Talent management as a trend of HR management which generates strategic advantage for the organization

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Abstract

Today's turbulent changes demand that organizations base their success on the quality and values of talented employees. Talented employees are those whose ideas, knowledge, skills, creativity and innovativeness enable the organizations to be successful on the fast-growing competitive markets. This paper analyses talented employees as a source of competitive advantage because they add to the market value of an organization and make a significant difference in relation to other organizations. The aim of the paper is to examine the importance of talent management as one of the most important trends in HR management that contributes to the strategic development of the organization. The results of the analysis can help organizations' managers to attract talented employees and ensure conditions for their development in order to keep them in the organization. Organizations shall succeed in this if they work out a good HR strategy which they will incorporate into their business strategy. In order to analyse the issue as thoroughly as possible, the so-called desk research method was used.

Keywords

HR management, HR strategy, talent management, employer brand, attracting and retaining talent

Introduction

Growing emphasis has lately been placed on high-quality employees, i.e. talents, because they have come to be considered a key source of an organization's competitive advantage. In order to gain competitive advantage, organizations need to ensure good HR management. In other words, they need to devise HR strategies which will attract, retain and appoint to the right positions the best and most productive employees. In today's turbulent times, it is hard for many organizations to attract talented applicants, and even harder to retain them. However, if organizations want to build and develop a culture of success, they need to deal with talent management continuously. The aim of the paper is to examine the importance of talent management as one of the most important trends in HR management that contributes to the strategic development of the organization.

1. Managerial approach to HR

Numerous authors have defined management in different ways. Koontz and Weichrich (1998:4) define management as "a process of designing and maintaining of an environment in which individuals working together in groups efficiently accomplish selected aims". Furthermore, Kretner (1989) also highlights the fundamental features of management (according to Belak, 2014: 2): working with others and with the help of others, achieving set goals, achieving effectiveness and efficiency, achieving results using limited resources and acting in a changing environment.

Set goals can only be achieved using joint efforts; therefore, it is very important to strike a balance between effectiveness and efficiency using limited organizational resources. Furthermore, it is also important that the management always keeps an eye on the changing environment, trying to anticipate the changes and adjust to them. All of these important activities would not be possible without the most important resource in an organization – people. People are the ones who have the knowledge to use all the resources and initiate all the activities and processes within the organization.

As emphasized by Jurina (2011:17), HR or potentials represent "the amount of knowledge, abilities and other qualities of people necessary for the functioning and development of an organization or a social community". Organizations are dependent on people, i.e. people are the key element of successful organizations necessary for achieving competitive advantage.

HR management represents "a complex system of interconnected initiatives, activities and tasks of the management which ensures the appropriate number and structure of employees, their knowledge, skills, competencies, interests, motivations and forms of behaviour necessary for achieving the current, developmental and strategic goals of the organization" (Bahtijarević-Šiber, 2014: 5). HR management does not only ensure high value, but also distinguishes an organization from others since it encompasses various activities such as, for example, attracting and retaining employees, developing them professionally and career-wise, rewarding them, etc.

There are four key roles of HR (Noe et al., 2006:565):

1. **Strategic partner** – the role focuses on strategy implementation which derives from matching HR strategies with business strategies.

2. **Administrative expert** – the role requires shaping and delivery of successful HR systems, processes and practices; this, in turn, entails systems for selection, training, development, evaluation and rewarding of employees.

3. **Employee representative** – the role involves managing employee commitment and contribution; this role is of utmost importance for organizations that want to achieve competitive advantage through people.

4. **Mediator of change** – the role demands that HR helps fulfil new competitive conditions in a transforming organization or helps identify and manage the processes of change.

Apart from the roles, it is also necessary to list the HR activities and their importance in terms of strategic value. Noe et al. (2006:569) classify activities as follows:

1. **Transactional activities** – they have a low strategic value and include everyday tasks such as administration, archiving, etc.

2. **Traditional activities** – they have a moderate strategic value consisting of, for example, performance management, training, compensation, acquisition, etc.

3. **Transformational activities** – they create the organization's long-term capability and adaptability and include knowledge management, talent management, changes of the organizational structure, etc.

The role of HR management is important for the development of HR strategy. However, before we explain the strategy, it is necessary to establish the mission, the vision and objectives of the organization and of HR, which serve as the basis for strategy development.

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1.1. HR mission

HR mission determines, directs, integrates and motivates all the employees in achieving the development programmes according to the common, strategically set goals of an organization (Gutić, 2019:29). The mission is important because it provides the purpose and the fundamental reason for the existence of every organization. Being the starting point, the mission needs to be well defined for the following reasons (Jurina, 2011: 52):

- it is a signpost in the strategic planning system
- it defines the activities and the working processes
- it promotes the significance of the employees' expectations through common values and culture
- it provides guidelines in leadership styles, etc.

The mission encompasses the interests of all the stakeholders – customers, employees, shareholders, social community, etc. Since it is one of the organization's fundamental strategic determinants, it is important to devise it creatively so that it reflects long-term goals which serve as starting points in formulating a strategy.

1.2. HR vision

The vision represents the distant future image of the organization. Its starting points should be the employees' core values, for example, respect, responsibility, integrity, perseverance, etc. It is of utmost importance that these core values correspond to the organization's values, i.e. that they are mutually aligned. When formulated and aligned well, the core values contribute to the creation of good atmosphere and encourage creativity. HR vision should be written and formulated into a document consisting of only a few sentences. It should signpost organizations in terms of expanding awareness of the organization's necessary performances, point out the necessary changes, ensure exploitation of an individual's and the group's potential, etc. (Jurina, 2011:52).

1.3. HR objectives

After determining the mission and the vision, objectives need to be set because they represent the signposts that an organization needs to follow in order to achieve its defined mission and vision. According to

Sikavica et al (2008:155-157), objectives can be observed through the following: time dimension (short-term, mid-term and long-term), hierarchical level (strategic, tactical and operational) and areas for which they are set (e.g. performances and attitudes of the employees).

Objectives should be well set and numerous authors (Jurina, 2012; Sikavica, 2011; Sikavica et al., 2008) mention defining objectives using the SMART method according to which they should be:

specific – they have to be specific and indicate exactly what is expected of an individual, group or organizational unit

realistic – they have to be challenging on the one hand, but at the same time attainable so as to motivate the employees to give their best

measureable – it should be possible to objectively measure whether the objectives are attainable or not

time-bound – it is important to set deadlines for meeting the objectives

synchronised – horizontal compliance refers to the substantive compliance of individual departments, functions and divisions, while vertical compliance implies that strategic, tactical and operational objectives are aligned.

When setting objectives, not only managers but also employees should participate because this guarantees better commitment since employees sometimes have more knowledge about some specific areas of business than managers. When the objectives are set well, the strategy leads us to the desired vision.

2. HR strategic management

Simply put, a strategy is the way an organization achieves its set objectives. Gutić (2018:17) explains that strategies are a specific and measurable set of different approaches and plans devised by all the stakeholders of an organization. The same author emphasizes that strategies imply specific patterns of actions, a set of decisions and policies which lead the working group and the whole organization towards attaining its vision. Since strategic approach, thinking and planning have become such important processes, organizations have come to value people most because they are the source of competitive advantage. Gutić and Rudelj (20212:219) emphasize that strategic management represents a process which analyses the current situation and formulates appropriate strategies which are then applied, adapted or modified, depending on the needs of the organization. Strategic management emphasizes long-term sustainability of

the business and tries to find adequate perspectives and ways to succeed.

There are a number of reasons why we need a strategic approach to HR (Bahtijarević- Šiber, 1999:127-128): growing turbulences and uncertainties of the business environment, need for constant changes and rapid responses, orientation towards continuous improvements and innovations, orientation to consumers and strengthening of competitive capabilities and advantages.

Proactive human management is necessary so that the organisation can respond to the needs of its stakeholders who should be aligned so that ultimately the organization achieves its objectives. Gutić Martinčić (2018: 164) defines strategic HR management as "integrated linking of HR with the strategic goals of the organization, in order to improve business results and develop an organizational culture that encourages innovation, flexibility and competitive advantage". Strategic HR management is focused on aligning HR objectives and strategies with business goals and strategies. Accordingly, the strategic HR plan is a substantive, comprehensive and demanding endeavour that must cover at least 14 components (Gutić, 2019):

• diagnostic analysis of the corporate strategic plan and HR position within this plan

• diagnostic analysis of the current development of HR and human capital and their existing positions in relation to other types of capital in the organization

• diagnostic analysis of HR and human capital positions in the environment and from the point of view of the organization's environment

• defining the mission and the statement on the mission of HR and human capital from the perspective of all the stakeholders of the organization

• defining a strategic vision and the statement on the vision of HR and human capital

• thorough definition of strategic objectives, their evaluation and establishment of their hierarchy

• making projections related to HR and human capital environments

• projections of HR and human capital potentials

• program strategies related to the creation and strengthening of key competitive positions and competitive capabilities of organizations built on the basis of HR and human capital

• strategic positioning of HR and human capital in relation to other potentials and capitals in the organization and in relation to its environment

• HR and human capital plan for the organization's emergencies and crises

• implementing part of the strategic HR plan

• control aspects and mechanisms

• monitoring the implementation of the strategic plan of HR and human capital.

Strategic HR management is a process by which HR management functions are linked with the strategic goals of the organization's business activities, all with the intention of increasing overall efficiency.

2.1. Strategic analysis of HR environment

Various factors in the organization's environment influence organizational tasks, activities, decisions and ultimately the success of the organization itself. These factors come from the macro-environment of the organization and include, for example, economic and demographic trends, economic, technological and legal factors or political and international factors, and the management's task is to monitor and analyse them. In addition to analysing the macro-environment and the opportunities and threats to the organization which come from competitors, the organization also analyses its micro-environment (suppliers, intermediaries, clients, distributors, etc.) so as to identify strategic strengths and weaknesses with respect to changes and requirements of the external environment.

Situation analysis is the starting point for strategy formulation. By analysing the environment, we come to fundamental strategic questions that need to be answered: which environmental factors have an impact on the organization now, and which will be important in the future (Bahtijarević-Šiber, 1999:143-144).

Managers can use various instruments and models to analyse the environment. SWOT analysis is a widely used and well-known analytical framework for external and internal environment analysis. It assesses the internal strengths and weaknesses of the organization and the external opportunities and threats that have an impact on it (Obradović et al., 2015:24):

• **Strengths** represent positive internal circumstances and distinctive properties of the organization that provide or can provide it with a competitive advantage (brand strength, employees, suppliers, technology, distribution network, etc.).

• **Weaknesses** are the internal properties of the organization that reduce its performance and chances in competition (lack of knowledge and skills, brand weakness, etc.)

• **Opportunities** are conditions in the present or future and changes in the organizational environment that can be used to improve the performance of the business itself (increasing safety and environmental standards, increasing the number of consumers

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looking for a specific product, changes in tax treatment, new distribution channels, etc.).

• **Threats** are present or future properties that have a negative impact on organizational performance and its specific competitive position (changes in the customer base, the legal system, tax treatment or demographic structure, strengthening of competitors, emergence of new technology, etc.).

HR provides strategic contribution to the competitive advantage by creating value and providing talent, competencies and mutual relationships that competitors cannot possibly copy. The VRIO model is popular for analysing the roles and contributions of HR in achieving a competitive advantage. It generates specific HR tasks for securing a competitive advantage, and Bahtijarević-Šiber (2014:90) explains these tasks:

• **Value** – to develop HR management practices and programs that significantly affect cost reduction, revenue increase and overall organizational performance.

• **Rareness** – to explore and determine how to develop and use rare and specific talents that have the potential to gain a competitive advantage.

• **Imitability** - to develop and nurture HR characteristics that cannot be easily copied by competitors. This means focusing on socially complex phenomena such as teamwork, organizational culture, specific social relations, etc. in securing a competitive advantage.

• **Organization** – make sure that an HR characteristic is a source of competitive advantage.

The VRIO model allows HR managers to evaluate all the activities of the HR management in relation to the criteria of value, rareness, imitability and organization. This model generally explains resources which can or cannot be a source of competitive advantage.

2.2. Benchmarking of HR

In the context of achieving competitive advantage, it would be useful to explain the benchmarking method, which has recently become very topical because it allows the search for best HR practices.

Simply put, benchmarking is a process of comparison with competitors. Jurina (2011:92) explains that it is a process of identifying and understanding products or services, equipment or procedures, as well as the knowledge and skills of people, and adapting them to best practices in order to improve businesses. The same author (2011) mentions several types of benchmarking such as internal, external, competitive, functional, generic and strategic. The type of benchmarking that an organization will choose depends on a number of factors such as the goals and

strategies of the organization, the position on the market, the strength of the competition, etc. There is no universal type of benchmarking, so organizations sometimes use multiple types of benchmarking at the same time.

Comparison of the competitive positions of the organization through HR and human capital is made using a series of indicators:

- salary competitiveness ratio
- satisfaction with the benefits that the organization provides
- employee productivity rate
- return on investment in training and development of employees
- absence rate
- pension rate
- effectiveness of training, etc.

Benchmarking is a useful method that can be a good source of business ideas and it brings a number of positive changes to the organization. The method has a whole range of positive effects for the organization and Jurina (2011:96) mentions some of them: it is a means of learning and motivation, it enables faster and better decision-making, adaptation to changes, increasing profits, etc.

2.3. HR strategies

There are several types of general strategies used in the field of HR in an organization (Buble, 2008; Sikavica et al., 2011), namely: global strategy, adaptation strategy and competitive strategy. Table 1 shows an overview of these strategies.

TABLE 1: HR STRATEGIES

GLOBAL STRATEGY	
Stability	It focuses on retaining talents, motivating employees, and investing in organizational learning.
Growth	It focuses on recruiting new employees, selection of applicants, trainings, reward systems, career development, prevention of conflicts, etc.
Cost reduction	It focuses on reductions, rationalisations and identification of key HR.
ADAPTATION STRATEGY	
Proactive	It focuses on obtaining and selecting candidates, acquiring experts and talents, intensive training, comparison with competition, etc.
Analytic	It focuses on HR planning, rewarding according to the position in the hierarchy, individual evaluation criteria, etc.

Defensive	It focuses on redeployment, developing skills, group evaluation, faster progression, career development, etc.
COMPETITIVE STRATEGY	
Differentiation	It focuses on stimulating creativity, teamwork, tolerance of diversity, work results, etc.
Cost rationalisation	It focuses on standardization of business processes, reduction of costs, achieved effects, etc.
Focusing	It focuses on equality in rewarding, on business processes, education, and training, etc.

Source: Gutić (2019: 107-109)

It is important to note that the selection of a particular general HR strategy significantly affects the structure and content of HR development as a business function strategy (recruitment and selection of employees, motivation, career development, etc.). Business functions of HR will be discussed in the next chapter, the focus being only on those that are characteristic of talent management.

3. Talent management as a factor of competitive advantage

Talent management has recently become a topical issue and one of the most important HR trends that focuses on creative and innovative employees who contribute to the strategic development of the organization. Talents are people who have the ability to make a big difference in the present and future performance of the organization. Katić, Penezić and Ivanišević (2017:141) define talent management as: "... the process by which employers anticipate and meet their needs for human potential. The basic aspiration and challenge of any modern organization is to put the right people with the right skills in the right place, and this generally defines what talent management is." In other words, the aim is to achieve a harmonious development of both employees and organization.

There are numerous reasons why talent management is essential to the success of the organization (Phillips and Edwards, 2008): talents add market value, turn ideas into reality, and are a source of competitive advantage; good working environments attract and retain talent; the most successful organizations and those which are most admired have great talents; the price of talent is high; talent retention can be managed; talents are crucial for the success of the organization now, but also in the future; talents can develop, increase and accelerate innovation; they help the organization to distinguish itself and achieve competitive advantage, etc. (according to Kolarik, 2018: 17).

Modern organizations understand that talent management has become key to building and developing a culture of success and that it is an effective means in ensuring an organization's competitive advantage. Therefore, special attention should be paid to selection, retention and development of talent.

3.1. Employer branding as a new employment trend

Employer branding is one of the recent trends in talent recruitment. Employer branding represents an effort of the organization to communicate successfully with its internal and external stakeholders, which makes it a desirable employer and an excellent place to work at.

It is of foremost importance for organizations to build satisfaction among their employees so they would ultimately generate satisfied consumers. Employer branding helps in recruiting and retaining talent, building trust in leadership and engaging individuals and teams, which ultimately contributes to building a successful organizational culture.

Employers with good branding will attract more talented employees and retain them. This is reflected in a survey conducted by Talentlift[1], whose results indicate that more than 75% of job seekers investigate the employer's branding before deciding to apply for an open position, while 83% of employers think their employer branding plays a key role in their ability to attract talent. In the process of employer branding, organizations use various activities in order to acquire talents; these activities indicate their good HR management practices, for example: Employer Partner Certificate (CEP)[2], First Choice Employer[3], etc.

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[1] https://www.talentlyft.com/hr/blog/article/127/trendovi-u-zaposljavanju-koji-ce-obiljeziti-2018-godinu (accessed on 15th May 2022)

[2] CEP – Employer Partner Certificate is granted to organizations based on assessing the quality of 45 HR management processes in 5 major areas of HR management: strategy, recruitment and selection, performance management, training and development, and attitude towards employees.

[3] The project is carried out by *Moj Posao* (a job search website) and the aim is to find out who is generally considered to be the most attractive employer on the Croatian labour market. Every year a survey is conducted in which respondents list the employers they would prefer to work for, and explain their choices.

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Modern organizations often develop employer branding strategies that include certain steps and activities (Talentlyft: 2022):

- defining employer branding goals that include: attracting talent for difficult-to-fill positions, receiving more applications from qualified candidates, improving the organization's reputation as an employer, building a trust-based relationship with candidates, improving the experience of candidates, etc.

- defining the ideal candidate: in order to attract a talented candidate, a profile is created that gives an insight into the type of candidate that would ideally fit into the organizational culture

- defining propositional values that represent all that the organization offers its employees, such as: remuneration, benefits, career management, workplace environment and organizational culture

- defining methods and channels of promotion in order to present the propositional values of the organization to ideal candidates; some of them are: social networks, careers pages, current employees and recommendations, educational lectures and workshops, etc.

- measuring efficiency by monitoring certain performance indicators, using HR metrics indicating the productivity and performance of employment strategies.

If an organization wants to attract good candidates – their potential employees – attention should be paid to employer branding.

3.2. Talent acquisition

Buble (2006:75) defines acquisition as "the process of attracting candidates for vacancies, namely those who have the abilities, skills and attributes necessary to successfully perform the job and achieve goals." It includes searching for and attracting good candidates and making sure that those chosen through the selection process meet the requirements of the position. The first task is to attract enough high-quality candidates to be able to choose the best ones among them later.

Acquisition also entails aligning the professional preferences and goals of individuals with the preferences and needs of the organization; this process is mainly determined by the requirements of the organization (Bahtijarević-Šiber, 1999:267):

- what employee qualities the organization is looking for
- whether the organization is looking for employees inside or outside the organization

- whether it is possible to adapt the job to the people or if people need to adapt to the job
- whether the organization's emphasis is on developmental potentials or on the current use of employees
- whether the organization prefers "individuals" or "team players"; whether it is looking for specialists in its field or needs "generalists" (people with a wider range of abilities)
- how much the organization is willing to invest in recruiting people
- what the selection criteria are.

In addition to attracting good candidates (talents), HR management has an important task to determine acquisition strategies and the roles of internal and external sources of acquisition throughout the process. In acquiring talented employees, organizations have several options (Bahtijarević-Šiber, 2014: 185):

- **In-house acquisition** - skills databases, internal applications, recommendations of managers and employees.
- **External acquisition** - advertising, employment agencies, schools and faculties, work placements, professional associations, symposiums and conferences.
- **Alternative to acquisition** - temporary employees, employee renting, freelancers, outsourcing activities and jobs.

In the context of acquiring talent, organizations have recently been developing strategies for using social media because they can learn more about potential employees through social media than from their CVs. According to a survey conducted in 2021 by Pew Research Centre, a growing number of adult Americans use You Tube (81%) while Facebook still remains one of the most widely used online platforms (69%), followed by Instagram (40%), Pinterest (31%) and LinkedIn (28%). With so many people using these platforms, recruiters now have a chance to explore an ever-growing pool of potential employees and this type of recruitment can be referred to as employment through social networks.

LinkedIn is particularly interesting because employers use it to look for talent. LinkedIn is exclusively focused on the business world and is an online place where one can look for a job, network and share resumes and referrals. For many individuals, LinkedIn has become the main site for maintaining business contacts, sharing knowledge, experiences and relevant professional topics. Through this network, employers have the opportunity to see candidates' CVs, references, professional trainings and more.

A number of foreign organizations post talent search ads through Twitter. This network is very popular in the

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USA, and in recent years has been gaining popularity in Europe, too.

Facebook is actively used by numerous organizations for marketing purposes, but also for talent recruitment. Especially interesting are the different Facebook groups which gather employees from various fields – this helps recruiters reach many candidates, especially the passive ones, which they then turn into active job applicants.

There are several good strategies for attracting talent (Gutić, 2019:118-119):

1. Encouraging existing employees to engage in the search for new ones – existing employees can refer to their friends and colleagues to spread the word about the need for new employees. Current employees know the culture of their organization, so they are able to recognize and instruct people who are best able to fit into their environment.

2. Open-door policy – many organizations have an open-door policy; anyone interested is invited to come, which enables recruiters to simply get to know potential applicants and talk to them.

3. Engaging academic circles – there are a number of opportunities such as scholarships for gifted students, college sponsorships, advertising on campuses, etc.

4. Mobile communication – it is important to ensure that candidates can apply for jobs using online applications and accept job offers from any mobile platform.

5. Constant monitoring and inclusion of previously rejected candidates – in search for talented employees, many organizations systematically monitor all candidates who had not been accepted in previous recruitment processes. Perhaps the needs of the organization have changed and now those rejected candidates would be perfect.

Talent management is one of the top priorities of the HR departments of modern organizations due to the lack of skilled labour in the labour market. Therefore, as Nagy points out (2010), over the next few years the "war for talent" will intensify, so organizations will have to strive hard to be first-choice employers and to keep their talent supply by attracting the right people to the right positions at the right time and for the right price (according to Pološki Vokić and Naoulo Bego, 2012).

When acquiring talent it is important that an organization tries to recruit flexible employees who can adapt more successfully to change and face and solve crises more easily, which in the long run significantly increases the organization's opportunity to develop in a turbulent and highly competitive market.

3.3. Talent selection

During the pre-selection process, a number of applicants who do not meet the requirements of the job may be disqualified on the basis of their applications and CV data. This is followed by the selection process or the final selection of those who will be hired.

There are different methods of selection which can be divided into five groups according to some common characteristics (Šverko, 2012):

- **standard sources and techniques for collecting information about candidates** – these include job applications, most often using standardized questionnaires, CVs or standardized biographical questionnaires and recommendations from former employers.

- **psychological tests** – tests of ability (intelligence, specific abilities, creativity, mechanical abilities, sensory and psychomotor abilities); personality tests (objective and projective personality tests); tests of interest and knowledge; adaptive testing or testing using computers (mainly in large organizations that possess resources and expect a large number of candidates).

- **job interview** – the most popular selection method defined as a form of conversation in which (at least) two people participate in verbal and nonverbal communication in order to achieve a predetermined goal. According to the form, they can be structured and unstructured (free, without previously established questions), and according to the role in the selection process, there are preliminary, diagnostic and admission interviews.

- **position-related methods and techniques** - refer to job sample tests (candidates are expected to successfully perform some tasks related to the job), tests of the ability to acquire skills and probationary period or work trial.

- **unconventional methods and techniques** - these techniques are irrational and unscientific but are still used up to some extent. These techniques include, for example, polygraph testing, drug abuse testing, graphology and astrology, or analysing the candidate's zodiac sign.

The most complex selection method often used for identifying talents and their development potentials are individual potential assessment centers. These include complex techniques and an intensive process of combining various methods (tests, questionnaires, simulations, interviews, etc.) in conditions in which candidates and evaluators can work without interference for as long as a few days.

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3.4. Retaining talent

Nowadays, it can be quite challenging to retain talents, especially because it is believed that staying in the same job for too long can be negative for one's career. Hence, it is very important that organizations monitor employees' (talents') job satisfaction, especially when it comes to learning, training and career advancement programs offered to them.

Bahtijarević-Šiber (2014:196) highlights a number of factors that affect the retention of talents and employees in general, and among the most important ones are: characteristics of the employer (image, reputation, culture, values), job design (autonomy, flexibility, life-work balance), workplace relationships (good associates, fair and non-discriminatory approach), career opportunities (training, promotion) and remuneration (competitive salary, benefits, recognition). The same author (2014) points out that more and more organizations are introducing a new position of a Retention Manager, whose top priority is to deal with talent retention, as the issue has become a strategic problem for many organizations.

Organizations often try to retain talent by introducing development-type tasks or projects that they assign to talented employees. However, it is very important that managers understand the needs of their employees well, so as to be able to devise adequate motivational approaches with no countereffects. More precisely, assigning such tasks can create pressure on the employees we want to keep and thus put them in a stressful position, which can result in their leaving. Therefore, it is important to establish effective management which will deal with the strategy of developing and retaining talent. A good relationship implies that the manager pays attention not only to formal procedures when retaining talent, but also to informal behavior. When managers understand the goals and aspirations of their employees, and create circumstances in which a supportive relationship is built through communication in both directions, then plans for retaining talent yield better results (Katić, Penezić and Ivanišević, 2017:156). When it comes to talent retention, the psychological component is very important and Bahtijarević-Šiber (2014:197) calls it a "psychological contract" between the organization and the employee. Elements of such "contract" can be seen in Table 2.

TABLE 2: "PSYCHOLOGICAL CONTRACT" BETWEEN THE ORGANIZATION AND THE EMPLOYEE

Organization	Employee
- provides opportunities and support for education and training within and outside the organization - designs the daily activities and career trajectory so that the existing competences are maximised and new ones are developed - encourages and rewards people who develop skills and use them effectively - helps people to find new opportunities and possibilities within the organization, or if the need for new competencies decreases within the organization, to find them outside the organization	- continuously invests in the development of his/her competencies and skills - contributes to the achievement of organizational goals by using his/her competencies - helps to build and develop the competencies of his/her colleagues and is willing to share and transfer knowledge to others - contributes to organizational development and learning

Source: Bahtijarević-Šiber (2014: 197)

Organizations should continuously explore and look into the needs and values of their employees (talents). They should be able to make a distinction between what managers think is important and what really matters to talented employees. The fact is that individuals differ and that everyone has their needs, preferences and values.

4. Conclusion

Today's turbulent changes demand that organizations base their success on the quality and values of talented employees. Talented employees are those whose ideas, knowledge, skills, creativity and innovativeness enable the organizations to be successful on the fast-growing competitive markets. Besides being a source of competitive advantage, talents are the ones who contribute to the organization's market value and make a significant difference in comparison with other organizations. It is obvious that talents are vital for the success of organizations and therefore organizations should make it their priority to attract talented employees and provide them with conditions favourable for their development in order to retain them.

Organizations need to design their mission and vision to be able to develop HR management strategy. It is important that they pay attention to values which are crucial in the process of managing talent. This means

that the values of the organization and of employees should be aligned; if that is the case, the end result is that employees are satisfied and more creative in implementing the vision, which will ultimately have positive effects on the organizational culture.

The strategic way of thinking and planning should be the fundamental process in the organization, since this approach makes sure that employees come first. HR provides strategic contribution to the competitive advantage by creating value and providing talent, competencies and mutual relationships that competitors cannot possibly copy. It is important to develop a good HR strategy because it significantly affects the structure and content of HR as part of the organization's business strategy which includes, for example, the acquisition and selection of employees, motivation, career development, etc.

Organizations should pay special attention to employer branding strategies. Using these strategies, they can attract talent and get the opportunity to showcase their reputation and values and to prove that they are excellent employers. An organization that is able to attract talent can adapt more successfully to all the changes and challenges that arise in a competitive market.

In order to retain talent, organizations need to track their employees' job satisfaction so they can understand what motivates them and how to reward them. In addition, they should provide them with opportunities for advancement and development, thus adding to the quality of the post. They should also offer them professional and career development which will enable them to use the existing competencies and also develop new ones. It is important that the management of the organization pays attention to informal communication with their employees so as to identify their real needs and find adequate measures to motivate them, taking into account their work-life balance. Modern organizations which strive to build and develop a culture of success understand that talent management generates strategic advantage to the organization on a competitive market.

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