

**Karin A. King**

# The talent deal and journey: understanding the employee response to talent identification over time

**Article (Accepted version)  
(Refereed)**

**Original citation:**

King, Karin A. (2016) The talent deal and journey: understanding the employee response to talent identification over time. *Employee Relations*, 38 (1). pp. 94-111. ISSN 0142-5455  
DOI: [10.1108/ER-07-2015-0155](https://doi.org/10.1108/ER-07-2015-0155)

© 2016 Emerald Group Publishing Limited

This version available at: <http://eprints.lse.ac.uk/66563/>

Available in LSE Research Online: May 2016

LSE has developed LSE Research Online so that users may access research output of the School. Copyright © and Moral Rights for the papers on this site are retained by the individual authors and/or other copyright owners. Users may download and/or print one copy of any article(s) in LSE Research Online to facilitate their private study or for non-commercial research. You may not engage in further distribution of the material or use it for any profit-making activities or any commercial gain. You may freely distribute the URL (<http://eprints.lse.ac.uk>) of the LSE Research Online website.

This document is the author's final accepted version of the journal article. There may be differences between this version and the published version. You are advised to consult the publisher's version if you wish to cite from it.

## **The Talent Deal and Journey:**

**Understanding the employee response to talent identification over time.**

*Accepted by Employee Relations Journal 2015*

*Author: Karin A. King k.a.king@lse.ac.uk*

### **Structured abstract**

**Purpose:** An organisation's management of talent is central to its opportunity to benefit from human capital (HC). Closer examination of the impact of strategic talent management (STM) on the psychological contract (PC) and employee organisation relationship (EOR) of talented employees is imperative if STM is to achieve intended organisational performance outcomes. Conceptualising the talented-employee perception of exchange as the "talent deal" and experience of STM over time as the "talent journey", an empirical research model is introduced.

**Design / Methodology / Approach:** The model examines employee perceptions of STM, locating the employee response to STM within the wider SHRM-performance linkage.

**Findings:** The research model theorises the PC of talented employees is modified by talent identification and STM is experienced through a series of significant career events.

**Research limitations / implications:** Further developing theory within the emerging field of STM, the paper extends STM, SHRM and OB literatures by considering the employee's psychological response to STM. Empirical study considerations are presented.

**Practical implications:** The "talent deal" and "talent journey" illustrate the employee experience of STM, drawing management attention to the consequences of talent identification including potential risk of altered expectations.

**Originality / Value:** Considering the employee centrally in STM, the model theorises the impact of STM on the talented employee's PC and their relationship. Introducing the talent deal and talent journey provides a lens to examine the attitudes of talented employees relative to the broader workforce. The model frames future multi-level research of the association between the "Talent Deal" and performance outcomes.

**Paper Type:** Conceptual paper

**Keywords:** talent management, talent identification, psychological contract, human resource management, social exchange, attitudes

## Introduction

Emerging recently as a sub-field of strategic human resource management (SHRM), and of strategic relevance to CEOs and executive management today (Axelrod, Handfield-Jones, & Welsh, 2001; Cappelli, 2008), strategic talent management (STM) considers the management of a firm's talent; the workforce segment expected to contribute disproportionately to organisational performance and to which many organisations already allocate disproportionate resources (Becker et al 2009) (Collings & Mellahi, 2009; Huselid & Becker, 2011). Talent management is an example of workforce differentiation used to create and leverage human capital (Becker et al 2009; Huselid & Becker, 2011). Talented employees are high performing employees recognised as having high potential for future performance (Collings & Mellahi, 2009; Huselid, Beatty, & Becker, 2005; Lewis & Heckman, 2006).

Although theoretical development is progressing (Vaiman & Collings, 2013), despite more than a decade of rhetoric in business, consensus on the definition of STM is still developing (Collings & Mellahi, 2009; Lewis & Heckman, 2006; Tarique & Schuler, 2010; Thunnissen, Boselie, & Fruytier, 2013a; Vaiman & Collings, 2013). Some firms apply an exclusive model of elite talent consistent with the "differentiated workforce" model of "Type A players" (Huselid et al., 2005). Others adopt an inclusive model whereby the overall workforce is considered talented (Lewis & Heckman, 2006; Schuler, Jackson, & Tarique, 2011; Stahl et al., 2012), an approach difficult to distinguish from good HRM (Lewis & Heckman, 2006; Swailes, 2013b). This paper adopts the exclusive definition of STM as the combined systematic identification of key positions and development of high potential, high performing employees for such positions through use of a differentiated HRM architecture (Collings & Mellahi, 2009).

STM is relevant across several literatures (Vaiman & Collings, 2013) including human capital (HC) as a rare and inimitable resource of the firm (Barney 1991) for competitive advantage (Pfeffer, 1994; Wright, Dunford, & Snell, 2001), strategic human resource management (SHRM) to facilitate performance (Macky & Boxall, 2007; Paauwe et al., 2013; Wright, Dunford, et al., 2001), and organisational behaviour's (OB) interest in talented employee attitudes (Dries, 2013). Despite the expected value through talented employee performance, the mechanism is not well considered (Thunnissen, Boselie, & Fruytier, 2013b). STM has been considered mainly at the strategic level as a resource of the firm (Varma, 2005; Wright, Dunford, et al., 2001) through identification of a pool of star employees (Huselid et al., 2005). Individual level analysis of STM is required (Collings & Mellahi, 2009; Gelens, Dries, Hofmans, & Pepermans, 2013). Talent retention is a priority for many organisations today (Cappelli, 2008; Hausknecht, Rodda, & Howard, 2009) and research indicates advancement opportunities motivate high performer retention more so than other employees (Hausknecht et al., 2009), however literature must move beyond a primary focus on retention (Thunnissen et al., 2013b).

It seems we may still largely be overlooking one of our highest profile subjects in these bodies of literature; the talent themselves. Future STM research is needed to consider how the activity is responding to individual needs (Farndale, Pai, Sparrow, & Scullion, 2014) through examination of STM as a relational construct (Al Ariss, Cascio, & Paauwe, 2014), the outcomes of STM (Collings, 2014) and the employee response (Björkman, Ehrnrooth, Mäkelä, Smale, & Sumelius, 2013). Noting the process-centric focus of HRM literature, the individual must be repositioned within HRM (Wright & McMahan, 2011) and within STM (King, 2015). HRM practices are known to influence employee perceptions through a

signalling effect whereby employees interpret which behaviours are valued (Höglund, 2012) and develop perceptions of organisational priorities (Guest & Conway 2002). Employee sense making of signals is interpreted within their PC whether as intended by the organisation or not (Guzzo & Noonan, 1994), confirming the need to examine STM influence on attitudes and consistency of the talent system (Collings, 2014).

Although literature has only recently considered the individual level, some research now exists. Shedding light on the HC-SHRM linkage, talent inducements have been found to mediate skill-enhancing HRM practices in support of overall HC development (Höglund, 2012) and create PC obligations for skill development (Höglund, 2012). Incongruence in talent perceptions (whereby the employee and organisation held views of the employee's talent status differ) impacts the PC such that incongruence mediates the relationship between number of talent practices and contract fulfilment (Sonnenberg, van Zijderveld, & Brinks, 2014) and talent perception is associated positively with increased work demands and organisational identification (Björkman et al., 2013).

The purpose of this paper is to develop understanding of the employee response to STM through centrally considering the employee and introducing the “talent deal”; defined *as the modified psychological contract and exchange expectations of talented employees resulting from perceived talent status*. Considering STM as a relational construct (Al Ariss et al., 2014), the “talent deal” positions the individual employee at the heart of STM. An important theoretical gap is addressed by exploring the current assumption that STM practices enhance the relationship with talented employees and draws attention to risk of altered employee expectations and PC breach. Locating the employee response to STM within the STM-performance linkage frames supports further research of the wider mechanism STM outcomes. The following paper is presented in five sections. First, the unexpected absence in literature of the talented employee response to STM is considered. Second, STM is considered in three forms: an activity, an event, and a process. Third, the “talent deal” and “talent journey” are introduced. Fourth, the research model and propositions are presented, theorising employee perceptions of STM in three categories: individual, organisational and relational. Finally, limitations and implications for research and management are discussed, followed by conclusion.

### **The talented employee: Seen as a central character, but are they heard?**

Significant literature exists examining the EOR and employee attitudes such that the work-attitude-behaviour link has explained much of the exchange-based responses of employees in the workplace (Coyle-Shapiro & Kessler, 2000), which in turn influences firm performance (Bowen & Ostroff, 2004; Boxall & Purcell, 2000). Employees who believe their PC exchange is not balanced with their organisation adjust their contribution through reducing commitment and citizenship behaviours (Coyle-Shapiro & Kessler, 2000). In the context of talent, such adjustment may limit expected value from HC. While business undertakes STM to achieve competitive performance (Cappelli & Keller, 2014; Stahl et al., 2012), individual goals also require consideration (Farndale et al., 2014) as incongruence of organisational and employee goals may undermine STM effectiveness. This section examines limitations of literature and argues the need to understand the employee response to STM through three lenses: employee views of their individual “deal”, their supervisor and organisation and their EOR.

*The psychological contract (PC) and exchange expectations of the talented employee.*

Lack of attention to the employee response to talent management is “a serious omission” (Björkman et al., 2013, p. 196). The talent relationship requires further attention as it is not a simple economic exchange (Thunnissen et al., 2013b) and without deeper understanding, we risk assuming existing OB mechanisms readily apply to talent as with any other employee group. Employees develop and hold psychological contracts; beliefs regarding the obligations with their organisation for future exchange which may be explicit or implicit (Rousseau, 1989). Given the high profile nature of business investment in strategic talent today, this paper argues that talent identification is expected to influence the employee PC such that the talent label is associated with perceived promise even if only implied by management rhetoric or HR processes. Cautioning management in creating employee perceptions of organisational promise, research indicates that although short term perceptions of future benefits can facilitate organisational citizenship (OC) behaviours, employee perceptions of promise can cause perceptions of breach of PC if expectations are not fulfilled (Coyle-Shapiro, 2002). Psychological contracts may vary for special groups of employees such as high potential employees (Dries & Gieter, 2014) and where information held by the employee and the organisation differs, it may create risk of PC breach when perceived promises are broken (Dries & Gieter, 2014). While employee responses to STM practices can further inform HRM practices (Collings & Mellahi, 2009), literature has extensively focused on process (Wright & McMahan, 2011) rather than participants themselves, resulting in inadequate insight into the employee response to a now common management practice.

*Talented-employee perception of the supervisor.*

STM literature tends to focus on management’s role, however STM involves multiple actors (Thunnissen et al., 2013a; King, 2015) including the supervisor who is expected to have a meaningful influence on value creation through talent given their direct management of talent day to day. As the supervisor role increasingly requires involvement in historically HR-led activities including STM (Cappelli, 2013) and as practical implementation of SHRM varies in practice such that actual HR practices diverge from intended practices (Nishii & Wright 2008) further research is necessary to understand the influence of the line manager (McDermott, Conway, Rousseau, & Flood, 2013a) in STM. Although variation in middle manager is known to impact firm performance (Mollick, 2012), the line manager role is not well examined (Wright, McMahan, & McWilliams, 1994). As the supervisor is arguably best positioned to observe the talented employee’s work, often responsible for talent potential assessment, and increasingly seen as gatekeeper to HR process-based rewards and advancement, some contingent upon talent identification, the talented employee would reasonably expect greater levels of support and access to resources to deliver expected higher performance.

*Talented-employee perceptions of leadership and organisational support.*

Given the strategic intent to manage talent as a competitive resource, leadership are the organisational owners of the talent agenda and its associated high investment. Accordingly, the CEO and top management are expected to be highly involved in directing and governing STM and communicating intentionally regarding this highly visible competitive activity. Management involvement is one factor in effective STM (Stahl et al., 2012), however practitioner journals regularly discuss the struggle management teams experience (Pfeffer, 2001, 2006). As leaders influence all aspects of the organisation, the

extent to which an organisation and its leadership signal support for talent is directly relevant to talented employees.

A key question remains: Whether and how talent-identified individuals respond differently to STM practices compared with non-talent employees and the consequences of talent perception on employee perceptions of their contract, organisation and relationship. Assuming no difference in EOR expectations of talent-identified employees relative to the general workforce may undermine organisational strategy to leverage HC and introduce talent turnover and shortage risk. As with any discretionary employee behaviour, the employee response to STM holds value for the firm, but is not sufficiently understood to ensure its consistent leverage. The following section considers STM in three ways: a strategic business activity, a dynamic HR-led process, and an employee event. Subsequent sections introduce the research model, the talent deal and talent journey, followed by theorised research propositions.

### **Strategic talent management: an activity, an event, a process**

#### *Talent management: A strategic business activity*

Literature recognises the potential value of talent (Cappelli, 2008; Huselid et al., 2005; Pfeffer, 1994, 2005; Stahl et al., 2012; Wright, Dunford, et al., 2001), however research is required to specify the talent-strategy link (Collings & Mellahi, 2009; Lewis & Heckman, 2006; Schuler et al., 2011) to avoid current management failures such as shortfalls of talent (Cappelli, 2009). Mechanisms by which SHRM facilitates increased performance, known as the “black box”, require further examination (Boxall, Ang, & Bartram, 2011; Boxall & Purcell, 2000; Lewis & Heckman, 2006). Within SRHM, STM is expected to generate value through talented employee performance (Cappelli & Keller, 2014), applying differentiated SRHM architecture linked to a strategic business process (Minbaeva & Collings, 2013). As STM is intended to generate differentiated firm outcomes through HC (Collings & Mellahi, 2009), the employee response is a core component of the STM-performance linkage.

#### *Talent identification: A dynamic HR-led process*

Organisations apply a talent identification process to identify ‘high potential’ employees for future advancement and inclusion in organisational talent programs. Organisation rank ‘A Players’ (Huselid et al., 2005), and identify the top cadre of high potential employees (Cappelli, 2008; Collings & Mellahi, 2009; Lewis & Heckman, 2006). Although STM practices and their maturity vary by organisation and degree of investment, the degree of formalisation of the high potential identification process is the most significant determinant of HR professional perception of talent programs as satisfactory (Kotlyar & Karakowsky, 2014). While STM centrally involves the HR-facilitated identification process, STM is a dynamic and ongoing process and not simply a single event whereby employees are labelled or categorised (Höglund, 2012). Consequently, the direct supervisor is important (Asag-Gau & Dierendonck, 2011; King 2015) in the ongoing dynamic process.

Within the business, the line manager is directly involved in HR practice implementation (Purcell & Hutchinson, 2007) and as HR responsibilities are increasingly devolved into the business (Cappelli, 2013; Gelens et al., 2013) supervisors are expected be

increasing involvement in TM implementation. The direct supervisor is argued to be the “missing link” in influencing PC development and fulfilment (McDermott, Conway, Rousseau, & Flood, 2013b) and a core actor in STM (King, 2015). Clearer communication by organisations with their employees is associated with perceptions of fairer exchange and less frequent PC breach (Guest & Conway, 2002) arguing the importance of supervisor communications with talented employees. Managers who demonstrate servant leadership empower talented employees providing them with challenging work activities, which results in increased task focus, found meaning in work and increased OC in talented employees (Asag-Gau & Dierendonck, 2011).

*Talent identification: An employee- significant career event*

As an event, talent identification involves supervisor rating of talent potential subsequently confirmed by management for the overall talent pool. Organisations vary in the decision whether to disclose talent ratings to employees or maintain a closed system of non-disclosure. Although the latter has drawn criticisms of subjectivity, exclusivity and risk of procedural injustice (Swales, 2013a, 2013b), only one third of organisations transparently communicate their talent programs to their employees (Dries & Gieter, 2014). The following two sections introduce the research model, talent deal and talent journey and the detailed research propositions respectively. Talent identification is a significant event which results in employee inclusion in a firm’s talent pool, to which heightened development investment, performance rewards and management attention is extended.

**Conceptualising the employee response to STM: The talent deal and talent journey**

This section introduces “the talent deal”, which theorises the employee response to STM and the “talent journey” which illustrates the talented employee experience of the relationship over time. Specifically, talent identification is argued to modify the PC and exchange expectations establishing the “talent deal” which consequently impacts three realms of employee attitudes: individual expectations, attitudes towards the organisation and the relationship over time. The talent deal and talent journey are illustrated by figures 1 and 2 respectively. Research propositions are theorised in the subsequent section.

*The employee response to talent identification: The Talent Deal*

Within the context of the EOR, employees experience ongoing exchange. Through social exchange theory (SET) (Blau, 1964), based on a standard of reciprocal action (Gouldner, 1960), employees consider their actions in the employment relationship as a two-sided exchange occurring over time (Blau, 1964; Cropanzano & Mitchell, 2005) where future obligation to reciprocate is established in the process. For the talented employee, the relationship is not yet well considered (Thunnissen et al., 2013b). Tacit awareness by employees that an organisation invests differentially in specific segments of its workforce, (such as leaders, expatriates, high potential talent) relative to the wider workforce may alter exchange expectations for talented employees. Talent identification arguably establishes an implicit promise, or implied contract (Rousseau, 1989), which modifies the PC establishing the “Talent Deal” and associated exchange expectations, both social and economic, of the talented employee. Figure 1 below introduces the Talent Deal. The detailed research propositions are hypothesised in the subsequent section.

-----  
 Insert **Figure 1** (Research model: The Talent Deal)  
 -----

*The talented employee's view of the relationship over time: The talent journey*

Employees experience the employment relationship over time across a series of events in the employment life cycle. This paper conceptualises the talented employee experience of STM as a series of significant events following talent identification, which influence subsequent attitudes and behaviour. Over time, the employee re-considers and re-balances their PC (Coyle-Shapiro & Kessler, 2000; Rousseau, 1989). This paper argues the central aim of STM is to generate perceived mutual investment, understood to represent an EOR which is balanced and broad (Tsui, Pearce, Porter, & Tripoli, 1997) to retain and motivate talent. Figure 2 illustrates the “talent journey” and its influence on employee attitudes over time.

-----  
 Insert **Figure 2** (The Talent Journey)  
 -----

*Crucial exchanges in the EOR: career anchor events*

Building on social exchange theory (Blau 1964), critical exchanges have been identified which can “suddenly and durably change the rules” (Ballinger & Rockmann, 2010, p. 373), potentially resulting in changed relationships. These critical exchanges are anchoring events within a relationship. When established, the individual evaluates subsequent social exchanges through the perspective of that anchor (Ballinger & Rockmann, 2010). This paper argues that anchoring events occur within the EOR of talented employees, resulting from the interaction of multiple actors in conducting talent management including the employee, supervisor, leader and HR (King, 2015). Employee response to these crucial exchanges over time will influence employee PC and employee attitudes. Proposed as a set of events instrumental to an employee's career, ‘career anchor events’ (CAE) will influence how subsequent events are perceived and can be mapped to the core phases of the EOR lifecycle. Talent identification is argued to be crucial event expected to have superior instrumentality compared with other events given that talent identification is the singular event through which an employee accesses the talent pool and its associated discretionary benefits. Other CAE may include promotion, discretionary award, nomination to the company leadership development program, or assignment to a preferred project role. Table 1 presents a proposed typology of anchor events. Developed from preliminary interviews with talent identified employees and STM practitioners, these significant events may occur in the employment life cycle and are expected to vary in frequency or materiality for talented employees. The typology requires validation.

-----  
 Insert **Table 1** (Career Anchor Events Typology)  
 -----



The following section theorises employee attitudes in response to STM and presents three sets of propositions, categorised as 1) individual, 2) organisational and 3) relational, corresponding to the three categories in figure 1.

### **Research propositions: The talent deal**

The “Talent Deal” is expected to modify the PC of talented employees including changed expectations of social and economic exchange, and association with a set of employee attitudes as detailed below.

#### *1) Individual: Perceptions of the individual relationship*

Employees form views about their employment relationship and the expected exchange within that relationship in the employee-held psychological contract (Rousseau, 1995). In the context of STM, employees would reasonably associate talent identification with increased exchange, both social and economic, increasing the expected contribution and rewards for both parties. Increased social exchange may include expectations of greater organisational support, increased supervisor involvement, increased access to senior leadership mentorship, increased access to resources such as development programmes, and accelerated progression. Reciprocally, it may include increased expected contribution by the employee such as higher than peer performance and reduced intention to turnover.

*Proposition 1a: Perceived talent identification will be positively associated with expectations of increased social exchange in the employee-organisation relationship.*

As the employment relationship fundamentally involves an economic exchange where pay is exchanged for performance (Shore, Tetrick, Lynch, & Barksdale, 2006) talented employees would reasonably expect increased economic exchange where performance is increased.

*Proposition 1b: Perceived talent identification will be positively associated with expectations of increased economic exchange in the employee-organisation relationship.*

Investment of a strategic nature is associated with a long-term time horizon for return on investment. The same long-term perspective arguably applies to investment in strategic talent and the long-term development of human capital. When an employee perceives they are identified as talent, it is reasonable to expect the employee assumes a long-term time horizon, more so than for the non-talent-identified employee, consistent with the long-term horizon of STM activities.

*Proposition 1c: Perceived talent identification will be positively associated with an open-ended or indefinite time horizon view of the employment relationship.*

Psychological contracts held by employees are either relational or transactional and change over time (Rousseau, 1990). As social exchange is by definition two-sided (Blau, 1964) (Cropanzano & Mitchell, 2005) long-term in nature, we would expect employees to assume a relational and not transactional psychological contract. While economic exchange is of value to talented employees, talented employees would not be expected to hold a transactional contract focused primarily on economic exchange as this is not consistent with the long-term time horizon (Rousseau, 1995) anchored in trust of future exchange (Shore et al., 2006).

*Proposition 1d: Perceived talent identification will be positively associated with holding a relational psychological contract.*

The employee-organisation relationship is described in a typology of four categories including quasi spot contracts, under-investment, over-investment (by the employer) and mutual investment (Tsui et al., 1997). An employee who perceives talent identification would expect increased investment to facilitate progression into increasingly challenging (often management) roles.

*Proposition 1e: Perceived talent identification will be positively associated with reporting of either over-investment or mutual investment relationship types.*

*Proposition 1f: Perceived non-talent status will be associated with under-investment relationship type.*

## **2) Organisational: Perceptions of the organisation and its representatives**

Direct exchange between the employee and supervisor is arguably a primary channel through which employees experience exchange in the relationship. We expect that talented employees will perceive supervisor support perceptions of supervisor support (PSS) will be associated with talent identification.

*Proposition 2a: Perceived talent identification will be positively associated with perceived supervisor support (PSS)*

The disclosure of talent potential ratings varies in practice by organisation whereby some organisations do not disclose talent status to employees (Dries & Gieter, 2014) but use the information for management workforce decisions. Known as talent perception congruence (Sonnenberg et al., 2014), the employee's view of their status may align or may differ from the organisation-held view. That is, both the employee and the organisation may hold the view that the employee is talented, or not, or differ in either direction. Where incongruent, this is expected to be a reflection poor support from the organisation.

*Proposition 2b: Talent perception incongruence will be negatively associated with perceived supervisor support (PSS).*

The model explores whether any difference exists where an employee's supervisor is not talent-identified such that supervisor non-talent status may limit the employee's perception of support or access to knowledge and resources via the supervisor.

*Proposition 2c: Where perceived talent identification, supervisor non-talent status will negatively moderate the employee's perception of supervisor support (PSS)*

Organisational and executive communications will be considered by employees as they make sense of their employment relationships and psychological contract (Guest & Conway, 2002; Guzzo & Noonan, 1994) which, together with HRM practices, signal what is valued in the organisation and what behaviour is rewarded and valued in the organisation (Guzzo & Noonan, 1994). As indicated by organisational support theory whereby employees develop beliefs that the organisation has concern for their wellbeing (Eisenberger, Stinglhamer, Vandenberghe, Sucharski, & Rhoades, 2002), talented employees will perceive they are differentially valued and cared for by their organisation.

*Proposition 2d: Perceived talent identification will be positively associated with perceived organisational support (POS).*

To sustain high performance, talented employees will seek differentiated access to knowledge and resources through their relationships with the supervisor and senior leaders such as challenging work assignments, mentoring or discretionary work roles to develop skills for advancement. Leader-member exchange is a relationship approach to leadership (Shore et al., 2006), consistent with the relational based PC of talented employees. In some cases, leaders demonstrate LMX exchange practices which extend beyond contractual obligations (Henderson, Liden, Glibkowski, & Chaudhry, 2009). Increased quality of LMX exchange with the leader, known as LMX differentiation (Graen & Uhl-Bien, 1995), is predicted for talented employees.

*Proposition 2e: Perceived talent identification will be positively associated with expectations of LMX differentiation.*

### **3) Relational: Perceptions of the relationship over time**

Talent identification arguably reflects a statement of positive organisational expectations of employee capability to achieve future performance and advancement. This is consistent with the definition of trust whereby the employee or the organisation may take risk in the relationship based on expectations of future outcomes (Mayer, Davis, & Schoorman, 1995) without guarantee.

*Proposition 3a: Perceived talent identification will be positively associated with trust in the organisation.*

Talent perception incongruence (Sonnenberg et al., 2014), may be disruptive to the employee's perception of exchange and signal asymmetry of information (Dries & Gieter, 2014) which undermines confidence in the exchange or trust in the long-term relationship.

*Proposition 3b: Trust will be negatively modified by talent perception incongruence.*

Although individuals seek consistency in their understanding cognitively (Abelson, 1968), it is likely that the underlying assumptions of the EOR are not congruent (Coyle-Shapiro & Shore, 2007) and implemented SHRM practices may not be consistent (Morris et al., 2009). Consistency is one factor in effective STM (Stahl et al., 2012) however research in STM consistency is limited (Vaiman & Collings, 2013). As inconsistency of perceptions influence attitude change (Anderson, 1971), inconsistency may impact employee attitudes. Considering cognitive dissonance theory (Festinger, 1962), if an employee perceives the exchange is inconsistent with expectations, such as lower than expected POS or PSS, or an incongruence between the two, dissonance may result.

*Proposition 3c: Where perceived talent identification, perceptions of overall justice will be modified by POS-PSS inconsistency such that overall justice will be negatively modified by POS-PSS inconsistency.*

A mutual investment EOR which is balanced and broad (Tsui et al., 1997) is consistent with a firm's strategic long-term investment in HC, where over time, employee attitudes are re-balanced in response to exchange events (Coyle-Shapiro & Kessler, 2000). Career anchor events (for example, promotion) may influence the resilience of the relationship for talent-identified employees to a greater extent than non-talent identified

employees given the establishment of the “talent deal”. A negative career anchor event (for example, not being promoted) may have less instrumentality, influenced by the talent-identified employee’s long-term view of exchange, indicating increased resilience in the exchange relationship.

*Proposition 3d: Perceived talent identification will moderate the absence of preferred career outcomes such that the absence of preferred career outcomes will be rated less negatively by employees who perceive talent identification.*

*Proposition 3e: Perceived talent identification will moderate the impact of a negative career event outcome such that career outcomes which are categorised as unfavourable will be rated less negatively by employees who perceive talent identification.*

## **Discussion**

### *Empirical testing of the model: Multi-level, multi-source, multi-time intervals*

Consistent with research calling for multi-level and longitudinal study of HR practices (Gelens et al., 2013; Boxall, Purcell & Wright 2007), to understand the impact of talent identification and other significant events on the employee-held PC and EOR over time, examination of attitudes at multiple intervals is required. Measurement of employee attitudes pre- and post-events is required to examine variation in talented employee response relative to non-talent-identified employees. As self-reported data is subject to bias (Podsakoff, MacKenzie, Jeong-Yeon, & Podsakoff, 2003) and measures of HR practices which use single respondent measures have been shown to contain error (Wright, Gardner, et al., 2001), multiple source data is necessary along with statistical control of independent and dependent variables (Podsakoff et al., 2003). HR-reported talent status data is required for analysis with employee perceptions. Integrating HR respondent data (for example, measures of the degrees of formalisation of a talent program and of inclusivity/exclusivity as in Kotlyar & Karakowsky, 2014) can be analysed to highlight divergence in employee vs. company perspectives. Multi-source data (employee, supervisor, leadership, HR manager) with employee-supervisor linkages is required to provide a holistic view and to inform relational aspects of exchange (Al Ariss et al., 2014). Multi-level performance data (individual, team, firm level) is required to examine the association between STM and performance outcomes.

### *Limitations*

First, the model is limited by employee self-reported data which may result in common method variance (Podsakoff et al., 2003) although partly addressed by multi-source data. Second, the “talent deal” requires repeat measurement to examine changing employee attitudes over a longitudinal relationship in the “talent journey”. Third, CAE instrumentality may vary by employee whereby a given event may vary in its meaning by employee. Finally, the model requires further development to measure association with multi-level outcomes (individual, unit, firm).

### *Implications for research*

The research model deepens understanding of the employee response to STM required for further examination of the talent-performance pathway. The “talent deal” returns the individual employee to the heart of SHRM literature (Wright & McMahan, 2011) and builds our understanding of the employee’s experience of the EOR, currently limited in the STM literature (Thunnissen et al., 2013b). The model presents a lens to examine a range of consequences of talent-identification on employee attitudes developing necessary insight on outcomes (Collings & Mellahi, 2009). The model incorporates supervisor and leadership support to present a relational view of STM (Al Ariss et al., 2014) and partially informs the intended-actual gap (Nishii & Wright 2008) in STM implementation. The model explores the relevance of internal system consistency (Vaiman & Collings, 2013) for further development.

### *Implications for practice*

Greater clarity of the employee’s response to STM, historically considered at organisational level (Vaiman & Collings, 2013) supports management in aligning STM practices to shape intended behaviour. Conceptualisations of the “talent deal” and “talent journey” draw management attention to the talented employee and can be used to engage and communicate with multiple actors in the dynamic process of STM in practice. The model confirms the importance of supervisors and leaders in shaping employee attitudes to STM.

## **Conclusion**

Understanding the employee response to STM is a business imperative if talent is to contribute sustainable value as a strategic resource for the firm. The Talent Deal and Talent Journey illustrate the dynamic context within which employees experience STM and make sense of organisational signals. The research model advances our understanding of the mechanism by which STM impacts the talented employee, deepening our understanding of how HC is engaged and deployed through SHRM practices and also draws attention to possible risk of increased employee expectations of exchange.

## References

- Abelson, R. P. e. a. (1968). *Theories of cognitive consistency: a sourcebook*. Rand-McNally: Chicago.
- Al Ariss, A., Cascio, W. F., & Paauwe, J. (2014). Talent management: Current theories and future research directions. *Journal of World Business*, 49(2), 173-179. doi: <http://dx.doi.org/10.1016/j.jwb.2013.11.001>
- Anderson, N. H. (1971). Integration theory and attitude change. *Psychological Review*, 78(3), 171-206. doi: 10.1037/h0030834
- Asag-Gau, L., & Dierendonck, D. v. (2011). The impact of servant leadership on organisational commitment among the highly talented: the role of challenging work conditions and psychological empowerment. *European Journal of International Management*, 5(5), 463-483. doi: doi:10.1504/EJIM.2011.042174
- Axelrod, E. L., Handfield-Jones, H., & Welsh, T. A. (2001). War for talent, part two. *McKinsey Quarterly*(2), 9-12.
- Ballinger, G. A., & Rockmann, K. W. (2010). CHUTES VERSUS LADDERS: ANCHORING EVENTS AND A PUNCTUATED-EQUILIBRIUM PERSPECTIVE ON SOCIAL EXCHANGE RELATIONSHIPS. *Academy of Management Review*, 35(3), 373-391. doi: 10.5465/amr.2010.51141732
- Becker, B., Huselid, M. and Beatty, D. (2009), *The Differentiated Workforce*, Harvard Business Press, Boston, MA.
- Björkman, I., Ehrnrooth, M., Mäkelä, K., Smale, A., & Sumelius, J. (2013). Talent or Not? Employee Reactions to Talent Identification. *Human Resource Management*, 52(2), 195-214. doi: 10.1002/hrm.21525
- Blau, P.M. (1964). *Exchange and power in social life*. New York: Wiley Publishing.
- Bowen, D. E., & Ostroff, C. (2004). Understanding HRM–Firm Performance Linkages: The Role of the “Strength” of the HRM System. *Academy of Management Review*, 29(2), 203-221. doi: 10.5465/amr.2004.12736076
- Boxall, Peter; Purcell, John and Wright, Patrick. (2007). *Human Resource Management: Scope, Analysis, and Significance*. In: Boxall, Peter (Editor); Purcell, John (Editor); Wright, Patrick (Editor). *Oxford Handbook of Human Resource Management*, The. Oxford ; New York: Oxford University Press: 1-16.
- Boxall, P., Ang, S. H., & Bartram, T. (2011). Analysing the ‘Black Box’ of HRM: Uncovering HR Goals, Mediators, and Outcomes in a Standardized Service Environment. *Journal of Management Studies*, 48(7), 1504-1532. doi: 10.1111/j.1467-6486.2010.00973.x
- Boxall, P., & Purcell, J. (2000). Strategic human resource management: where have we come from and where should we be going? *International Journal of Management Reviews*, 2(2), 183-203. doi: 10.1111/1468-2370.00037
- Cappelli, P. (2008). Talent Management for the Twenty-First Century. *Harvard Business Review*, 86(3), 74-81.
- Cappelli, P. (2009). A Supply Chain Model for Talent Management. *People and Strategy*, 32(3), 4-7.
- Cappelli, P. (2013). HR for Neophytes. *Harvard Business Review*, 91(10), 25-27.
- Cappelli, P., & Keller, J. (2014). Talent Management: Conceptual Approaches and Practical Challenges. *Annual Review of Organizational Psychology and Organizational Behavior*, 1(1), 305-331. doi: doi:10.1146/annurev-orgpsych-031413-091314
- Collings, D. G. (2014). Toward Mature Talent Management: Beyond Shareholder Value. *Human Resource Development Quarterly*, 25(3), 301-319. doi: 10.1002/hrdq.21198

- Collings, D. G., & Mellahi, K. Commentary on: "Talent—innate or acquired? Theoretical considerations and their implications for talent management". *Human Resource Management Review*(0). doi: <http://dx.doi.org/10.1016/j.hrmr.2013.08.003>
- Collings, D. G., & Mellahi, K. (2009). Strategic talent management: A review and research agenda. *Human Resource Management Review*, 19(4), 304-313. doi: <http://dx.doi.org/10.1016/j.hrmr.2009.04.001>
- Coyle-Shapiro, J., & Kessler, I. (2000). Consequences Of The Psychological Contract For The Employment Relationship: A Large Scale Survey\*. *Journal of Management Studies*, 37(7), 903-930. doi: 10.1111/1467-6486.00210
- Coyle-Shapiro, J. A. M. (2002). A psychological contract perspective on organizational citizenship behavior. *Journal of Organizational Behavior*, 23(8), 927-946. doi: 10.1002/job.173
- Coyle-Shapiro, J. A. M., & Shore, L. M. (2007). The employee–organization relationship: Where do we go from here? *Human Resource Management Review*, 17(2), 166-179. doi: 10.1016/j.hrmr.2007.03.008
- Cropanzano, R., & Mitchell, M. S. (2005). Social Exchange Theory: An Interdisciplinary Review. *Journal of Management*, 31(6), 874-900.
- Dries, N. (2013). The psychology of talent management: A review and research agenda. *Human Resource Management Review*(0). doi: <http://dx.doi.org/10.1016/j.hrmr.2013.05.001>
- Dries, N., & Gieter, S. D. (2014). Information asymmetry in high potential programs. *Personnel Review*, 43(1), 136-162. doi: doi:10.1108/PR-11-2011-0174
- Eisenberger, R., Stinglhamer, F., Vandenberghe, C., Sucharski, I. L., & Rhoades, L. (2002). Perceived Supervisor Support: Contributions to Perceived Organizational Support and Employee Retention. *Journal of Applied Psychology*, 87(3), 565-573. doi: 10.1037//0021-9010.87.3.565
- Farndale, E., Pai, A., Sparrow, P., & Scullion, H. (2014). Balancing individual and organizational goals in global talent management: A mutual-benefits perspective. *Journal of World Business*, 49(2), 204-214. doi: <http://dx.doi.org/10.1016/j.jwb.2013.11.004>
- Festinger, L. (1962). *A theory of cognitive dissonance* (Vol. 2): Stanford university press.
- Gelens, J., Dries, N., Hofmans, J., & Pepermans, R. (2013). The role of perceived organizational justice in shaping the outcomes of talent management: A research agenda. *Human Resource Management Review*, 23(4), 341-353. doi: <http://dx.doi.org/10.1016/j.hrmr.2013.05.005>
- Gouldner, A. W. (1960). THE NORM OF RECIPROCITY: A PRELIMINARY STATEMENT. *American Sociological Review*, 25(2), 161-178.
- Graen, G. B., & Uhl-Bien, M. (1995). Relationship-based approach to leadership: Development of leader-member exchange (LMX) theory of leadership over 25 years: Applying a multi-level multi-domain perspective. *The Leadership Quarterly*, 6(2), 219-247. doi: [http://dx.doi.org/10.1016/1048-9843\(95\)90036-5](http://dx.doi.org/10.1016/1048-9843(95)90036-5)
- Guest, D. E., & Conway, N. (2002). Communicating the psychological contract: an employer perspective. *Human Resource Management Journal*, 12(2), 22-38. doi: 10.1111/j.1748-8583.2002.tb00062.x
- Guzzo, R. A., & Noonan, K. A. (1994). Human resource practices as communications and the psychological contract. *Human Resource Management*, 33(3), 447-462. doi: 10.1002/hrm.3930330311
- Hausknecht, J. P., Rodda, J., & Howard, M. J. (2009). Targeted employee retention: Performance-based and job-related differences in reported reasons for staying. *Human Resource Management*, 48(2), 269-288. doi: 10.1002/hrm.20279

- Henderson, D. J., Liden, R. C., Glibkowski, B. C., & Chaudhry, A. (2009). LMX differentiation: A multilevel review and examination of its antecedents and outcomes. *The Leadership Quarterly*, 20(4), 517-534. doi: <http://dx.doi.org/10.1016/j.leaqua.2009.04.003>
- Höglund, M. (2012). Quid pro quo? Examining talent management through the lens of psychological contracts. *Personnel Review*, 41(2), 126-142. doi: [doi:10.1108/00483481211199991](https://doi.org/10.1108/00483481211199991)
- Huselid, M. A., Beatty, R. W., & Becker, B. E. (2005). A Players or A Positions? *Harvard Business Review*, 83(12), 110-117.
- Huselid, M. A., & Becker, B. E. (2011). Bridging Micro and Macro Domains: Workforce Differentiation and Strategic Human Resource Management. *Journal of Management*, 37(2), 421-428. doi: [10.1177/0149206310373400](https://doi.org/10.1177/0149206310373400)
- King, K.A. (2015). Global Talent Management: Introducing a strategic framework and multiple-actors model. *Journal of Global Mobility*. (in press).
- Kotlyar, I., & Karakowsky, L. (2014). Sources of satisfaction with high-potential employee programs. *Journal of Management Development*, 33(10), 1035-1056. doi: [doi:10.1108/JMD-08-2012-0113](https://doi.org/10.1108/JMD-08-2012-0113)
- Lewis, R. E., & Heckman, R. J. (2006). Talent management: A critical review. *Human Resource Management Review*, 16(2), 139-154. doi: <http://dx.doi.org/10.1016/j.hrmr.2006.03.001>
- Macky, K., & Boxall, P. (2007). The relationship between ‘high-performance work practices’ and employee attitudes: an investigation of additive and interaction effects. *The International Journal of Human Resource Management*, 18(4), 537-567. doi: [10.1080/09585190601178745](https://doi.org/10.1080/09585190601178745)
- Mayer, R. C., Davis, J. H., & Schoorman, F. D. (1995). An Integrative Model Of Organizational Trust. *Academy of Management Review*, 20(3), 709-734. doi: [10.5465/amr.1995.9508080335](https://doi.org/10.5465/amr.1995.9508080335)
- McDermott, A. M., Conway, E., Rousseau, D. M., & Flood, P. C. (2013a). Promoting Effective Psychological Contracts Through Leadership: The Missing Link Between HR Strategy and Performance. *Human Resource Management*, 52(2), 289-310. doi: [10.1002/hrm.21529](https://doi.org/10.1002/hrm.21529)
- McDermott, A. M., Conway, E., Rousseau, D. M., & Flood, P. C. (2013b). Promoting Effective Psychological Contracts Through Leadership: The Missing Link Between HR Strategy and Performance. *Human Resource Management*, 52(2), 289.
- Minbaeva, D., & Collings, D. G. (2013). Seven myths of global talent management. *The International Journal of Human Resource Management*, 24(9), 1762-1776. doi: [10.1080/09585192.2013.777539](https://doi.org/10.1080/09585192.2013.777539)
- Mollick, E. (2012). People and process, suits and innovators: the role of individuals in firm performance. *Strategic Management Journal*, 33(9), 1001-1015. doi: [10.1002/smj.1958](https://doi.org/10.1002/smj.1958)
- Morris, S. S., Wright, P. M., Trevor, J., Stiles, P., Stahl, G. K., Snell, S., . . . Farndale, E. (2009). Global challenges to replicating HR: The role of people, processes, and systems. *Human Resource Management*, 48(6), 973-995.
- Nishii, L. and Wright, P. M. (2008). Variability within organizations: implications for strategic human resources management. In: Smith, D. B. (ed.) *The people make the place: dynamic linkages between individuals and organizations*. New York: Lawrence Erlbaum Associates.
- Pauwe, J., Wright, P., Guest, D., Pauwe, J., Wright, P., & Guest, D. (2013). HRM and performance: what do we know and where should we go? In P. Wright & P. Wright



- (Eds.), *HRM and Performance: Achievements and Challenges* (pp. 1-13). Chichester, Sussex: Wiley.
- Pfeffer, J. (1994). Competitive Advantage Through People (Vol. 36, pp. 9-28): California Management Review.
- Pfeffer, J. (2001). Fighting the War for Talent is Hazardous to Your Organization's Health. *Organizational Dynamics*, 29(4), 248-259.
- Pfeffer, J. (2005). Producing sustainable competitive advantage through the effective management of people. *Academy of Management Executive*, 19(4), 95-106. doi: 10.5465/ame.2005.19417910
- Pfeffer, J. (2006). Stopping the Talent Drain. *Business 2.0*, 7(6), 80-80.
- Podsakoff, P. M., MacKenzie, S. B., Jeong-Yeon, L., & Podsakoff, N. P. (2003). Common Method Biases in Behavioral Research: A Critical Review of the Literature and Recommended Remedies. *Journal of Applied Psychology*, 88(5), 879.
- Purcell, J., & Hutchinson, S. (2007). Front-line managers as agents in the HRM-performance causal chain: theory, analysis and evidence. *Human Resource Management Journal*, 17(1), 3-20. doi: 10.1111/j.1748-8583.2007.00022.x
- Rousseau, D. (1989). Psychological and implied contracts in organizations. *Employee Responsibilities and Rights Journal*, 2(2), 121-139. doi: 10.1007/BF01384942
- Rousseau, D. (1995). Psychological contracts in organizations: Understanding written and unwritten agreements: Sage.
- Rousseau, D. M. (1990). New hire perceptions of their own and their employer's obligations: A study of psychological contracts. *Journal of Organizational Behavior*, 11(5), 389-400. doi: 10.1002/job.4030110506
- Schuler, R. S., Jackson, S. E., & Tarique, I. (2011). Global talent management and global talent challenges: Strategic opportunities for IHRM. *Journal of World Business*, 46(4), 506-516. doi: <http://dx.doi.org/10.1016/j.jwb.2010.10.011>
- Shore, L. M., Tetrick, L. E., Lynch, P., & Barksdale, K. (2006). Social and Economic Exchange: Construct Development and Validation. *Journal of Applied Social Psychology*, 36(4), 837-867. doi: 10.1111/j.0021-9029.2006.00046.x
- Sonnenberg, M., van Zijderveld, V., & Brinks, M. (2014). The role of talent-perception incongruence in effective talent management. *Journal of World Business*, 49(2), 272-280. doi: <http://dx.doi.org/10.1016/j.jwb.2013.11.011>
- Stahl, G. K., Björkman, I., Farndale, E., Morris, S. S., Paauwe, J., & Stiles, P. (2012). Six Principles of Effective Global Talent Management. *MIT Sloan Management Review*, 53(2), 25-32.
- Swales, S. (2013a). The ethics of talent management. *Business Ethics: A European Review*, 22(1), 32-46. doi: 10.1111/beer.12007
- Swales, S. (2013b). Troubling some assumptions: A response to "The role of perceived organizational justice in shaping the outcomes of talent management: A research agenda". *Human Resource Management Review*, 23(4), 354-356. doi: <http://dx.doi.org/10.1016/j.hrmr.2013.08.005>
- Tarique, I., & Schuler, R. S. (2010). Global talent management: Literature review, integrative framework, and suggestions for further research. *Journal of World Business*, 45(2), 122-133. doi: <http://dx.doi.org/10.1016/j.jwb.2009.09.019>
- Thunnissen, M., Boselie, P., & Fruytier, B. (2013a). A review of talent management: 'infancy or adolescence?'. *International Journal of Human Resource Management*, 24(9), 1744-1761. doi: 10.1080/09585192.2013.777543
- Thunnissen, M., Boselie, P., & Fruytier, B. (2013b). Talent management and the relevance of context: Towards a pluralistic approach. *Human Resource Management Review*, 23(4), 326-336. doi: <http://dx.doi.org/10.1016/j.hrmr.2013.05.004>

- Tsui, A. S., Pearce, J. L., Porter, L. W., & Tripoli, A. M. (1997). Alternative Approaches to the Employee-Organization Relationship: Does Investment in Employees Pay Off? *Academy of Management Journal*, 40(5), 1089-1121. doi: 10.2307/256928
- Vaiman, V., & Collings, D. G. (2013). Talent management: advancing the field. *The International Journal of Human Resource Management*, 24(9), 1737-1743. doi: 10.1080/09585192.2013.777544
- Varma, A. (2005). Mark A. Huselid, Brian E. Becker, and Richard W. Beatty. The Workforce Scorecard: Managing Human Capital to Execute Strategy. Boston, MA: Harvard Business School Press, 2005, 278 pages. *Human Resource Management*, 44(3), 359-361. doi: 10.1002/hrm.20077
- Wright, P. M., Dunford, B. B., & Snell, S. A. (2001). Human resources and the resource based view of the firm. *Journal of Management*, 27(6), 701.
- Wright, P. M., Gardner, T. M., Moynihan, L. M., Park, H. J., Gerhart, B., & Delery, J. E. (2001). MEASUREMENT ERROR IN RESEARCH ON HUMAN RESOURCES AND FIRM PERFORMANCE: ADDITIONAL DATA AND SUGGESTIONS FOR FUTURE RESEARCH. *Personnel Psychology*, 54(4), 875-901. doi: 10.1111/j.1744-6570.2001.tb00235.x
- Wright, P. M., & McMahan, G. C. (2011). Exploring human capital: putting 'human' back into strategic human resource management. *Human Resource Management Journal*, 21(2), 93-104. doi: 10.1111/j.1748-8583.2010.00165.x
- Wright, P. M., McMahan, G. C., & McWilliams, A. (1994). Human resources and sustained competitive advantage: a resource-based perspective. *International Journal of Human Resource Management*, 5(2), 301-326.

**Figure 1**

**Research Model (conceptual): The Talent Deal**

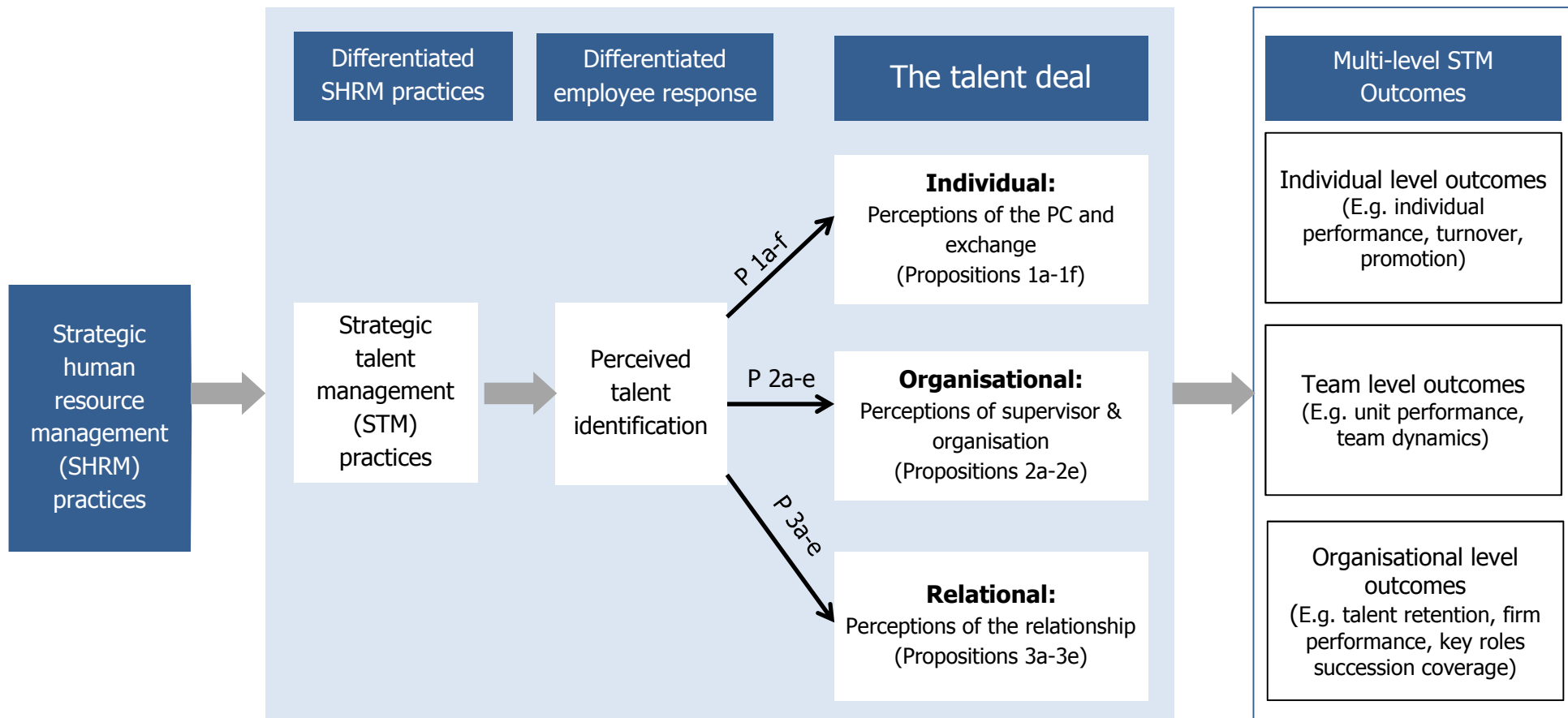
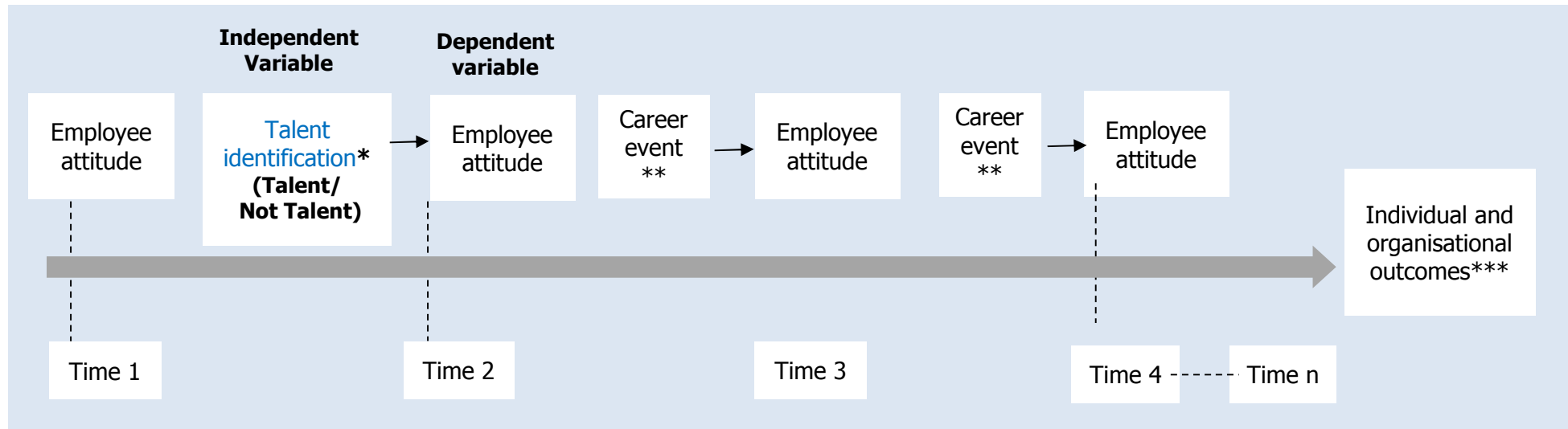


Figure 2

The Talent Journey (conceptualisation):

Examining employee responses to career events dependent upon talent identification



- \* Talent identification: *Talent or Not Talent* (a specific career anchor event)
- \*\* A career event (see Table 1 Typology of Career Anchor events)
- \*\* E.g. Outcomes may include turnover, performance, succession coverage of key roles

**Table 1**  
**Proposed typology of career anchor events**

<b>Employee lifecycle phase*</b>	<b>Career Anchor event (CAE)</b>
Identification of talent	Identified as talent (disclosed or perceived) Not identified as talent (disclosed or perceived) *Note: may also be re-assessed out of talent pool
Attract & Select	Offered assignment in pivotal role or preferred project role
Develop	Nominated for leadership development program Offered mentoring or coaching development
Engage & Retain	Discretionary retention programme or award
Deploy	Offered mobility opportunity (other business unit or geography)
Manage performance	Performance management coaching Performance feedback Annual performance review and rating
Advance & Promote	Offered additional responsibility Promoted in most recent promotion round
Reward & Recognize	Compensation increase without request Discretionary performance compensation scheme Discretionary non-monetary reward or recognition event

\* Table 1 proposes specific events which occur in the employment relationship lifecycle and are expected to be of increased frequency of materiality to talent-identified employees. Validation is required to confirm the typology.