to build their capacities in general for managing the human resources, and then again, to build the knowledge and the skills of the HR specialists in terms of managing talents. In this process, a strong link is recommended with the Macedonian universities and experts from the consulting companies, which should on the other hand also find a way to develop their knowledge and programs on the talent management topic.

The organizations of the employers and the professional associations such as the Macedonian HR Association for example, as explained by its president, “has the role of being the place where the HR professionals come together to discuss things, exchange experiences, to learn new things and broaden their knowledge in order to bring value back to the companies where they originally come from”.

In reality, it is absolutely not easy to implement an optimal system for measuring the performance. The survey of the ADP Research Institute (2011) among the largest US companies showed lack of standards for measuring talent management effectiveness and inability of the companies to determine the impact of the talent management on the achievement of the corporate objectives. Finally, companies should identify what are the

right talents for them in order to improve their competitiveness, make plans how and where to find the right talents and how to develop them, once in the company, and how to measure their contribution to the results of the company and to find a way to effectively motivate and retain them.

Specialized software diagnostic tools can provide assistance in order to assess the effectiveness of the talent management strategy in the company. Some providers offer these tools online, The Corporate Executive Board Company (CEB) offers a 15 Components of a World-Class Talent Management Function CLC Talent Management self-diagnostic software tool for assessment of the effectiveness of company's talent management strategy.

As Lubitsch and Smith (2007) have identified, there are no simple ten steps to success in talent management, whether talent management can be a single intervention for a quick-fix. On the contrary, it is a complex set of activities which touch upon virtually every aspect of organizational life. An effective talent management in reality requires an extensive in-depth systems-wide approach.

Ringo, Schweyer, DeMarco, Jones and Lesser (2010) generally agree that no one size fit all approach can be taken in regard to talent management. Still, researching in different industries, they suggest some patterns such as that knowledge-intensive industries focus on developing and connecting their employees, financial services companies tend to concentrate on attracting and retaining employees, with little attention given to development or collaboration. Retailers focus heavily on talent strategy, in addition to applying a notable number of talent management practices overall. Further, the public sector institutions face challenges related to their talent management capabilities.

### **4.3 Policy implications**

Macedonian economy is very small in global, even in regional terms, so a very small number of Macedonian companies are competing in the broader market. Furthermore, the number of talented people and skilled workers probably spans within similar proportions. The country is still predominantly a workforce exporter than an importer, particularly when it comes to highly educated and skilled staff, which could be valued as talents.

Holding a press conference on September 3, 2014, presenting the improvement of Macedonia's ranking in the World Economic Forum Annual Report to the 63<sup>rd</sup> place, the Macedonian vice prime-minister for economy Mr. Vladimir Peševski stressed that "in the next period, efforts will be put into attracting talents and retaining the highly qualified workers in the country." This shows the existing awareness in the government of the importance of the talents special treatment, which has been transported to the Macedonian

companies in order to improve their competitiveness and the competitiveness of the whole Macedonian economy.

As underlined by one of the experts in the interviews from the qualitative part of the survey discussing about the public sector the awareness of the importance is already there and measures are undertaken to build the necessary capacities for implementing the defined policies for managing the human resources in the public institutions through defined standards. In terms of managing the talents, it is necessary to define a clear and coherent model of leadership and to provide a common understanding on being an effective and talented leader (Devine & Powell, 2008).

According to the latest report of the Global Competitiveness Report for 2012/13 Macedonia ranked on place 133 for the reliance on professional management, 106 for the quality of management schools, 87 for the availability of research and training services, 126 for extent of staff training and 135 for brain-drain (Schwab, 2013, pp. 240-241). These figures, except for the availability of research and training services, are slightly worse than the ones in the report from the year before. The report shows that the inadequately educated workforce is the second most problematic factor for doing business. All these parameters can be brought in a relation with some of the talent management practices and activities. Further analysis could provide directions for the relevant institutions and the companies in regard to the possible actions related to recruiting, employing, developing and retaining talent in the companies and in the Macedonian economy and society.

Dietz (2010) describes the indications which seriously concern the Macedonian academics, governmental representatives and NGOs for a brain drain which could prevail in the near future. To address the potential loss of highly educated people, there are options such as to involve the resources of the highly skilled diaspora, to enable brain circulation of the immigration with policies such as training, tax breaks and sustaining migrants' social entitlements, but also by improving salaries and working conditions for the young highly skilled persons and talents in the R&D institutions and the companies.

Besides the awareness raising function, the educational institutions are very important for the companies because they produce and prepare the students for the future employment. The concern of the companies relates to finding talented people. Many companies establish links with the universities and send them their most promising executives for further education and recruit from universities. The latest trends show companies which set up their own corporate universities to offer tailor made, rather than academic, training (Altman, 2008).

Impulses coming from the state authorities will surely provide a boost for the companies, as main employers of talents and beneficiaries of the talent management practices, but also

for the educational institutions and the services who provide programs for early identification, education and development of the talented persons.

#### **4.4 Limitations and future research recommendations**

The latest world-wide annual survey conducted by the Boston Consulting Group and the European Association for People Management (Strack, Caye, Von der Linden, Haen & Abramo, 2013, p. 5), in which Macedonia took part for the very first time, showed that as in the most European countries (19 out of 25), for the surveyed managers and HR professionals, talent management ranked highest on the scale of importance among the ten most significant HRM practices. Talent management led the field of HR related practices in front of HR communication and social media, performance management and rewards, strategic workforce planning and reporting and engagement, behavior, and culture management.

These results seem to confirm the awareness of the managers and HR professionals (33 respondents in the BCG survey) on the importance of the talent management in the country. But they cannot be fully related with the outcomes from the research performed for this master thesis when it comes to an in-depth analysis regarding the talent management in Macedonia, which identifies general lack of awareness in the Macedonian export companies that can easily be translated to the whole industry. This situation points out the necessity of further research in general and deeper analysis on different talent management topics on the national level, as well as in comparative surveys with other countries.

This study is the very first attempt to assess more deeply the situation in Macedonia on one of the world-wide hottest topics in the human resources management – the talent management. Trying to make a survey on a very new and unknown topic, such as the talent management, proved not to be an easy job, as was expected prior to the survey. Doing research on a sample of the biggest export companies and drawing conclusions for all the companies in Macedonia, assumed constraints which needed to be validated through the set of interviews with the selected professionals.

It was also expected that the sample would shrink due to the fact that many of the biggest export companies are small or middle, without any requirements or needs for having practices in order to manage talents in their organizations. The restricted capacity of the Macedonian economy also limits the possibilities to conduct a thorough and grounded research on the used practices, or to assess the maturity of the companies for managing the talents. Therefore, some of the results achieved through the survey from the questionnaire were not accurate for further analysis and for specific conclusions.

The results of the survey may also give an insight into the underdevelopment of the Macedonian labor market, where the unemployment rate is rather high and employers are generally in a rather comfortable position when looking for personnel. Other studies could provide arguments whether the qualifications and the competencies of the unemployed persons comply with the requirements of the employers. Contribution to this study could be some further research on whether the employers are able to recruit the right talents from the Macedonian labor market i.e. whether the offer of the workforce meets the requirements of the Macedonian companies in terms of talent.

Interesting questions arise from following the trend of emigration among the young and educated Macedonian citizens, who move out of the country mainly towards the developed economies, in search of employment and better economic and living conditions. It is rather intriguing to find out what the perception of the young and talented persons is as to how the Macedonian companies behave in their search for young potentials or in their efforts to attract them for possible employment and further development. It might be challenging for the Macedonian companies to find out what the companies in the developed countries are doing to attract those talented people and what mechanisms they use to retain them.

A suggestion for the future explorations is to determine the development rate of adoption of the talent management practices in the Macedonian companies and to follow specific patterns in the usage of certain practices. It would also be helpful to assess the level of implementation of certain talent practices and systems in the Macedonian companies and to benchmark it with other countries in the region as well as with the developed countries.

## **CONCLUSIONS**

The main idea for this study came out throughout the master study courses and as a result of my personal perceptions as a long time human resources professional in one of the biggest employers in the country and as an active leading member of the Macedonian Human Resources Association, of the Employers Organization of Macedonia and a member of the National Council for Entrepreneurship and Competition.

The main goal was to present the current situation in the Macedonian companies, especially through sampling the export companies, who are participating in the global market, where they need to have and gain additional practices which would provide them competitive advantage over their competitors on the global market, as a relevant factor for the entire economy. And identifying, possessing, acquiring, developing and retaining talents is surely one of the possibilities to achieve it through own employees, aside of the technology and raw materials.

As expected, the survey realized among the biggest 100 Macedonian export companies proved that the awareness and/or the interest for talent management is very low or does not

exist. The interviews with relevant human resources professionals confirmed the results from the primary quantitative survey. All of that points out the lack of understanding and knowledge within the managing structures and/or the stakeholders in the Macedonian companies about the advantages that a talent management system and such practices could contribute to the development of the companies in achieving relevant competitive advantage.

In the evolution of the HR function from a personnel department to a strategic HRM and lately to talent management (Bersin, 2006), the survey provided evidence that very few companies in Macedonia are on the way to catch the latest developments in the management of the human resources. The survey proved that many Macedonian companies are not even on the very first step of the evolution path without having an established personnel department.

The role of the educational institutions in the rise of the awareness is very important, especially the universities which provide undergraduate or postgraduate programs in the field of human resources management. It is obvious, that the current teaching programs do not encounter or emphasize the importance of talent management for the development of the Macedonian companies. It is necessary that the universities incorporate teaching programs on talent management, so that the future HR professionals learn the basics and feel capable to spread the word, to suggest and implement practices and/or systems focused on managing talents.

The consultants and the consulting companies also take important part in the creation of a talent oriented behavior and environment among the Macedonian companies. They need to improve the current level of expertise by following the global trends and developments concerning talent management, investing in own capacities and more aggressively offer assistance in implementation of certain talent practices which prove to be efficient and beneficiary for the companies. Once several such projects provide success to the companies, it is expected that the demand from the companies for talent related services will increase. It is expected that some of the consulting companies could develop training courses on certain talent practices.

Finally, the role of the professional associations as the Macedonian Human Resources Association is also very important, especially in helping the HR professionals, experts and consultants to develop their awareness, knowledge and expertise through organizing different conferences and events related to talent topics. This could support the experience exchange between all involved parties and lead to further surveys and research in the field of managing talent.

This or similar professional associations are also important in promoting the HR professionals, experts and consultants as the competent partners for implementing talent

practices and/or systems as well as for rising the awareness among all relevant participants in the Macedonian economic environment such as the employers organizations, the economic chambers, the governmental and the public sector and the non-governmental organizations.

The companies that feel the necessity to implement some talent related practices should assess their real needs and adjust the measures they want to undertake. It is advisable, that they use a systematic approach as described in chapter two. Introducing a human capital structure in an organization provides a long term orientation towards the people employed in the company as main contributors to the competitive advantage of the companies in the global market. A people focused culture with a special emphasizes to the talents can prove to be one sustainable way for continuous contribution and development of the company in a given business model.

The strategic approach to talent management should focus on all the suggested elements that support the talent management such as the organizational design, as well as all other systems as the reward, information technology and decision making processes and systems which have to be in place and require a continuous development. Providing a dedicated leadership which supports the talent orientation in the company is essential on all levels without any improvisations, in order not to lead the companies to be stuck in the middle in their efforts to profit from the unique capabilities of their staff as a decisive feature of their competitive advantage.



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## **APPENDICES**

## **LIST OF APPENNDICES**

Appendix A: List of Abbreviations

Appendix B: Questionnaire for the Quantitative Survey

Appendix C: Questionnaire for the Qualitative Survey

Appendix D: Results from the Quantitative Survey

Appendix E: Transcriptions from Interviews

## **Appendix A: List of Abbreviations**

**CEO** – Chief Executive Officer

**HC** – Human Capital

**HR** – Human Resources

**HRM** – Human Resources Management

**ICT** – Information and Communication Technology

**MCC** – Mass career customization

**NEO** - New Employee Orientation

## **Appendix B: Questionnaire for the Quantitative Survey**

### **Strategic Approach to Talent Management in the Largest Macedonian Export Companies**

This research is part of the master thesis prepared by the candidate Darko Petrovski, as a student of the accredited Consortium Master Studies of the Faculty of Economics at the University of Ljubljana in the Republic of Macedonia. The topic under the title "Strategic Approach to Talent Management in the Largest Macedonian Export Companies" was acknowledged by the Academic Affairs Committee in May 2012. The Faculty of Economics at the University of Ljubljana is the only school in Southeastern Europe holding EQUIS and AACSB accreditations.

The following short question based survey focuses on the most important talent management initiatives and practices. The survey will take you only 15 minutes to complete. All information from the answers will be kept strictly confidential and will not in any case refer or will not be reported by an individual entity, but only in an aggregate summary. There will be no reference by any means to the person who answered the questionnaire. Upon your request, you will be provided a summary of the key findings, helping you identify the maturity grade of the talent management practices.

The results of the survey should provide data on which practices are used by the 100 largest exporting Macedonian companies and to what extent. The gaps will be analyzed and stratified groups will be identified, then recommendations will be proposed for each group. The conclusions from the analyzes based on the survey will encounter suggestions for awareness raising as well as for the structured approach towards adopting the worldwide most common talent management practices.

#### **1. Would you like to skip the further introduction and proceed with the questions?**

- Yes, please take me to the questions
- No, I would like to read all introduction details

#### **Introduction**

In today's highly competitive and demanding business environment, HR departments are starting to move away from only focusing on recruitment and development to a more strategic position.

Talent Management (TM) programs in most organizations share common objectives: to attract, retain, motivate and develop employees. TM can also have a systematic approach. It is becoming an important component of the overall HR management. Talent is a potential, and that potential should be turned into capacity –not only to recognize but also



to develop and to engage the talent. This scientific survey is supposed to examine the organizational TM practices and insights from the perspective of the managers and HR professionals. It also explores the differences between organizations with and without specific TM initiatives in place, in order to assess the current status of this topic in the Macedonian export sector, as one of the potential competitive advantages in the global market.

The results should provide the differences and the gap compared to the world's best practices, and to raise the awareness in RM about the importance for systematic TM approach.

### **Methodology and Goals of the Survey**

The survey has four chapters including in the first part questions which identify the industry, the capital, the size, and the organizational capacity for managing the HR.

In the second part, it provides questions to assess the organizational awareness of the TM in relation to the general company strategy and on the existence of HR practices which are considered to be part of an integrated TM system.

In the third set of questions, a deeper dive into companies' TM initiatives and practices and the final set assesses the experiences of the companies with some external support in the implementation of TM practices and systems.

### **About the Researcher**

The researcher Darko Petrovski, BSc. in mechanical engineering, is in the last 7 years professionally linked to the field of the HR Management, serving as a Head of the HR Department in EVN Macedonia.

The experience and the expertise gained through the professional engagement in the area, inevitably led to involvement into the activities of some professional bodies and institutions, which have a focus on the development of the human capital, such as the Employers Organization of Macedonia (ORM), the Economic Social Council (EES), the Macedonian HR Association (MHRA) and the National Committee for Entrepreneurship and Competitiveness (NSPK).

### **Part I - General information**

#### **2. The size of the organization you work for is:**

- Micro (1-10 employees)
- Small (11-50 employees)

- Medium (51-250 employees)
- Large (more than 250 employees)

**3. Which industry best describes the focus of your company?**

- Food and beverage
- Automotive
- Manufacturing
- Retail & Consumer
- ICT
- Professional Services Utilities & Infrastructure
- Other (please specify)

**4. The ownership of your organization is:**

- Domestic
- Foreign
- Mixed

**5. Managing of the Human Resources**

Does your company have an HR Department?

- If YES, what is the department's staff size? (1-4, 5-9, 10-20, more)
- If NO, who has the HR role in your organization?
- (CEO, Organization/Department Manager, Outsourced/External Consultant, Employees themselves)
- Other (please specify)

**6. What is your function?**

- Non supervisory staff
- Line Manager/Supervisor
- Department/Functional Manager
- Senior manager/Director/Vice president/CEO
- Other (please specify)

**Part II**

This part provides questions to assess the organizational awareness of the TM in relation to the general company strategy and on the existence of HR practices which are considered to be part of an integrated TM system.

**7. Are you familiar with the terms Talent and Talent management?**

- Yes
- No

**8. Is the following definition of TM recognizable and acceptable for your company?**

"TM is defined as the initiatives and the practices needed to identify, develop, attract and retain skilled workers of value to the organization."

- Yes
- No (If not, please write the correct definition from your perspective)

**9. What is talent according to your company?**

- High performer
- High potential
- Talented person with variety of skills & competences (acknowledged through job rotations)
- Other (please specify)

**10. Is there existence of any strategic talent management program in your company?**

- No
- Yes, since (please specify the year)

**11. Is your talent management system open or closed, transparent or confidential?**

- Is your talent management system open or closed, transparent or confidential? It is open to everyone in the company
- It is closed for a certain group of selected employees
- It is transparent and communicated to all employees
- It is confidential and secret
- Other (please specify)

**12. To which functions does the responsibility for the talent management programs apply?**

- Owners
- Top Management
- Line Manager
- HR Director/HR Manager
- HR Business Partner
- Resourcing Manager
- Learning & Development Manager
- Other (please specify)

**13. Is there an existence of a talent pool in your company?**

- Yes
- No
- Other (please specify)

### Part III

Identification, attracting, recruiting, developing and retaining the right talents are keys to the company's success. Building an employer brand and engaging the right people effectively is essential. Supportive on-boarding processes and retention strategies ensure long-term success.

**14. Please rate each of the following topics on talents identification in terms of your company's capabilities.**

	Non-existing	Initial/ Intuitive	Standardized /Routinized	Managed/ Integrated	Future oriented
Our company has defined criteria (competency models) for talents.					
There is a model for carefully matching competences and job positions.					
The competency models are aligned to core values of the company.					
The competency models are aligned to strategic objectives of the company.					
Recruitment policy is efficient and helps in identifying people who have the right competencies and experiences to fill critical positions.					
In our company, there are sources likely to deliver candidates who are the best fit for critical positions.					
There is an efficient source for selecting the right critical talent from the existing employee base or external candidate pools.					

**15. Please rate each of the following topics on attracting talents in terms of your company's capabilities.**

	Non existing	Initial/ Intuitive	Standardized /Routinized	Managed/ Integrated	Future oriented
There are successful strategies in recruiting talented candidates.					
There are defined programs for attracting students during studies.					
Our company is recognized as employer of choice.					
HR Marketing is developed.					
Web 2.0 is effectively used.					

**16. How do you recruit talents? Through (multiply answers possible)**

- Company web site
- Job portals
- Employment agency

- Newspaper advertising
- Social media
- Job fairs
- Universities
- Direct approach/Head-hunters
- Employee referral program
- Recommendations
- Other (please specify)

**17. What kind of programs for attracting talented students during studies your company uses? (multiple answers possible)**

- Scholarships
- Internships
- Case challenge
- Trainee program with job rotations
- None
- Other (please specify)

**18. What are the tools that your company uses for employer branding? (multiple answers possible)**

- Additional benefits besides the salary
- Commitment to environment and society
- Attractive company values
- Innovativeness
- Financial success of the company
- Company size/career opportunities
- Work offerings
- Work-life balance
- Autonomy/freedom on the workplace
- Job stability
- Other (please specify)

**19. Please rate each of the following topics on developing of talents in terms of your company's current capabilities.**

	Non existing	Initial/ Intuitive	Standardized/ Routinized	Managed/ Integrated	Future oriented
Strategies for developing talents are defined in our organization.					
There are training programs for developing talents.					
Job rotations strategy for defined talents is defined.					
A system is in place to assess the talent's performances.					
A leadership development program for talents is in place.					

**20. Which of the following additional talent management initiatives are currently used in your company?**

- Job enrichment for talents
- Assessing skills gaps for critical roles
- Mentoring/Coaching
- Creating internal development opportunities for talents
- Deployment and mobility strategies
- Developing high performance teams
- Recruitment and on-boarding
- Role and competency design
- Workforce analytics and planning
- Other (please specify)

**21. Please rate each of the following topics on talents' retention in terms of your company's current capabilities.**

	Non existing	Initial/ Intuitive	Standardized /Routinized	Managed/ Integrated	Future oriented
Career mapping system is maintained.					
A succession plan exists and is regularly managed and developed.					
A specific program for recognition and rewards of talents is in place.					
Policies for personal development of talents are defined.					
Programs for engagement of talents are in place.					

**22. Which of the following policies and programs for retention of talents are currently used in your company?**

- Involvement in SCR (social and corporate responsibility) activities
- Personal development (academic/research) policies
- Social engagement program
- Programs for development of younger employees/talents
- Other (please specify)

**Part IV**

**23. During the implementation of the talent management program in your company, did you use any external help and support?**

- No, it was managed internally
- Yes, through know-how from the mother/sister company
- Yes, with support by external agency/consultant in the country
- Yes, with support by external foreign agency/consultant
- Yes, through cooperation with educational institution/university
- Other (please specify)

**24. According to your opinion, is talent management recognized and integrated within the study programs by Universities?**

- Yes
- Yes, but there is a need of further development
- No
- I'm not familiar
- Other (please specify)

**25. According to your opinion, are there skilled consultants in Macedonia, who can provide adequate training and support on talent management?**

- Yes
- Yes, but there is a need of further development
- No
- I'm not familiar
- Other (please specify)

**26. Please complete the following information to get a copy of the summarized results from the survey.**

Name:

Company:

Address:

Email Address:

Phone Number:

## Appendix C: Questionnaire for the Qualitative Survey

Interviewer: Darko Petrovski

Date: \_\_\_\_\_

Interviewee: \_\_\_\_\_

Place: \_\_\_\_\_

Organization: \_\_\_\_\_

Function: \_\_\_\_\_

1. At what level according to your perception is the awareness of the importance for talent management in the Macedonian companies? Why is the situation like that?
  - In Macedonian export companies?
  - In the foreign and domestic capital companies?
  - In state or private or mixed capital companies?
  - In small, middle or big companies (size)
  - In the public administration?
2. What is the relevance of having HRM capacities (department) for implementing TM practices? How do you organize it? How do you estimate the existence of HRM capacities in Macedonian export companies, domestic and foreign, private sector and public sector?
3. What elements of talent management practices do you use? What practices you would recommend for the export companies and for other companies and for public administration?
  - Workforce planning,
  - Identification and acquisition of talent,
  - Managing performance,
  - Competencies modelling,
  - Talent development,
  - Talent review and succession planning,
  - Talent retention
4. What kind of strategic approach you use? How do you do that? What kind of strategic approach would you recommend? (Structure centric vs. Human Capital centric approach)
  - Organizational design
  - Leading
  - Managing change
  - Technology support
5. What kind of support did you use during implementation or you would use if you decide to implement TM practices (consultants, trainings, university courses, experience exchange, knowledge from mother company etc.)?



6. What is your perception about the capacities of universities in relation to Talent Management? What would you expect from universities to do for raising awareness for talent management?
7. What is your perception about the capacities of consulting companies in relation to Talent Management? What would you expect from consultants?
8. What can be done to raise the awareness for talent management (Employers organization, HR Association etc.)?
9. How do you estimate the existing expertise, knowledge and capabilities of the HR professionals/top management in the companies in relation to talent management?

## Appendix D: Results from the Quantitative Survey

	Q1	Q2	Q3	Q4	Q5	Q5 (other)	Q6	Q7	Q8	Q9	Q10	Q10 (year)
C1	No, I would like to read all introduction details	Medium	Manufacturing	Foreign	5-9		Functional/Line manager	Yes	Yes	High potential	Yes	2012
C2	No, I would like to read all introduction details	Large	Manufacturing	Foreign	1-4		Functional/Line manager	Yes	Yes	High potential	Yes	2002
C3	Yes, please take me to the questions	Micro	Electrical equipment	Mixed		Authorized Manager	Functional/Line manager	No	Yes	Talented person	Yes	2006
C4	No, I would like to read all introduction details	Large	Pharmaceutical	Mixed	1-4		Top management	Yes	Yes	High performer/High potential	Yes	2011
C5	No, I would like to read all introduction details	N/A	Recycling	Mixed		Authorized Manager	Top management	Yes	Yes	High performer/Talented person	No	
C6	Yes, please take me to the questions	Large	Manufacturing	Mixed	1-4		Functional/Line manager	Yes	Yes	High performer/High potential/Talented person	No	
C7	Yes, please take me to the questions	Medium	Manufacturing	Foreign		General/Executive Manager	Maintenance manager	No	No	Talented person	No	
C8	Yes, please take me to the questions	Small	Manufacturing	Domestic		General/Executive Manager	Assistant Manager	No	Yes	Talented person	No	
C9	Yes, please take me to the questions	Large	Mining	Foreign	1-4		Top management	Yes	Yes	High potential	No	
C10	Yes, please take me to the questions	Large	Food and beverage	Domestic	1-4		Top management	Yes	Yes	High potential	No	
C11	Yes, please take me to the questions	Large	Mining	Foreign	1-4		Functional/Line manager	Yes	Yes	High potential	No	
C12	Yes, please take me to the questions	Medium	Food and beverage	Foreign	1-4		Top management	Yes	Yes	High performer/High potential/Talented person	No	
C13	Yes, please take me to the questions	Large	Food and beverage	Foreign	5-9		Functional/Line manager	Yes	Yes	High performer	Yes	2013
C14	Yes, please take me to the questions	Large	Automotive	Foreign	5-9		Functional/Line manager	Yes	Yes	High performer/High potential/Talented person	Yes	2013
C15	Yes, please take me to the questions	Medium	Tobacco	Foreign	1-4		Functional/Line manager	No	No	Talented person	No	
C16	Yes, please take me to the questions	Medium	Manufacturing	Foreign	1-4	General/Executive Manager	Functional/Line manager	No	No	High potential	No	
C17	Yes, please take me to the questions	Large	Retail & Consumer	Domestic	N/A		N/A	Yes	Yes	High performer	No	
C18	Yes, please take me to the questions	Large	Food and beverage	Domestic		General/Executive Manager	Top management	Yes	Yes	High potential	No	
C19	Yes, please take me to the questions	Large	Manufacturing	Domestic		General/Executive Manager	Functional/Line manager	Yes	Yes	High performer	No	

## Appendix D: Results from the Quantitative Survey Cont'd

	Q11	Q12	Q13	Q14 (a)	Q14 (b)	Q14 (c)	Q14 (d)	Q14 (e)	Q14 (f)	Q14 (g)
C1	Not yet communicated	HR dir/HR mng/Resourc.	Yes, not in all	Standardized/Routinized	Managed/Integrated	Managed/Integrated	Managed/Integrated	Managed/Integrated	Managed/Integrated	Initial/Intuitive
C2	It is confidential and secret	Top mng/Line mng/HR dir/HR mng	Yes	Managed/Integrated	Standardized/Routinized	Managed/Integrated	Standardized/Routinized	Managed/Integrated	Future oriented	Managed/Integrated
C3	It is transparent and commu-nicated to all	Resourcing mng/R&D mng	No	Standardized/Routinized	Initial/Intuitive	Standardized/Routinized	Standardized/Routinized	Standardized/Routinized	Initial/Intuitive	Initial/Intuitive
C4	It is confidential and secret	Top mng/Line mng/Resourc.mng/R&D	Yes	Managed/Integrated	Managed/Integrated	Standardized/Routinized	Standardized/Routinized	Standardized/Routinized	Standardized/Routinized	Standardized/Routinized
C5	It is confidential and secret	N/A	Yes	Managed/Integrated	Managed/Integrated	Managed/Integrated	Managed/Integrated	Non-existing	Initial/Intuitive	Managed/Integrated
C6	It is transparent and commu-nicated to all	Line man/HR dir/HR mng	Yes	Future oriented	Initial/Intuitive	Managed/Integrated	Managed/Integrated	Non-existing	Initial/Intuitive	Initial/Intuitive
C7	Do not have such a system	Top mng/Line mng/HR dir/HR mng	No	Initial/Intuitive	Initial/Intuitive	Initial/Intuitive	Initial/Intuitive	Standardized/Routinized	Initial/Intuitive	Non-existing
C8	It is confidential and secret	Line mng	No	Non-existing	Non-existing	Standardized/Routinized	Standardized/Routinized	Standardized/Routinized	Non-existing	Non-existing
C9	It is transparent and commu-nicated to all	Top mng	No	Standardized/Routinized	Standardized/Routinized	Standardized/Routinized	Standardized/Routinized	Managed/Integrated	Managed/Integrated	Managed/Integrated
C10	It is transparent and commu-nicated to all	Line mng/R&D mng	Yes	Initial/Intuitive	Initial/Intuitive	Standardized/Routinized	Initial/Intuitive	Standardized/Routinized	Initial/Intuitive	Initial/Intuitive
C11	No answer	Line mng/HR dir/HR mng/Resourcing mng	No	Initial/Intuitive	Standardized/Routinized	Standardized/Routinized	Standardized/Routinized	Standardized/Routinized	Initial/Intuitive	Initial/Intuitive
C12	No such system	N/A	No	Standardized/Routinized	Standardized/Routinized	Managed/Integrated	Managed/Integrated	Initial/Intuitive	Standardized/Routinized	Initial/Intuitive
C13	It is transparent and commu-nicated to all	HR director/HR manager	No	Standardized/Routinized	Initial/Intuitive	Initial/Intuitive	Initial/Intuitive	Standardized/Routinized	Initial/Intuitive	Initial/Intuitive
C14	Closed for a certain group of selected employees	HR dir/HR mng	Yes	Standardized/Routinized	Standardized/Routinized	Managed/Integrated	Managed/Integrated	Managed/Integrated	Initial/Intuitive	Standardized/Routinized
C15	N/A	R&D mng	No	Initial/Intuitive	Standardized/Routinized	Standardized/Routinized	Managed/Integrated	Managed/Integrated	Managed/Integrated	Managed/Integrated
C16	N/A	N/A	No	Standardized/Routinized	Standardized/Routinized	N/A	N/A	N/A	N/A	N/A
C17	It is confidential and secret	Owner/CEO/Top mng	No	Initial/Intuitive	Standardized/Routinized	Initial/Intuitive	Non-existing	Initial/Intuitive	Standardized/Routinized	Non-existing
C18	Paushally functional	R&D mng	No	Non-existing	Non-existing	Initial/Intuitive	Initial/Intuitive	Non-existing	Initial/Intuitive	Initial/Intuitive
C19	It is transparent and commu-nicated to all	Top mng	No	Initial/Intuitive	Initial/Intuitive	Managed/Integrated	Managed/Integrated	Standardized/Routinized	Standardized/Routinized	Standardized/Routinized

## Appendix D: Results from the Quantitative Survey Cont'd

	Q15 (a)	Q15 (b)	Q15 (c)	Q15 (d)	Q15 (e)	Q16	Q17	Q18
C1	Managed/ Integrated	Standardized/ Routinized	Managed/ Integrated	Standardized/ Routinized	Future oriented	Job port./Empl. ag./News/Head hun	Schol./Intern	Add. benefits/Commit.envir&soc/Career opp./Work-life/Job stabil
C2	Managed/ Integrated	Managed/ Integrated	Future oriented	Standardized/ Routinized	Standardized/ Routinized	WEB/Job port./Empl.ag./News /Job fairs/Univ./Empl.ref/Recomm	Schol./Intern	Add. benefits/Commit.envir&soc/Comp.val /Innov./Fin.succ/Career opp./Work off/Job
C3	Initial/ Intuitive	Initial/ Intuitive	Standardized/ Routinized	Initial/ Intuitive	Standardized/ Routinized	Empl.ag./Empl.ref/Recomm	Internships	Add. benefits/Fin.succ/Workplace autonomy
C4	Standardized/ Routinized	Standardized/ Routinized	Standardized/ Routinized	Managed/ Integrated	Managed/ Integrated	WEB/News/Head hun/Own portal	Schol./projec t with Univ.	Add. benefits/Commit.envir&soc/Career opp./Work-life
C5	Initial/ Intuitive	Non-existing	Non-existing	Non-existing	Non-existing	Head hun./Empl.ref/Recomm	No program	Workplace autonomy/Job.stabil.
C6	Initial/ Intuitive	Managed/ Integrated	Initial/ Intuitive	Non-existing	Non-existing	Soc.med./Job fairs/Univ./Head hun./Empl.ref/Recomm	Schol./Intern /Trainee	Commit.envir&soc/Innov/Career opp./Work offer/Job stabil.
C7	Initial/ Intuitive	Non-existing	Standardized/ Routinized	Non-existing	Initial/ Intuitive	Head hun./Empl.ref/Recomm	No program	Add. benefits/Fin.succ/Job. Stabil.
C8	Initial/ Intuitive	Non-existing	Initial/Intuitiv e	Non-existing	Non-existing	Newspaper advertizing	No program	Additional benefits besides the salary
C9	Managed/ Integrated	Initial/ Intuitive	Managed/ Integrated	Standardized/ Routinized	Non-existing	Head hunting	No program	Commit.envir&soc/Career opp./Work offer/Job stabil.
C10	Standardized/ Routinized	Managed/ Integrated	Managed/ Integrated	Initial/ Intuitive	Non-existing	WEB/News/Recomm	Schol./Intern	Add. benefits/Commit.envir&soc/Career opp.
C11	Non-existing	Initial/ Intuitive	Standardized/ Routinized	Initial/ Intuitive	Non-existing	Empl. ag./Head hun./Empl.ref/Recomm	No program	Add. benefits/Career opp./Work offerings
C12	Standardized/ Routinized	Non-existing	Standardized/ Routinized	Initial/ Intuitive	Initial/Intuitiv e	WEB/Job port./Empl.ag./News	No program	Add. benefits/Career opp./Work-life/Job stabil.
C13	Initial/ Intuitive	Initial/ Intuitive	Standardized/ Routinized	Initial/ Intuitive	Initial/Intuitiv e	News/Job fairs/Univ./Head hun	Trainee prog. with	Add. benefits/Comp.val/Innov/Work offer/Job stabil.
C14	Managed/ Integrated	Standardized/ Routinized	Managed/ Integrated	Managed/ Integrated	Non-existing	Job port./News/Soc.med./Job fairs/Head hun./Empl.ref/Recomm	Internships	Add. benefits/Commit.envir&soc/Comp.val /Innov./Fin.succ/Career opp./Workplace
C15	Initial/ Intuitive	Initial/ Intuitive	Standardized/ Routinized	Standardized/ Routinized	Standardized/ Routinized	Empl.ag./News/Soc.med./Head hun./Empl.ref/	No program	Commitment to environment and society/Company size/Career
C16	Initial/ Intuitive	Non-existing	Standardized/ Routinized	Initial/ Intuitive	Initial/ Intuitive	N/A	No program	Add. benefits/Commit.envir&soc/Work- life/Job stabil.
C17	Non-existing	Non-existing	Non-existing	Non-existing	Non-existing	Empl.ag./News/Recomm	No program	Authonomy/Freedom on the workplace
C18	Non-existing	Initial/ Intuitive	Standardized/ Routinized	Initial/ Intuitive	Non-existing	Job port./Empl.ag/ Empl.ref/Recomm/Gen.mng	No program	Additional benefits besides the salary/Job stability
C19	Initial/ Intuitive	Initial/ Intuitive	Initial/ Intuitive	Initial/ Intuitive	Initial/ Intuitive	Empl.ag./News	Internships	Commitment to environ-ment and society/Financial success/Job stability

## Appendix D: Results from the Quantitative Survey Cont'd

	Q19 (a)	Q19 (b)	Q19 (c)	Q19 (d)	Q19 (e)	Q20
C1	Standardized/ Routinized	Non-existing/ Future oriented	Non-existing/ Managed/ Integrated	Initial/ Intuitive	Non-existing/ Future oriented	None of the mentioned practices
C2	Future oriented	Initial/ Intuitive	Initial/ Intuitive	Initial/ Intuitive	Initial/ Intuitive	Job enrichment/Assess.skill gaps/Mentoring&Coaching/Intern.develop.opp/ Depl&mobility/Recruit&onboard/Role&competency/Workforce analyt&plan
C3	Managed/ Integrated	Standardized/ Routinized	Managed/ Integrated	Future oriented	Managed/ Integrated	Job enrichment for talents/Workforce analytics&planning
C4	Standardized/ Routinized	Standardized/ Routinized	Initial/ Intuitive	Initial/ Intuitive	Initial/ Intuitive	Job enrichment/Intern.develop.opp/Depl&mobility/High-perf.teams/Workforce analyt&planning
C5	Future oriented	Managed/ Integrated	Initial/ Intuitive	Initial/ Intuitive	Non-existing/ Managed/ Integrated	Role and competency design/Workforce analytics and planning
C6	Initial/ Intuitive	Initial/ Intuitive	Initial/ Intuitive	Initial/ Intuitive	Initial/ Intuitive	Job enrichment for talents
C7	Non-existing	Non-existing	Initial/ Intuitive	Initial/ Intuitive	Initial/ Intuitive	Job enrichment/Assess.skill gaps/Mentoring&Coaching/Intern.develop.opp/ Depl&mobility/Recruit&onboard/Role&competency
C8	Initial/ Intuitive	Initial/ Intuitive	Initial/ Intuitive	Initial/ Intuitive	Non-existing	Mentoring&Coaching
C9	Initial/ Intuitive	Initial/ Intuitive	Initial/ Intuitive	Initial/ Intuitive	Non-existing	Mentoring&Coaching/High-perform.teams/Recruit&onboarding
C10	Initial/ Intuitive	Initial/ Intuitive	Initial/ Intuitive	Non-existing/ Initial/ Intuitive	Initial/ Intuitive	Job enrichment for talents/Mentoring&Coaching
C11	Initial/ Intuitive	Standardized/ Routinized	Non-existing	Initial/ Intuitive	Non-existing	N/A
C12	Initial/ Intuitive	Standardized/ Routinized	Managed/ Integrated	Standardized/ Routinized	Initial/ Intuitive	Job enrichment for talents
C13	Standardized/ Routinized	Standardized/ Routinized	Initial/ Intuitive	Standardized/ Routinized	Initial/ Intuitive	Job enrichment for talents/Assess.skill gaps/Mentoring&Coaching/Role&compet.design
C14	Managed/ Integrated	Managed/ Integrated	Managed/ Integrated	Standardized/ Routinized	Standardized/ Routinized	Job enrichment for talents/Assess.skill gaps/Mentoring&Coaching/Intern.develop.opp/Role&compet.design
C15	Initial/ Intuitive	Non-existing	Initial/ Intuitive	Initial/ Intuitive	Initial/ Intuitive	Assessing skills gaps for critical roles/Role&compet.design
C16	N/A	N/A	N/A	N/A	N/A	N/A
C17	Non-existing	Non-existing	Initial/ Intuitive	Initial/ Intuitive	Initial/ Intuitive	Recruitment and on-boarding
C18	Non-existing	Non-existing	Non-existing/ Managed/ Integrated	Non-existing/ Managed/ Integrated	Non-existing/ Initial/ Intuitive	None of the mentioned practices
C19	Initial/ Intuitive	Initial/ Intuitive	Initial/ Intuitive	Initial/ Intuitive	Initial/ Intuitive	Assessing skills gaps for critical roles

## Appendix D: Results from the Quantitative Survey Cont'd

	Q21 (a)	Q21 (b)	Q21 (c)	Q21 (d)	Q22	Q23	Q24	Q25
C1	Non-existing	Standardized/ Routinized	Initial/ Intuitive	Initial/ Intuitive	CSR/Pers.devel./Devel.younger empl.	Yes, through know-how from the mother/sister	I'm not familiar	Yes, but there is a need of further
C2	Future oriented	Future oriented	Future oriented	Future oriented	CSR/Pers.devel./Devel.younger empl.	Yes, know-how from mother	No	No
C3	Initial/ Integrated	Non-existing	Standardized/ Routinized	Standardized/ Routinized	Involvement in CSR activities	No, it was managed internally	Yes, but there is a need of further	Yes
C4	Managed/ Integrated	Future oriented	Future oriented	Managed/ Integrated	Pers.devel./Devel.younger empl.	No, it was managed internally	Yes, but there is a need of further	Yes, but there is a need of further
C5	Non-existing	Non-existing	Non-existing	Initial/ Intuitive	Pers.devel.	No, it was managed internally	I'm not familiar	I'm not familiar
C6	Initial/ Intuitive	Initial/ Intuitive	Initial/ Intuitive	Initial/ Intuitive	CSR/Pers.devel.	No, it was managed internally	No	Yes, but there is a need of further
C7	Initial/ Intuitive	Initial/ Intuitive	Initial/ Intuitive	Initial/ Intuitive	No program	N/A	I'm not familiar	I'm not familiar
C8	Initial/ Intuitive	Non-existing	Non-existing	Non-existing	No program	No, it was managed internally	Yes, but there is a need of further	Yes, but there is a need of further
C9	Managed/ Integrated	Managed/ Integrated	Managed/ Integrated	Managed/ Integrated	Involvement in CSR activities	No, it was managed internally	I'm not familiar	Yes, but there is a need of further
C10	Initial/ Intuitive	Non-existing	Initial/ Intuitive	Initial/ Intuitive	CSR/Pers.development	Yes, with support by external foreign	I'm not familiar	Yes, but there is a need of further
C11	Non-existing	Initial/ Intuitive	Non-existing	Initial/ Intuitive	No program	N/A	I'm not familiar	Yes, but there is a need of further
C12	Initial/ Intuitive	Initial/ Intuitive	Managed/ Integrated	Initial/ Intuitive	Devel. of younger employees/talents	Yes, through know-how from the mother/sister	I'm not familiar	Yes
C13	Standardized/ Routinized	Initial/ Intuitive	Standardized/ Routinized	Standardized/ Routinized	Devel. of younger employees/talents	Yes, through know-how from the mother/sister	I'm not familiar	Yes, but there is a need of further
C14	Standardized/ Routinized	Standardized/ Routinized	Initial/ Intuitive	Standardized/ Routinized	Pers.devel./Devel.younger empl.	No, it was managed internally	No	No
C15	Standardized/ Routinized	Standardized/ Routinized	Initial/ Intuitive	Initial/ Intuitive	Involvement in SCR activities	No, it was managed internally	No	Yes, but there is a need of further
C16	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
C17	Non-existing	Non-existing	Non-existing	Non-existing	Personal development (academic/research) policies	No, it was managed internally	I'm not familiar	Yes, but there is a need of further
C18	Non-existing	Non-existing	Non-existing	Non-existing	No program	N/A	No	I'm not familiar
C19	Initial/ Intuitive	Non-existing	Non-existing	Non-existing	Involvement in SCR activities	No, it was managed internally	Yes, but there is a need of further	Yes, but there is a need of further

## **Appendix E: Transcriptions from Interviews**

### **Transcript from interview Nr. 1 (HR Manager in a foreign capital big sized company)**

1. At what level according to your perception is the awareness of the importance for talent management in the Macedonian companies? Why is the situation like that?  
A: There is almost no perception for the importance of talent management in the Macedonian companies, with exception of several bigger companies. It comes from the fact that this topic is still not spread or widely present in the practices of the companies, as well as there is a lack of demand from the companies top management.
  - In Macedonian export companies? A: Very low.
  - In the foreign and domestic capital companies? A: Lower in the domestic as in the foreign capital companies.
  - In state or private or mixed capital companies? A: Should be higher in private than state companies.
  - In small, middle or big companies (size)? A: Should exist only in the big companies.
  - In the public administration? A: None.
2. What is the relevance of having HRM capacities (department) for implementing TM practices? How do you organize it? How do you estimate the existence of HRM capacities in Macedonian export companies, domestic and foreign, private sector and public sector?  
A: The existence of a HR department has a key role for development and A: The existence of a HR department has a key role for development and implementing of any TM practices. In the company there is a continuous increase in the capacities of the HR department. The existence of HRM capacities is higher in bigger and private companies, especially with foreign capital, and lower in the smaller companies with domestic capital. The public sector institutions usually do not have or have very limited HRM resources.
3. What elements of talent management practices do you use? What practices you would recommend for the export companies and for other companies and for public administration?
  - Workforce planning,
  - Identification and acquisition of talent,
  - Managing performance,
  - Competencies modelling,
  - Talent development,
  - Talent review and succession planning,

- Talent retention?

A: The company has a 3 years' workforce planning which is a responsibility of HR department. The identification and acquisition of talent is in responsibility of the line managers, as well as the performance management. The awarding through salaries and bonuses is again a HR department responsibility. The competencies are divided in global and local, were used only for the managing positions, but now deployed to all positions with lower number of competencies. Competencies count before the qualifications in terms of recruitment and talent perspective is already observed during recruitment. There is an annual succession planning and talent review. In terms of retention, methodology includes benefits and bonuses as well perks. International career for talents is part of the retention strategy. Practices should be employed having in mind the conditions and requirements of the company strategies in terms of talent.

4. What kind of strategic approach you use? How do you do that? What kind of strategic approach would you recommend? (Structure centric vs. Human Capital centric approach)

- Organizational design
- Leading
- Managing change
- Technology support

A: On group level there is a strategic approach towards having an organizational structure which supports talent. The leadership model is focused on developing talent within a "care & grow" model and defined objectives. One of the objectives of the leaders are to identify, develop and retain talent. Talents are involved in the change management projects and designed software is used for performance management, annual appraisals, 360 degree evaluation, employee satisfaction and KPI monitoring.

5. What kind of support did you use during implementation or you would use if you decide to implement TM practices (consultants, trainings, university courses, experience exchange, knowledge from mother company etc.)?

A: The objectives are set from the mother company. The system is developed and also supported through local software solutions and then disseminated in the group. Diverse group wide knowledge sharing for any topic exists and such kind of support is very welcome.

6. What is your perception about the capacities of universities in relation to Talent Management? What would you expect from universities to do for raising awareness for talent management?

A: Universities in most cases do not offer any programs or have capacities related to Talent Management. Therefore the company contacted an international high education institution in Macedonia in order to discuss teaching programs from the behavioral education for the company needs.



7. What is your perception about the capacities of consulting companies in relation to Talent Management? What would you expect from consultants?

A: The capacities of consulting companies are either low or non-existing, since the demand is missing and there are no requests from the side of the companies.

8. What can be done to raise the awareness for talent management (Employers organization, HR Association etc.)?

A: The awareness can be raised within the existing institutions through an experience sharing from the companies that already have some knowledge and experience to the ones that have interest.

9. How do you estimate the existing expertise, knowledge and capabilities of the HR professionals/top management in the companies in relation to talent management?

A: Only very few professionals and practitioners do have knowledge and certain experience, but seems that no systematic approach or pattern on talent management development can be noticed.

**Transcript from interview Nr. 2 (HR Manager in a foreign capital middle sized company):**

1. At what level according to your perception is the awareness of the importance for talent management in the Macedonian companies? Why is the situation like that?

- In Macedonian export companies? A: Biggest export companies are not necessarily representative, especially those who are mainly production companies, but are part from larger multinational corporations who run the sales from other centers than from Macedonia. Also micro or very small Macedonian export companies exist, who are present in the list of the biggest exporters, but do operate with very small number of employees, where a talent management system makes no sense.
- In the foreign and domestic capital companies? A: Companies with foreign capital are in front of the ones with domestic capital, since they mostly use practices and systems developed and transferred from their mother companies.
- In state or private or mixed capital companies? A: This differentiation is currently not relevant. Size and economic power of the company are more relevant criteria.
- In small, middle or big companies (size)? A: The size plays a role and the big companies are surely the ones likely to develop and implement some TM practices.
- In the public administration? A: There is no evidence of any practice at all.

2. What is the relevance of having HRM capacities (department) for implementing TM practices? How do you organize it? How do you estimate the existence of HRM capacities in Macedonian export companies, domestic and foreign, private sector and public sector?

- A: Resources are essential to link the practices to the company policy. It is necessary to dedicate developed professionals to reach the objectives. The Macedonian employers and owners still do not have developed awareness for the importance of the HRM topics. On a scale from 1-10, estimates a 3-4 level with a positive tendency. The awareness is mostly developed by the companies with foreign capital and exceptionally by few of the ones with domestic capital.
3. What elements of talent management practices do you use? What practices you would recommend for the export companies and for other companies and for public administration?
- A: On group level new strategies on competencies, learning and development and talent are defined. There is a new global capability framework which lies on three pillars: behaviors, skills and knowledge.
- Workforce planning, A: Due to the very low turnover, the workforce planning is very stable and predictable.
  - Identification and acquisition of talent, A: There is a feeling that the new recruitments should focus on candidates which could be identified as high potentials and certain recruitment practices involve techniques to provide selection of such candidates. No system on acquisition of talents internally exists yet, but in plan. Criteria defined by international consultants are used to differentiate between high performers vs. high potentials.
  - Managing performance,
  - Competencies modelling, A: Project launched on group level which will be broken down to the subsidiaries.
  - Talent development,
  - Talent review and succession planning, A: Not started yet, exists on paper with defined preconditions and criteria.
  - Talent retention? A: Recognition for talents is in-officially done in order to prevent higher expectations.
4. What kind of strategic approach you use? How do you do that? What kind of strategic approach would you recommend? (Structure centric vs. Human Capital centric approach)
- Organizational design
  - Leading
  - Managing change
  - Technology support
- A: Strategies are rolled out from the mother company and involve some strategic changes in the organizational structure – for ex. in some parts of the organization, the structure is changed from vertical to horizontal.

5. What kind of support did you use during implementation or you would use if you decide to implement TM practices (consultants, trainings, university courses, experience exchange, knowledge from mother company etc.)?  
A: Companies could expect some assistance from the experienced university professors who possess theoretical knowledge and an analytical approach and consultancy experience necessary to give an orientation to the companies.
  
6. What is your perception about the capacities of universities in relation to Talent Management? What would you expect from universities to do for raising awareness for talent management?  
A: There might be some capacities among the university staff, but there are no developed programs on talent management. Including TM in the teaching programs will raise the awareness among the students as future HR professionals.
  
7. What is your perception about the capacities of consulting companies in relation to Talent Management? What would you expect from consultants?  
A: Has no information on the capabilities of the domestic consultant companies on TM, probably since there is no market for this kinds of services. They used consultancy arranged from the mother company with international consultants.
  
8. What can be done to raise the awareness for talent management (Employers organization, HR Association etc.)?  
A: The Employers organization is probably far away from the TM topic, since the focus is more on the social dialogue and collective bargaining. The potential for awareness raising is more on the side of the HR-Association who could through seminars, experience exchange and trainings for the HR professionals influence the employers.
  
9. How do you estimate the existing expertise, knowledge and capabilities of the HR professionals/top management in the companies in relation to talent management?  
A: The basic question is to raise the awareness at the owners and top management of the companies in Macedonia on the advantages to manage people and to provide separate customized approach for talents. Professionals would then easily and fast follow the policies and provide the necessary knowledge and skills to support them.

**Transcript from interview Nr. 3 (University professor in the field of HR):**

1. At what level according to your perception is the awareness of the importance for talent management in the Macedonian companies? Why is the situation like that?  
A: Companies in Macedonia are late and still sleeping for this topic, they have already lost the global war for talent. But this is an evolution process, first the HRM function needs to evolve and then Talent Management, as the top end of the HRM. In general, seems

that only the IT companies are awoken and fighting for talents and employ practices to attract talents and to remain competitive.

- In Macedonian export companies? A: Very low. There is still no awareness that talents can provide a competitive advantage on the global market. For sure, the service companies should lead the field.
- In the foreign and domestic capital companies? A: In the domestic companies it is mainly only intuitive. The foreign capital companies seem to be more developed.
- In state or private or mixed capital companies? A: Should be higher in private than state companies.
- In small, middle or big companies (size)? A: Should exist only in the big companies.
- In the public administration? A: None.

2. What is the relevance of having HRM capacities (department) for implementing TM practices? How do you organize it? How do you estimate the existence of HRM capacities in Macedonian export companies, domestic and foreign, private sector and public sector?

A: The existence of a HR department is not necessary, but it will be easier if a company has it. In general the capacities for HRM in the Macedonian companies are in development and the developments are very positive in the past years.

3. What elements of talent management practices do you use? What practices you would recommend for the export companies and for other companies and for public administration?

- Workforce planning,
- Identification and acquisition of talent,
- Managing performance,
- Competencies modelling,
- Talent development,
- Talent review and succession planning,
- Talent retention?

A: Aside of the proposed practices, the rewarding talent is very important and should be developed based on the conditions and requirements of the company, as well as the environment, the workforce and especially the talent market.

4. What kind of strategic approach you use? How do you do that? What kind of strategic approach would you recommend? (Structure centric vs. Human Capital centric approach)

- Organizational design
- Leading
- Managing change

- Technology support

A: There are lots of theoretical models which not always count in the reality. The company structure should provide care for the talents. HC-centric companies is much easier to be established in a green-field company, than in an existing one with own history.

5. What kind of support did you use during implementation or you would use if you decide to implement TM practices (consultants, trainings, university courses, experience exchange, knowledge from mother company etc.)?

A: Companies could expect some assistance from the experienced university professors who possess theoretical knowledge and an analytical approach and consultancy experience necessary to give an orientation to the companies.

6. What is your perception about the capacities of universities in relation to Talent Management? What would you expect from universities to do for raising awareness for talent management?

A: There were no examples on existing programs which include Talent Management. However, there is a recent example where in the HRM subjects, chapters on Talent Management will be included in the lectures. Other universities most probably do not relate to talent management at all.

7. What is your perception about the capacities of consulting companies in relation to Talent Management? What would you expect from consultants?

A: Consultants could also surely provide some theoretical assistance, but there is no real practice on talent management which can be transferred.

8. What can be done to raise the awareness for talent management (Employers organization, HR Association etc.)?

A: The awareness can be raised through lectures, experience sharing-which is unfortunately rarely used, through articles in bulletins or newspapers and magazines and through presentations at conferences.

9. How do you estimate the existing expertise, knowledge and capabilities of the HR professionals/top management in the companies in relation to talent management?

A: The existing expertise in the companies is not enough, weather on the theoretical, nor on the practical side.

#### **Transcript from interview Nr. 4 (University professor in the field of HR):**

1. At what level according to your perception is the awareness of the importance for talent management in the Macedonian companies? Why is the situation like that?

A: Unfortunately very low. The reasons come mainly because of the not adequate education in HR, and lack of capacity in the HR departments in the companies.

- In Macedonian export companies? A: Higher than in the companies which are involved only in the domestic trade.
  - In the foreign and domestic capital companies? A: The foreign companies deploy the knowledge transfer from their mother companies and are more advanced than the domestic companies. This is confirmed by the students which through internship programs work in companies with foreign or domestic capital.
  - In state or private or mixed capital companies? A: The state companies unfortunately are least aware of the importance of TM.
  - In small, middle or big companies (size)? A: The size plays a role, and it is expected that the big companies have more capacities for implementation of TM practices. But sometimes middle companies with foreign capital are more developed in terms of TM as big companies with domestic capital.
  - In the public administration? A: The awareness is probably on a lower level than in the companies.
2. What is the relevance of having HRM capacities (department) for implementing TM practices? How do you organize it? How do you estimate the existence of HRM capacities in Macedonian export companies, domestic and foreign, private sector and public sector?
- A: Having HRM capacities is crucial, otherwise it is left to single attempts of skilled individuals. No concrete information about the HRM capacities in Macedonian companies.
3. What elements of talent management practices do you use? What practices you would recommend for the export companies and for other companies and for public administration?
- A: Some TM practices are implemented in the process of selection of students for participation in specific projects. No practices for the University staff.
- Workforce planning,
  - Identification and acquisition of talent,
  - Managing performance,
  - Competencies modelling,
  - Talent development,
  - Talent review and succession planning,
  - Talent retention?
4. What kind of strategic approach you use? How do you do that? What kind of strategic approach would you recommend? (Structure centric vs. Human Capital centric approach)
- Organizational design

- Leading
- Managing change
- Technology support

A: There is a positive example about the strategic approach of a well-known international competitor in beverages from the very first stage of targeting and selecting talented candidates prior to the employment in Macedonia.

5. What kind of support did you use during implementation or you would use if you decide to implement TM practices (consultants, trainings, university courses, experience exchange, knowledge from mother company etc.)?

A: N/A

6. What is your perception about the capacities of universities in relation to Talent Management? What would you expect from universities to do for raising awareness for talent management?

A: Only some high education institutions offer certain programs in human resources, but I am not aware if these programs include Talent Management courses.

7. What is your perception about the capacities of consulting companies in relation to Talent Management? What would you expect from consultants?

A: There are some problems on the side of the consulting companies in terms of their competencies for certain topics, but there are also problems on the side of the companies, in terms of the real demand and preparedness to ask for and then pay for the services.

8. What can be done to raise the awareness for talent management (Employers organization, HR Association etc.)?

A: Joint activities for their members, which include the HR professionals and the managers, and experience exchange and contacts lead to building the capacities in terms of TM.

9. How do you estimate the existing expertise, knowledge and capabilities of the HR professionals/top management in the companies in relation to talent management?

A: The existing expertise relies on individual cases and especially on the individual contribution of certain persons with more developed awareness for the importance of the TM topic.

#### **Transcript from interview Nr. 5 (President of a professional association):**

1. At what level according to your perception is the awareness of the importance for talent management in the Macedonian companies? Why is the situation like that?

- In Macedonian export companies? A: Does not know exactly the export companies.
  - In the foreign and domestic capital companies? A: The foreign companies have heard and know about talent management due to know-how transfer from the mother companies. The companies with domestic capital in most cases do not know or use talent management practices due to lack of information on HR management at all.
  - In state or private or mixed capital companies? A: The companies with private capital are more developed than the state owned ones.
  - In small, middle or big companies (size)? A: In the small companies there is no reason for implementation of talent management. Middle and big sized companies should be more developed.
  - In the public administration? A: In the public administration there is in general lack of HR management practices, and therefore same for talent management.
2. What is the relevance of having HRM capacities (department) for implementing TM practices? How do you organize it? How do you estimate the existence of HRM capacities in Macedonian export companies, domestic and foreign, private sector and public sector?
- A: Having HRM capacities is precondition for implementing TM practices. The foreign companies, as well as big companies have higher capacities in comparison to the domestic and/or public ones.
3. What elements of talent management practices do you use? What practices you would recommend for the export companies and for other companies and for public administration?
- A: The institution where I come from does not have any structured and formal talent management system and most of the practices are on intuitive basis.
- Workforce planning, A: There is a short mid-term work force planning and some analysis exist.
  - Identification and acquisition of talent, A: There are some practices which are related to acquiring talent such as awards for best essay competition in the field of activities, internship programs and a researchers club.
  - Managing performance, A: A performance management system exists, but it is not related to a specific group of talents, which are not identified.
  - Competencies modelling, A: Competencies modelling does not exist yet but there are thoughts on developing it.
  - Talent development, A: Talents are not specifically identified, but some intuitive actions are performed.
  - Talent review and succession planning, A: No talent review and succession planning exists.



- Talent retention? A: Some intuitive activities are performed in terms of retention, but not specific on talent.
4. What kind of strategic approach you use? How do you do that? What kind of strategic approach would you recommend? (Structure centric vs. Human Capital centric approach) A: The institution has a typical centric structure. Recently some new developments in group and team work on specific projects is fostered.
- Organizational design
  - Leading
  - Managing change
  - Technology support
5. What kind of support did you use during implementation or you would use if you decide to implement TM practices (consultants, trainings, university courses, experience exchange, knowledge from mother company etc.)?  
A: No talent management practices are specifically developed. For other HR practices we use technical support from international similar institutions.
6. What is your perception about the capacities of universities in relation to Talent Management? What would you expect from universities to do for raising awareness for talent management?  
A: I am not aware of any existence of Talent Management as a subject in any university program. I would expect research, publications and introduction of talent management in the teaching programs.
7. What is your perception about the capacities of consulting companies in relation to Talent Management? What would you expect from consultants?  
A: I am not aware about any capacities within the domestic consultant companies, since no market exists, so no practical experience can be witnessed. I would expect of them to follow the world trends and to acquire international experiences.
8. What can be done to raise the awareness for talent management (Employers organization, HR Association etc.)?  
A: Putting Talent Management into the HR standards, to organize international experience exchange projects and research on talent management, contribution from members in know-how sharing and promotion of talent management in regular bulletins and conferences and events could contribute to raising the awareness for talent management.
9. How do you estimate the existing expertise, knowledge and capabilities of the HR professionals/top management in the companies in relation to talent management?

A: The HR professionals have theoretical knowledge for talent management but no empowerment from the top management or owners to implement revolutionary processes in HR, because of lack of awareness within the top management structures.

**Transcript from interview Nr. 6 (President of a professional association):**

1. At what level according to your perception is the awareness of the importance for talent management in the Macedonian companies? Why is the situation like that?

A: Very small number of companies are aware of the importance of talent management in Macedonia. Mostly it comes because of the low level of education, and the awareness of the top management in the companies and of the company owners for new management systems and the importance of education.

- In Macedonian export companies? A: Export companies could build awareness through experiences with foreign partners and trade fairs.
- In the foreign and domestic capital companies? A: The foreign capital companies mostly use the knowledge transfer from their mother companies, so therefore have advantage over the companies with domestic capital.
- In state or private or mixed capital companies? A: The state companies get some experiences through involvement in international projects, but the companies with mixed, especially with private capital are more advanced in accepting new management systems.
- In small, middle or big companies (size)? A: Usually the big companies are the ones who have capacities and interest in implementing advanced management systems.
- In the public administration? A: Does not have information.

2. What is the relevance of having HRM capacities (department) for implementing TM practices? How do you organize it? How do you estimate the existence of HRM capacities in Macedonian export companies, domestic and foreign, private sector and public sector?

A: It is very relevant for implementing Talent Management Systems to have the necessary capacities and established HR-departments. In Macedonia, the smaller companies do not have such capacities and are not able to go into process of implementing advanced management systems.

3. What elements of talent management practices do you use? What practices you would recommend for the export companies and for other companies and for public administration? A: N/A

- Workforce planning,
- Identification and acquisition of talent,
- Managing performance,

- Competencies modelling,
  - Talent development,
  - Talent review and succession planning,
  - Talent retention?
4. What kind of strategic approach you use? How do you do that? What kind of strategic approach would you recommend? (Structure centric vs. Human Capital centric approach)
- Organizational design
  - Leading
  - Managing change
  - Technology support
5. What kind of support did you use during implementation or you would use if you decide to implement TM practices (consultants, trainings, university courses, experience exchange, knowledge from mother company etc.)? A: N/A
6. What is your perception about the capacities of universities in relation to Talent Management? What would you expect from universities to do for raising awareness for talent management?
- A: Only some high education institutions offer certain programs in human resources, but I am not aware if these programs include Talent Management courses.
7. What is your perception about the capacities of consulting companies in relation to Talent Management? What would you expect from consultants?
- A: I am not informed if the consulting companies offer some kind of assistance to the companies for talent management.
8. What can be done to raise the awareness for talent management (Employers organization, HR Association etc.)?
- A: To raise the awareness and the importance of talent management in the country, trainings and experience exchange meetings should be organized for the companies. The Employers Organization of Macedonia is exactly the place where the companies could acquire new practices in terms of their own development, as well as other organizations which associate the companies as the economic chambers.
9. How do you estimate the existing expertise, knowledge and capabilities of the HR professionals/top management in the companies in relation to talent management?
- A: The existing awareness and capacities of the companies for HRM, but also in the whole society are too low. This results in brain drain from the country. The developed nations, as for example the Americans, have networks around the world in order to

recognize the talents from their children's age and to attract them for education and in succession for employment in their economy.

**Transcript from interview Nr. 6 (Consultant for the public administration):**

1. At what level according to your perception is the awareness of the importance for talent management in the Macedonian companies? Why is the situation like that?

1.1. In Macedonian export companies?

1.2. In the foreign and domestic capital companies?

1.3. In state or private or mixed capital companies?

1.4. In small, middle or big companies (size)?

1.5. In the public administration? A: In general no specific awareness exists. On strategic level in the public administration and in the HRM units there is awareness and the importance has been identified. On operational level, still no talent management practices have been implemented. The high potentials are recognized, but no systematic measures are taken.

2. What is the relevance of having HRM capacities (department) for implementing TM practices? How do you organize it? How do you estimate the existence of HRM capacities in Macedonian export companies, domestic and foreign, private sector and public sector?

A: It is logical and proven that organizations which have HR departments with dedicated capacities play an important role for supporting talent management. Some ministries do have designed HR teams and dedicated capacities, which are still not enough for focusing on more advanced HR practices and operationalizing of the strategic objectives.

3. What elements of talent management practices do you use? What practices you would recommend for the export companies and for other companies and for public administration? A: Speaking for the ministries, the status is as follows:

- Workforce planning, A: it is envisaged to be obligatory,
- Identification and acquisition of talent, A: Not existing,
- Managing performance, A: Since 2004 in force.
- Competencies modelling, A: In 2014 it was put into force by law.
- Talent development, A: Not existing,
- Talent review and succession planning, A: Not existing or only intuitively.
- Talent retention? A: Not existing.

4. What kind of strategic approach you use? How do you do that? What kind of strategic approach would you recommend? (Structure centric vs. Human Capital centric approach)  
A: There is no strategic approach to talent management in the public administration, but awareness for involvement of talent management exists on highest level.
  - Organizational design
  - Leading
  - Managing change
  - Technology support
5. What kind of support did you use during implementation or you would use if you decide to implement TM practices (consultants, trainings, university courses, experience exchange, knowledge from mother company etc.)?  
A: Experiences from the public administration in the United Kingdom have been recognized, including the so called fast track paths for the talented employees. Also some experience exchange with the Romanian institutions has been part of the establishing of the knowledge base.
6. What is your perception about the capacities of universities in relation to Talent Management? What would you expect from universities to do for raising awareness for talent management?  
A: Talent management is not appropriately present in the study programs of the university or not in compliance to the real necessities in the public administration.
7. What is your perception about the capacities of consulting companies in relation to Talent Management? What would you expect from consultants?  
A: There is no existence of some bigger consulting in Macedonia, and the capacity for talent management is not existing due to no such kind of demand by the organizations.
8. What can be done to raise the awareness for talent management (Employers organization, HR Association etc.)?  
A: Presenting role models, positive examples, experience exchange through conferences and bulletins, communication between experts on talent programs with real results for defining state policies and taking benefits from the talent management are some of the potential possibilities in those kinds of organizations.
9. How do you estimate the existing, knowledge and capabilities of the HR professionals/top management in the companies in relation to talent management?  
A: They are placed in individuals whose number is continuously increasing.