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Individual Coaching in the Service of Retaining Talent in Private Businesses

Talent management (TM), a competitive advantage for businesses, plays a crucial role in human resource management. The focus of this research paper is to show how individual coaching can help retain talents in a small private company in Hungary. The paper begins with an explanation of as well as the definition of talent and talent management, summarizing talent management theoretical models and the variables needed for a successful application of talent management. According to the definitions, talent management involves attracting, retaining, managing, and developing talents. At the same time it has been found that most of the research fails to examine the size of the business as a variable in the success of talent management. This research fills a gap in TM and is designed to show a correlation between talent management and the size of the business. A questionnaire was used in this research to find out whether the size of a business determines the success of talent management. The answers were analyzed using a Likert scale. According to the results, no correlation has been found between the size of a business and the success of the implementation of talent management. This paper shows how private coaching, as a method of TM, can help
a small business in retaining talents.

Introduction

Silzer and Dowell (2010) claim that talent management (TM) is a substantial competitive business advantage. What is more, it is a fundamental requirement for the success of a business. In the long run, it is the employees of a company who are its real assets. Employing the right people, for the right job, at the right time, and then

retaining them, are critical for any company for it to remain competitive. Talent management is beneficial and profitable for companies in all cases. On the other hand, losing a talented employee is a big disadvantage and a substantial loss.

Required competencies and skills needed for a specific job should be identified first in matters of talent management. After that, these competencies and skills should be matched up with the competencies and skills of current or future employees, in other words, with those of "the talents." At the same time, all competencies that can be developed through education and training should be identified by employers—crucial parts in managing and retaining *talents* successfully—and be pooled (Juhászné Klér–Varga, 2016; Varga et al., 2015; Csehné Papp et al., 2017; Varga et al., 2017). The concept of *talent* and the theory of TM are discussed in detail below.

Theoretical Background

In day–to–day Hungarian usage, the word *talent* is polysemic, it has quite a few meanings: (1) a talent can be an ancient monetary unit, (2) a talent has above the average abilities, skills, and competencies, and (3) a talent has high qualification.[1] In professional language usage, the concept of *talent* has been further transformed and extended. The following section of the paper describes the most commonly used concepts, models, and theories of talent as found in the literature.

Definitions of the Concept of Talent

The best–known and most widely used model of *talent* is Renzulli's "Three–Ring Model." Renzulli identifies three different components of *talent*—above average abilities, task commitment, and creativity. According to Renzulli, all the three components should be present at the same time (Renzulli, 1978).

Czeizel (2004), a Hungarian researcher, supplements and extends Renzulli's model, establishing four talent factors—four genetic features: common sense, specific mental qualities, creativity, and motivation. Apart from genetic factors, four environmental factors such as family, school, peer groups, and general social environment play crucial roles in talent development (Czeizel, 2004). In Hungary, it is the Czeizel model that is adopted.

Michaels et al. (2001) discovered that *talent* is the sum of all the abilities of a person: inner abilities, knowledge, experience, intelligence, judgment, attitudes, character and motives, and the ability to learn and develop.

1　　　　　Source: http://mek.oszk.hu/adatbazis/magyar-nyelv-ertelmezo-szotara/kereses.php?kereses=talentum.

Transley (2011) identified *talent* as an expression of the abilities, skills, and accomplishments of a person, or a combination of them. This implies that *talent* can be acquired and developed, which is in agreement with Csíkszentmihályi's definition of *talent* (2010): "talent is much more a process of development than a particular personal feature" (Csíkszentmihályi, 2010: 49).

Theories and models of Talent in Businesses

Some theories put *talent* in the working environment. The UK Chartered Institute of Personnel and Development (CIPD) sees talents as people who can make the greatest difference to an organization's performance, either through their immediate contribution or their achievement in the long run by demonstrating the highest levels of potential (CIPD, 2007).

Ulrich's point of view is that *talent* means competence, commitment, and contribution. He claims, "Talented workers have all three elements, if either one is missing, the other two do not make up for it" (Ulrich, 2007: 1). According to Williams (2000), the advantage of employing talents is that the organization can quickly respond to unexpected situations, consequently, adaptivity and flexibility will characterize organizational structures.

The *Differentiated Approach to Talent in an Organization* (see Figure No. 1) divides employees into segments. This may help a company utilize the advantages of employing talents to the greatest possible extent.

Figure No. 1. What is talent?
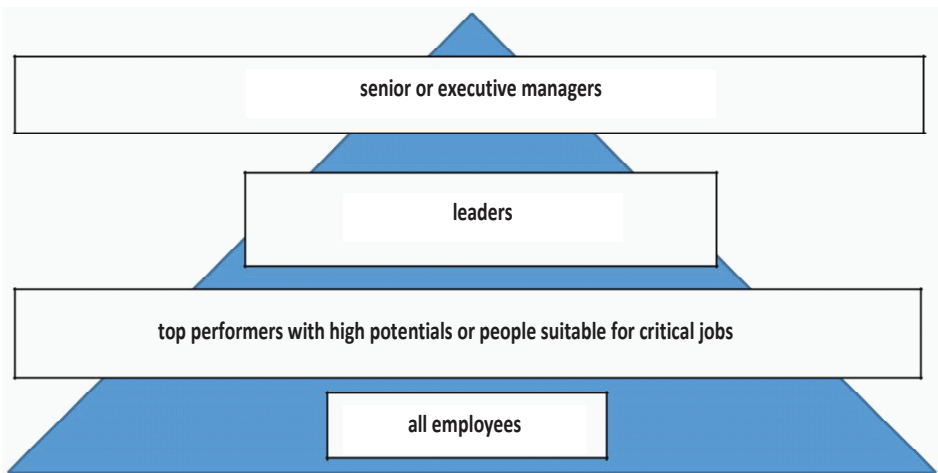
Source: Ulrich and Smallwood 2011, p. 2.

This model implies that talents are senior or executive managers, leaders, top performers with high potentials, and people suitable for critical jobs and roles in the organization (Ulrich and Smallwood, 2011: 2). Furthermore, it defines *talents* as high performance people in an organization. This is a hierarchical concept of *talent*. Nevertheless, there is emphasis on the fact that there exist potential opportunities for selected people to move up in the organization into senior leadership or executive positions. It is the task of TM to manage this process. For others, talent is a non–hierarchical concept, an inclusive term of opportunity for all employees, claiming that everybody has the potential and opportunity to be a talent.

Versatile Talent Management Systems

As seen above, in business each company uses its own definition of *talent*, which depends on the industry, the activity and profile of the business, etc. It is claimed that basically, the definition of the concept of talent adopted by a business determines the *talent* management system a company uses. The next section summarizes the definitions of the different TM systems and models.

TM is defined in various ways. According to Davies et al. (2010), "Talent management is the systematic attraction, identification, development, engagement/retention and deployment of those individuals with high potential who are of particular value to an organization" (Davies and Davies, 2010: 419). Others describe talent management as a general way of thinking at a company, which seeks to achieve the highest level of potential at all levels of the organization. (Lewis–Heckman, 2006; Thunnissen et al., 2013).

According to a survey conducted by the CIPD (2011) and McDonnell et al. (2010), talent management in organizations refers to the set of practices implemented to acquire, develop, and manage employees in an integrated and strategic way. Talent management in successful companies is not just a HR job and responsibility, but a part of the business strategy. Talent management consists of several subtasks. "The two main tools of talent management are the acquisition of new talents and the retention of existing ones" (Daruka, 2012: 50). Talent management describes the systematic attraction, identification, development, engagement, retention, and deployment of those individuals who are of particular value to an organization, either in view of their "high potential" for the future or because they fill business/operation–critical roles (Internet–1).

Based on the literature review, it can be concluded that TM has a lot of interdisciplinary intersections with other management trends and disciplines: TM is closely related to human resource, career, and knowledge management. The Silzer–Dowell

Model (Silzer and Dowell, 2010) reflects the interdisciplinary nature of TM and presents all the components of talent management (see Figure No. 2). The processes are not independent and isolated, but interconnected and related, and are in line with the most important values of organizational culture. The comprehensive model integrates business strategy, human resource strategy, talent management processes, and organizational culture. It is for this reason that this research adopted the Silzer–Dowell Model and tested the elements of the model in Hungarian businesses.

Figure No. 2. Integrated Talent Management Model
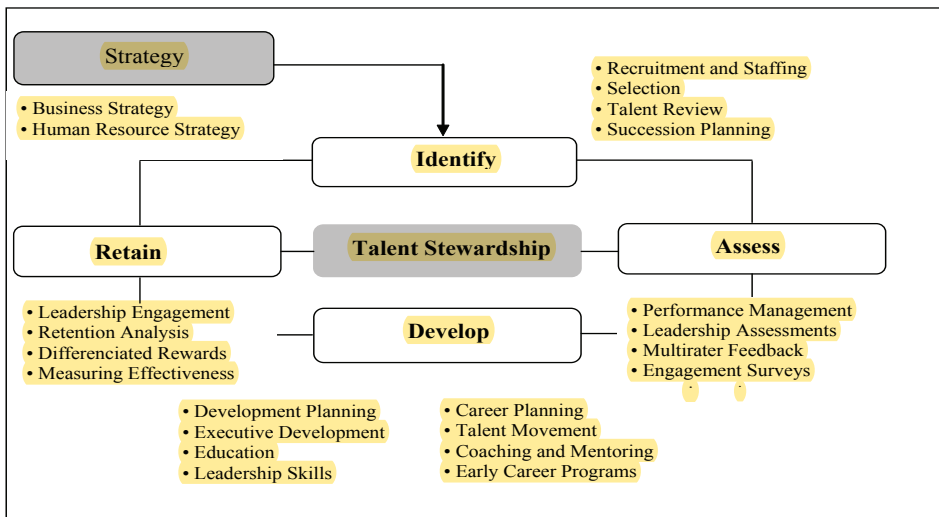
Source: Silzer and Dowell, 2010, p. 96.

Methodology and Objectives

This paper presents the results of two empirical research projects. The first, a questionnaire, was used to examine any correlation between talent management and the size of a business. The findings of this study showed no conclusive evidence relating business size and TM. However, it may be concluded that small businesses face serious challenges in talent management. For this reason it was decided to test the efficiency of a methodology that involves individual coaching in talent management in a small business. The results of individual coaching showed that there are grounds for applying such a methodology in TM in small businesses because it is

focused and provides immediate help. The objective of the research and that of this article was to discover which businesses need development in their TM practice as well as to specify and try in practice a methodology that could be useful in TM for small businesses.

Empirical Research

Hypothesis

Czeglédi (2018) conducted empirical research aimed at evaluating the elements of talent management models, philosophies, and the factors influencing talent management in Hungarian companies. Czeglédi (2018) further hypothesized that there is a statistically significant difference in talent management activities among companies of different sizes.

Research Methods

A scaled questionnaire applying a Likert scale was compiled manually together with a group of scientists collaborating together in the Visegrad Fund No. 21220142 Project. The questionnaire was distributed electronically through Google. Data analysis was performed using SPSS software. Descriptive statistics and Anova analysis were used to evaluate and test the hypothesis.

Research Population

The population examined within the framework of the research was made up of 28.9% small companies, 29.9% medium sized companies, and 41.2% large organizations. A total of 18.3% of them came from the industrial sector, 11.0% from the construction industry, 15.1% from the trade sector, and 65.6% from the service sector. Of the subjects, 18. 6% of the companies were state–owned while 81.4% were private companies.

Results

Czeglédi found that: 1) in most of the cases, talented people leave the company in search of new challenges, and 2) under the working conditions prevalent at SMEs, talents cannot develop, which means retaining talented employees in small companies is a big challenge for the management. It has also been found that the management of SMEs has limited knowledge about talent management systems, which poses major challenges in attracting and retaining talent. One of the reasons is that SMEs are set up and operate in way that tends to be more informal. An important finding of the

research is that larger companies concentrate more on talent management practices, and it has been found that 1) the size of the company determines human resource management strategies and consequently talent management strategies, and 2) large companies are capable of retaining talented employees successfully because they introduce modern talent management practice. In the majority of large companies in Hungary, talent management plays a key role in HR and business strategies.

Limitations of the Research

However, it should be noted that these results were obtained from a relatively small sample. Therefore, such research should be repeated on a bigger population as well as extended.

Discussion of Research Findings

It may be concluded from Czeglédi's research that each company should consider its facilities and capabilities, and develop a well–designed talent management system adjusted to those facilities and capabilities in order to formulate the most suitable strategic TM goals. In Hungary, the majority of businesses adopt traditional talent management patterns, if they adopt any at all, as seen in the case of SMEs. This ensues despite the fact that there is a plethora of new TM methodologies for the obtaining, retaining, training, and developing of talents available, including mentoring, coaching, group project work, talent management programs, career management programs, on–the–job training programs, 3–6 monthly rotation, talent bank, and shadowing, just to mention a few. Of this list, coaching was chosen as a focus because it is an innovative methodology whose popularity is increasing. Below is a case study of individual coaching in a small company.

Coaching

Coaching is a powerful methodology that enhances the ability of people to change and improve. Coaching is based on the needs of employees and is tailored to help them develop. Effective coaching sessions may benefit both individuals and businesses in many fields, where talent management and low staff turnover have been chosen and put into focus in this paper.

The History of Coaching

Socrates, a Greek philosopher, was the first professional coach to use a methodology of asking questions to facilitate the finding of answer by his students them-

selves. Thus, his primary task was not to teach, but to facilitate learning. Later, in the 20th century, coaching first became popular in sport. This was thanks to Timothy Gallwey's (1974) *The Inner Game of Tennis*, a book that describes how questions help in learning a sport without any direct teaching process. The coach's questions and the coachee's answers form a dialogue in which the coachee's self–awareness is developed and he takes responsibility in order to achieve his goals. Coaching is a structured conversation between the coach and coachee that has predetermined steps. In the first step, the coachee identifies his "desired" goals and then he talks about the current situations. Next, he collects options and the choices to reach his goal and finally, chooses the "ideal solution." This is followed by the development of an action plan. In the coaching session, the coachee takes responsibility for his actions to reach his goals. The coach facilitates this process by encouraging the coachee to reflect, to reframe his past experiences, and to choose possible solutions and ultimately take action. This way, the coachee identifies new perspectives and finds solutions to change and develop on the basis of past experiences, abilities, and successes.

Coaching helps workers get the best out of themselves by making them more confident and more aware of their potential, which may be used in the company. There are two types of coaches: an in–house coach or an outsourced coach, both have their advantages. The in–house coach is more aware of the goals and strategies of the company. The outsourced coach may provide fresh ideas and knowledge as well as a new perspective on the business. However, an in–house coach can deliver coaching session for employees over a longer period of time, due to his availability and the cost–effectiveness of his employment, where outsourced coaches may be a more reasonable choice to overcome more finite and tangible difficulties during shorter periods of time.

Setting Goals

The key to successful coaching is setting up focused goals. The most efficient tool to implement this is to set up SMART goals (Specific, Measurable, Achievable, Realistic, and Time–bound).

The Whole Coaching Circle:

Goal, Current Situation, "Ideal State," Action Plan, and Feedback
After setting up SMART goals, the next phase is an analysis of the current situation (the "now"), which is followed by the identification of the "ideal situation." The working out of the action plan is next. It is essential that a feedback or assessment phase be included. This makes the whole circle. All these phases can be conducted

within a single coaching session, but it is also possible to coach each phase in different coaching settings, allocating an appropriate amount of time for each. The frequency and topics of coaching sessions depend on the goal as well as available time. If the goals can be reached in a short period of time, coaching sessions should be more focused and intense. If the goals can only be reached in the longer term, coaching can focus on more details and the sessions can be held several times over a longer period of time. Regardless of the frequency of the coaching sessions, the coachee must always play an active role and be responsible for the success of the coaching session as well as indirectly for his own performance and development. Figure No. 2 shows the main phases of individual and team coaching for talent management.

Figure No. 3. Coaching for Talent Management
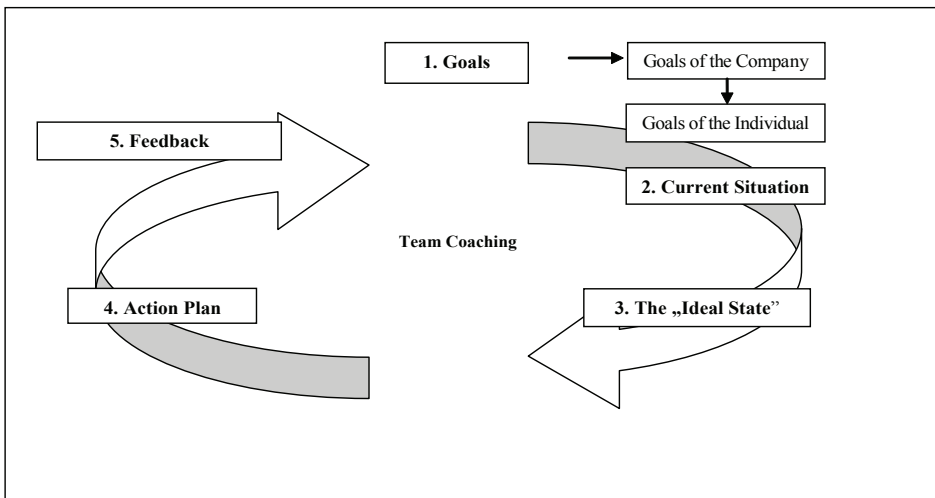
Source: Author's research.

Case Study Research Design

Case study research design is becoming popular in diverse scientific disciplines, including social science, psychology, anthropology, political science, and currently even human resource management. Psychologists, anthropologists, social scientists, and others have seen case study research design as a valid method of research for many years because it provides realistic and thus sometimes unexpected results and responses to research issues. Case studies are especially useful in testing scientific

theories and models as well as in exploring trends in real world situations and contexts. This is because they are in depth studies and empirical inquiries into specific situations.

Case studies can be conducted on small study groups or on an individual (https://explorable.com/case-study-research-design). When designing a case study, it is important to focus on "letting things happen as always"—the researcher can be an active participant (like a coach) or a passive observer if what is needed are snapshots of real situations. However, it is necessary to make sure that the study is focused and concise. Otherwise the end product will consist of a lot of irrelevant information. The following case study shows how a coaching methodology was used in a small company to facilitate talent management.

Background

An individual coaching session was conducted at a small–sized private engineering and trading company, a typical SME, which faces the problems as found in Czeglédi's research (2018). The length of the coaching session was twenty–five minutes. The company was established twenty years ago as a family business consisting of four people. Since coaching sessions are confidential, the name of the company is not mentioned in this article. Initially, the headquarters of the company was in a small town near Budapest. There, the company rented a large storeroom for the storage of machine parts and filters as well as office space for administrative work. After the first year, the enterprise was deemed successful and the company moved to Budapest itself. Three more people were employed. Currently, the company has twenty–five employees, the average worker age is thirty–five. Due to accelerated labor movement in Hungary and a lack of qualified as well as unqualified workers on the Hungarian labor market, the company management started thinking about introducing more efficient measures to retain its well–trained and experienced workforce. For this reason, the manager hired a coach to learn just what TM measures should be introduced as well as to discover the best strategies to retain current employees.

The coach first introduced herself and asked the manager to tell her why she was hired and what his expectations from the coaching sessions were: *Please, specify what you expect from the session? What would make you feel satisfied at the end of the coaching session?* The manager said that he was worried with respect to two of his young engineers because he had heard that another engineering company offered them jobs, but he wanted to retain these people. Thus, the coach and participant "signed a contract" in which they agreed to rules, topic, and focus of the session—what the

manager could do to retain his two young engineers. Such a "contract" is an important part of the session, in part because the focus of the session is clarified and partly because the expectations of the participants are made clear, helping avoid disappointment. So, the coach and the manager made the topic clear and it was up to the coach to help and support the manager in finding solutions. The coach asked *what the manager did when he managed to retain employees.* The manager stated that the salaries of the engineers are quite high compared to the competition, they can use company mobile phones for private calls, and they can use their company cars for family trips. However, he remembered that a couple of months ago he became upset when they started to use their company cars for long family trips, substantially increasing fuel bills. At that time he decided to replace their big cars with smaller ones that were unsuitable for family trips. He had the impression that they were extremely disappointed, partly because this was also a big handicap for their wives. At this point the coach asked the manager "to put on the hats of his engineers"—that is put himself in their place. *How would you feel if you were in their place? What would you do? Would you accept a job in which you would get a big car and use it for your family?* Silence ensued. Therefore, the coach went on to ask: *What else can you do to make your young engineers happier at work?* After minor hesitation, the manager continued saying that all the young employees have young children and they are not happy about working long hours as well as at weekends. However, he cannot do anything to avoid this because the company has to have a presence at fairs to exhibit its products and meet business partners. He pays them for the overtime in all such cases. The coach repeated what she said and waited for the manager's reaction. The manager was silent and seemed to be thinking: *Maybe I could manage with fewer staff at the fairs… maybe not all the engineers have to come to all the fairs… Maybe I need only one engineer at each fair...* The coach insisted on concrete actions: *What will you do tomorrow? How will you organize the fairs in the future? How would your engineers and their families feel? Will this increase their loyalty to your company?* To finish the session the coach asked whether the results of the session met the manager's expectation. *Have the results of the coaching session met you prior expectations? How happy are you with the results of the coaching session?* The manager was satisfied and the next day he reorganized the car fleet and returned the bigger cars to his young engineers.

Conclusions

Talent management is a strategic issue in business. According to Czeglédi's findings (2018), TM is a serious challenge for SMEs. As the case study shows, coaching can be a methodology that helps SMEs improve their TM system and as a result manage

and retain their talents more effectively through its different parts. Coaching can be an efficient TM tool not only in retaining talents, but also in helping career advancement and talent development. The usage of coaching in the latter two areas—career advancement and talent development—has been identified as future research areas. This is stated despite of the fact that group training is more common in Hungary than individual coaching sessions and individual talent development. However, surveys among Generation Y show that younger generations are more sensitive to and motivated by private development, which supports future research objectives.

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Indywidualny coaching mający na celu zatrzymywanie talentu w prywatnych przedsiębiorstwach

Streszczenie

Zarządzanie talentami (ZT) — stanowiące przewagę konkurencyjną dla firm — odgrywa kluczową rolę w zarządzaniu zasobami ludzkimi. Prezentowana praca badawcza skupia się na pokazaniu, w jaki sposób indywidualny coaching może pomoc w zatrzymaniu talentów w małej prywatnej firmie na Węgrzech. Na wstępie zawarto wyjaśnienie oraz zdefiniowano pojęcia „talent" i „zarządzanie talentam". Dalej podsumowano teoretyczne modele zarządzania talentami oraz zmiennych potrzebnych do pomyślnego ich wdrożenia. Zgodnie z definicjami zarządzanie talentami obejmuje przyciąganie, zatrzymywanie, kierowanie i rozwijanie talentów. Jednocześnie, stwierdzono, iż większość prac badawczych nie uwzględnia rozmiaru przedsiębiorstwa jako zmiennej, jeśli chodzi o zakończone sukcesem zarządzanie talentami. Przedstawiany artykuł wypełnia tę lukę i ma na celu wykazanie korelacji pomiędzy zarządzaniem talentami a wielkością przedsiębiorstwa. W trakcie

prowadzenia badań wykorzystano kwestionariusz w celu stwierdzenia, czy wielkość przedsiębiorstwa determinuje osiągnięcie sukcesu w zarządzaniu talentami. Odpowiedzi przeanalizowano z wykorzystaniem skali Likerta. Zgodnie z wynikami nie wykryto żadnej korelacji pomiędzy wielkością przedsiębiorstwa a pomyślnym wdrożeniem zarządzania talentami. Autorki pokazują, w jaki sposób osobisty, indywidualny coaching jako metoda zarządzania talentami może pomóc małym firmom w utrzymaniu tych talentów.

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