

Talent identification transparency: an alternative perspective

Khoreva, V., Vaiman, V., & Kostanek, E.

Author post-print (accepted) deposited by Coventry University's Repository

Original citation & hyperlink:

Khoreva, V, Vaiman, V & Kostanek, E 2018, 'Talent identification transparency: an alternative perspective' *European Journal of International Management*.

<https://dx.doi.org/10.1504/EJIM.2016.10014113>

DOI [10.1504/EJIM.2016.10014113](https://dx.doi.org/10.1504/EJIM.2016.10014113)

ISSN 1751-6757

ESSN 1751-6765

Publisher: Inderscience

Copyright © and Moral Rights are retained by the author(s) and/ or other copyright owners. A copy can be downloaded for personal non-commercial research or study, without prior permission or charge. This item cannot be reproduced or quoted extensively from without first obtaining permission in writing from the copyright holder(s). The content must not be changed in any way or sold commercially in any format or medium without the formal permission of the copyright holders.

This document is the author's post-print version, incorporating any revisions agreed during the peer-review process. Some differences between the published version and this version may remain and you are advised to consult the published version if you wish to cite from it.

**TALENT IDENTIFICATION TRANSPARENCY:
AN ALTERNATIVE PERSPECTIVE**

Violetta Khoreva

Department of Management and Organization,
Hanken School of Economics
Biblioteksgatan 16,
PB 287, 65100 Vasa, Finland
Email: violetta.khoreva@hanken.fi

Vlad Vaiman

California Lutheran University
Hanson House 111
Thousand Oaks, CA 91360 USA
Email: vvaiman@CalLutheran.edu

Edyta Kostanek*

School of Strategy and Leadership
Faculty of Business and Law
Coventry University
CV1 5FB Coventry, UK
Email: edyta.kostanek@coventry.ac.uk
*Corresponding author

Bibliographical notes:

Violetta Khoreva is an assistant professor at Hanken School of Economics in Finland. Her research interests include issues of international human resource management, specifically talent management and leadership in multinational companies. She has appeared in several academic journals, including Journal of Managerial Psychology, Personnel Review, International Studies of Management and Organization, and Corporate Review.

Vlad Vaiman is professor of international management at California Lutheran University in the USA and is a visiting professor at several top universities around the world. His research interests include issues of both organisational behaviour and international management and, more specifically, matters of cultural differences and their influences on leadership, motivation and talent management in multinational companies. He has published three very successful books on managing talent in organisations. His work has also appeared in several top academic journals, including Academy of Management Learning & Education, Academy of Management Perspectives, Journal of International Business Studies, Human Resource Management, Journal of Business Ethics and others. He is also a co-founder and an executive editor of the European Journal of International Management (EJIM).

Edyta Kostanek is an a Senior Lecturer in Project Management at the School of Strategy and Leadership, Coventry University in United Kingdom. Her research interests include language issues in international management, international human resource management (specifically talent management in multinational companies), and international project management.

Abstract

Over the course of the last decade, talent management has attracted a great deal of attention in the academic literature. Even though the field has evolved, much scepticism continues to surround it, and many questions are still to be answered that may bridge existing gaps between science and practice. This article offers an alternative perspective on talent identification transparency, the practice of informing employees of their talent pool membership.

In line with the social exchange perspective, we propose that even though the reactions of those employees who are identified as talent and informed of their talent pool membership seem to be positive, the negative reactions of employees who are either identified as talent and informed of their talent pool membership, and whose expectations are not as well met, or employees who are not identified as talent (which is arguably the majority of the employee population in most companies) may outweigh the positive.

This article adds value to the existing research on talent management, promotes a dialogue, and encourages new directions in theoretical and empirical research within the field. We believe that a heightened understanding of ‘the dark side’ of talent identification transparency may help organizational decision makers in better executing their strategic talent initiatives.

Keywords: talent management, talent identification, talent identification transparency, social exchange perspective, workforce differentiation

1. Introduction

Over the course of the last decade, talent management has attracted a great deal of attention in the academic literature (Ariss et al., 2014; Beamond et al., 2016; Cascio and Boudreau, 2016; Collings et al., 2015; Meyers and van Woerkom, 2014; Morris et al., 2015; Tatoglu et al., 2016). Scholars from wide-ranging academic traditions, such as strategic human resource management, international human resource management, and organizational behaviour, have contributed to the talent management debate (Cascio and Boudreau, 2016; Gallardo-Gallardo and Thunnissen, 2016; Morris et al., 2015; Sparrow and Makram, 2015). Their different perspectives have each, in their own way, contributed to our current understanding of the various aspects of talent management, for instance, the definition of talent (Cooke et al., 2014), talent management philosophies and approaches (Meyers and van Woerkom, 2014; Morris et al., 2015; Sonnenberg et al., 2014), and talent management practices and activities (Festing and Schäfer, 2014; Vaiman et al., 2012). Even though talent management has evolved as a research area, much scepticism continues to surround it as a strategic management activity, and many questions are yet to be answered to bridge the existing gaps between science and practice (Cooke et al., 2014).

It is becoming imperative to identify and develop a pool of talent in order to meet present and future organizational leadership requirements (Beamond et al., 2016; Collings et al., 2011; Tatoglu et al., 2016). However, once a company identifies who the talented employees are, the question arises as to whether or not the management should inform them of their talent pool status. This dilemma, or better yet, concept, has been named differently by various scholars. For instance, Evans et al. (2011, p. 325) refer to it as “transparency about judgements of potential”, Dries (2013, p. 281) defines it as “labelling of people as talent”, and Kotlyar et al. (2014, p. 123) as “status-based labelling”. In this article, we refer to the

concept as *talent identification transparency* and define it as the practice of informing employees of their talent pool membership.

Several studies have investigated attitudinal and behavioural outcomes of employees being informed of their talent pool membership (Björkman et al., 2013; Dries and Pepermans, 2008; King, 2016; Marescaux et al., 2013). These have revealed that employees informed of their membership tend to react by displaying, for instance, increased discretionary effort and performance (Becker et al., 1997), enhanced commitment, job satisfaction and organizational citizenship behaviour (Anand, et al., 2010; Hornung et al., 2010), increased performance and reduced turnover intentions (Björkman et al., 2013). In addition, studies have shown that differential treatment of employees based on their talent potential creates a ‘continuous tournament’, where employees are motivated to develop and apply the skills and qualities the company requires (Höglund, 2012). Research has suggested that talent identification transparency leads to an organization’s increased market value, productivity, and retention (Combs et al., 2006).

Talent identification transparency may be reasonable from a strategic perspective, in the sense that it reflects positive organizational expectations of employee capability to achieve future performance and advancement. However, earlier studies have estimated that only one in three companies discloses information on their talent management decisions to employees (Dries and Gieter, 2014; Bournois and Rousillon, 1992). Furthermore, although some companies share talent management decisions with their employees (Krupp, 2008), the majority prefer to keep the decisions confidential (Sonnenberg et al., 2014). Many companies consider talent identification transparency risky, since the current relationship between employers and employees is supposedly less about loyalty and long tenure and more about self-managed careers and finding a better deal (Dries, 2013). Also, talent identification transparency may promote inequality between employees, making it a sensitive matter

(Gelens et al., 2013). Human resources are, after all, human beings, who may react emotionally, both cognitively and behaviourally, when treated differently from others (Paauwe, 2004).

Both talent management scholars and practitioners recognize talent identification transparency as one of the most significant challenges faced by the human resource function in the twenty-first century (Dries et al., 2012). However, there has been lack of theoretical development in this area (Dries and Pepermans, 2008; Gallardo-Gallardo et al., 2013). While the positive side of talent identification transparency and positive reactions of those employees who are identified as talent and informed of their talent pool membership have been studied to a certain extent, the *negative* side, and negative reactions of those employees as well as of employees not identified as talent, has only briefly been mentioned in the previous research (Björkman et al., 2013; King, 2016; Silzer and Church, 2009).

We address this gap by offering an alternative perspective on talent identification transparency and focusing on its negative side, a perspective which to the best of our knowledge has not been broadly covered in the talent management literature. Our intention is not to provide an exhaustive list of all the drawbacks of talent identification transparency but, drawing on the social exchange perspective (Blau, 1964), to highlight some of the most pressing challenges faced by scholars when conducting empirical research in this area, and faced by organizational decision makers when administering strategic talent initiatives.

First, in line with the social exchange perspective, we offer a critical overview of talent identification transparency from an employee perspective, and investigate the negative reactions of those identified as talent and informed of their talent pool membership. Second, we highlight some negative outcomes of talent identification transparency for those employees who are not identified as talent. We then move on to examine talent identification

transparency from an employer perspective. In particular, we discuss the organizational consequences of identifying a minority of employees as talent and informing them of their talent pool status and identifying a majority of employees as ‘non-talent’. Next, we underline the organizational consequences of leaning too heavily on the merits of the individual work produced by talented personnel, while underestimating teamwork and the importance of those employees who are not identified as talent but whose work is crucial for teamwork and overall organizational performance. Furthermore, we highlight a possible ambiguity and subjectivity in the talent identification process. We conclude by outlining theoretical and managerial implications of talent identification transparency as well as some avenues for future research.

2. Social Exchange Perspective

The social exchange perspective describes social exchange relationships between employees and organisations (Blau, 1964; Cropanzano and Mitchell, 2005). According to the perspective, social exchange involves a series of ‘voluntary actions’ (Blau, 1964) that generate obligations. These interactions are usually seen as interdependent and contingent on the actions of another person (Blau, 1964; Cropanzano and Mitchell, 2005). These unspecified obligations rely on the norm of reciprocity (Gouldner, 1960, Saks, 2006), whereby “individuals reciprocate benefits received in such a way that over the course of time, a cycle emerges, whereby benefits received generate an obligation to reciprocate, discharge obligations through the provision of benefit, and so on” (Dulac et al., 2008, p. 1081). In other words, when employees perceive that their employers invest in the employment relationship, they feel an obligation to reciprocate this investment (Kuvaas and Dysvik, 2010) and “good deeds with positive work attitudes and behaviors” (Aryce et al., 2002, p. 268). Researchers have noticed that when employers invest in individual training and employee development,

employees are likely to reciprocate through preferred work-related behaviours (Haas and Deseran 1981; Moorman et al., 1998).

However, successful exchange occurs when there is firm commitment between employees and employers (Blau, 1964), a so-called psychological contract. The contract focuses on the exchange of obligations and constitutes an individual's beliefs about the terms of a social exchange agreement between the employee and the employer (Rousseau, 1995). It offers "a way of viewing an exchange relationship as a sequence of contingent transactions that includes reciprocal promises about what will be exchanged and the extent to which the subsequent transactions (or missed provisions) fulfil or break those promises" (Dulac et al., 2008, p. 1082). Social exchange theory implies that the employee's voluntary actions will be executed if they anticipate returns from what they have contributed to (Blau, 1964). These distinct transactions will have certain implications for behaviour (Cropanzano and Mitchell, 2005).

2.1 Talent identification transparency from the employee perspective

One of the intentions of talent identification transparency is to create and maintain durable ties between employees and employers (Björkman et al., 2013). Employers may fulfil their obligations in the reciprocal relationship with employees by identifying them as talent and informing them of their talent pool membership. Talent identification transparency may thus serve as a signalling instrument to express the importance and value of the employee (Festing and Schäfer, 2014). This may in turn lead to psychological contract fulfilment for the newly informed talent, and consequently to the desired attitudes and behaviours, such as increased work engagement (Joyce and Slocum, 2012) and reduced employee turnover (Ballinger et al., 2011). As noted by Björkman et al. (2013), talent identification transparency may be perceived as an indication that the focal employee's contribution to the company has been

valued, and that the employer has fulfilled its contract by deciding to invest in the employee's career.

In line with the social exchange perspective, we argue that talent identification transparency can be perceived as an indication of the employer's higher expectations of the talent. In response, the selected employees may have an instant expectation of a promotion, salary raise, or an aspiration to participate in a training program or specific developmental activities. In addition, those employees who are informed of their talent pool membership may reasonably expect elevated levels of support and resource allocation. However, the employers may not offer these items rapidly, since they may believe that the newly informed talent needs first to mature in their current position. In such a scenario, those employees identified as talent, inspired by their newly acquired status but disappointed by the unfulfilled expectations, may opt to look for career opportunities elsewhere (Campbell and Smith, 2008).

Following the social exchange perspective, we also suggest that when employees are identified as talent and informed of their talent pool membership, they may be more likely to monitor closely how the employer delivers its promises. For instance, if an employee informed of their membership and coping with an intensive talent program finds no opportunities for promotion, they may conclude that the employer does not fulfil its promises, in other words violates the psychological contract. This can subsequently lead to decreased levels of loyalty and other negative attitudinal and behavioural outcomes on the part of the employee. Talent identification transparency may thus cause perceptions of a breach of psychological contract, if expectations are not fulfilled (Dries and Gieter, 2014).

As already noted, talent identification transparency may be perceived by talent as a signal of their employers' higher expectations of them. The ambitions of the informed employees may also consequently increase. Some scholars state that talent identification transparency might

in fact cause arrogance, complacency, and loss of motivation to work (Dries and Pepermans, 2008). Those employees who are identified as talent and informed of their talent pool status may believe they are assured a spot in their organization's leadership and may thus lose their motivation to work hard for it (Dries, 2013). This is perhaps one of the reasons why in the academic world some department heads are hesitant to award tenure to young professors, as they assume it may lead to decreased motivation and lower productivity in the newly tenured faculty (Yining et al., 2006). Talent identification transparency can also cause those employees who are identified as talent and informed of their talent pool membership to become less interested in challenging themselves and more so in 'looking important' (McDonnell, 2011). In contrast, those employees who are not informed may persist in progressing to fulfil their employer's expectations by exploring new ways of doing their job rather than having to look and act according to their talent status.

Another possible scenario could be a (sometimes perceived) failure of employees identified as talent and informed of their status to fulfil an employer's expectations. Such employees may exhibit, for instance, increased sensitivity to feedback, workaholism, stress and burnout (Dries and De Gieter, 2014; Kotlyar et al., 2014).

Identifying a limited number of employees as talent and informing them of their talent pool status may yield high inequality in the allocation of resources and may consequently lead to perceptions of unfairness among employees not identified as talent. These feelings of unfairness can be expressed in several ways. First, employees not identified as talent may suffer demotivation and, therefore, view their 'non-talent status' negatively in terms of not feeling appreciated by the employer. This can cause increased stress levels, lower confidence and self-esteem, and conceivably increased turnover intentions. Second, talent identification transparency may run the risk of disengaging those employees who are not identified as talent. The transparency can also lead to frustration and dissatisfaction among employees not

identified as talent (Bothner et al., 2011). As noted by Larsen (1998), the more top managers invest attention and resources in those employees identified as talent and informed of their talent pool membership, the more others become jealous. As a result, the performance of those employees who are not identified as talent might decline. Finally, employees have a tendency to overestimate their own contributions and thus expect high outcomes (Gelens et al., 2013). In that sense, those employees who are not identified as talent might still expect high outcomes, and may perceive they are not genuinely valued and cared for when they become aware they are not in receipt of the same outcomes as members of the designated talent pool (Gelens et al., 2013).

2.2 Talent identification transparency from the employer perspective

According to the social exchange perspective, employers' positive expectations of employees often boost their performance, motivation and self-esteem (Kierein and Gold, 2000; McNatt, 2000). This raises a question of validity of talent identification transparency. The positive affirmation of being informed of talent pool membership may lead to the higher performance of talent pool members through their increased self-confidence and role commitment. The criterion applied to talent identification – expected employee performance at a later point in time – may be partially attributed to self-fulfilling prophecy, which involves a person or a group of people acting in accordance with the expectations of another (Dries, 2013; Kierein and Gold, 2000). However, the so-called 'success syndrome', a tendency whereby early career sponsorship of employees identified as talent, and informed of their talent pool membership, may lead to their exceptional success without being able to separate out and measure whether that success is attributed to their talent or to the additional organizational support they gained because of their talent status (Ishida, Su and Spilerman, 2002; McCall, 1998). In that case, talent identification transparency may lead to performance improvement only in those employees identified as talent and informed of their talent pool status.

Companies tend to identify 5% to 20% of all employees as talent, with 10% being the most common measure (Silzer and Church, 2010). Identifying a minority of employees as talent and informing them of their talent pool membership could have a negative impact on the majority, thus generating a negative overall impact on organizational outcomes. The Gelens et al. (2013) proposal of aggregating a large number of high turnover intentions among those employees who are not identified as talent with a limited number of low turnover intentions among those employees who are identified as talent and informed of their talent pool membership, may still result in a low overall retention rate at the organizational level.

Hence, even though the reactions of those employees who are identified as talent and informed of their talent pool status tend to be positive (Björkman et al., 2013; Gelens et al., 2013), negative reactions on the part of those employees not identified as talent, which is arguably the majority of the employee population in most companies (Silzer and Church, 2009), may outweigh positive reactions of members of the designated talent pool. Additionally, allocating a large proportion of organizational resources to a small number of employees identified as talent and informed of their status, may damage organizational image and morale, and cause resentment among employees not identified as talent (DeLong and Vijayaraghavan, 2003). In contrast, employers that identify all of their employees as talent may experience greater positive employee outcomes when adequately investing in their training and development.

Talent identification transparency may also challenge focusing too heavily on individual talent. An excessively strong focus may weaken teamwork as a result of zero-sum reward practices (i.e., practices whereby only some team members are rewarded, causing an overall negative or neutral effect; the positive effects of some receiving a reward do not outweigh the negative effects of most not) (Gallardo-Gallardo et al., 2013). This may precipitate an

atmosphere of destructive internal competition that may in turn decelerate the learning and dissemination of best practices across the company (Walker and LaRocco, 2002).

Open, trustworthy relationships and strong networks play a crucial role in sustaining competitive advantage. Employees not identified as talent may have an essential role in effective team performance and, by association, other individuals' performance (McDonnell, 2011). While these employees may not have the same potential as talent, their influence on overall organizational performance can be significant due to a particular set of skills, knowledge or networks they possess. Talent identification transparency and an overemphasis on those employees identified as talent and informed of their talent pool membership may thus discourage the development of overall organizational spirit (Gallardo-Gallardo et al., 2013).

3 A critical review of the talent identification process

While interest in talent identification has grown over the years, and a significant number of articles has focused on the magnitude of evaluating and identifying employees who have the supreme differential impact on business strategy (Al Ariss et al., 2014; Björkman et al., 2013; Collings, 2014; Morris et al., 2015), some disagreement regarding the talent identification process has emerged (Dries and Pepermans, 2008; Gelens et al., 2013; Silzer and Church, 2009). Since talent identification transparency is one of the primary outcomes of the talent identification process, it is essential to pinpoint the fragile side of the process.

3.1 Ambiguity of talent identification process

Transparency of talent management procedures is a precondition for enhancing perceptions of fairness among those employees who are not identified as talent (Dries, 2013). However, companies tend to be reluctant in openly communicating matters related to talent

management in general and talent identification in particular, since it may cause arrogance in those identified as talent and informed of their talent pool membership, and jealousy in those who are not (Larsen et al., 1998). As noted by Eisenberg and Witten (1987), although a transparent communication strategy is generally the most ethical approach, it is not always strategically appealing, especially when privileged positions in companies need to be filled.

There are a number of reasons why companies may be hesitant to communicate issues related to the talent identification process, and these are commonly used to legitimize companies' choice not to be transparent in questions related to the process. These include concerns about creating high expectations in terms of promotions, development opportunities and resource allocation; about sacrificing flexibility to make promotion decisions based on intuition rather than standardized assessments; about forming 'career guarantees' and creating arrogance among employees identified as talent and informed of their talent pool membership; about fears of forming peer envy, frustration and distrust among those employees not identified as talent; and about being overly restricted by rules and regulations (Bothner et al., 2011; Dries and De Gieter, 2014; Silzer and Church, 2010).

In addition, while delivering a positive message – informing employees of their talent pool membership – is a positive and fulfilling procedure, delivering a message to employees not identified as talent can be difficult and may require a superior set of managerial skills. Companies and supervisors may find it challenging to be sufficiently sensitive and provide adequate explanations when communicating negative news, such as not including a certain employee in the talent pool. This may explain the existing secrecy concerning the talent identification process. Hence, the typical mode of communication related to the process seems to be a 'strategic ambiguity', deliberately avoiding openness and clarity (Dries and De Gieter, 2014). This generates information asymmetries where one party has more or better information than another (Stiglitz, 2002). Following this logic, those employees who are

identified as talent and informed of their talent status may receive more information, while those not identified as talent may receive only *some* information. This can trigger incorrect assumptions on the part of employees not identified as talent; since they possess little information, they may ‘fill in the blanks’ using whatever cues or signals they receive from the company (Dries and De Gieter, 2014), which in turn may lead to detrimental organizational outcomes. However, it should be noted that even under conditions of secrecy and strategic ambiguity, information about talent identification tends to ‘leak’ to employees in 90% of cases, which may have even more serious consequences (Bournois and Rousillon, 1992).

3.2 Subjectivity of talent identification process

Evaluations of performance and potential tend not to be based on objective indicators alone but also reflect somewhat subjective judgments made by top and line managers (Pepermans et al., 2003). Hence, the talent identification process is fundamentally subjective, and at risk of bias (Silzer and Church, 2010). The assumption that talented employees are essentially different from others might not take into account the fact that ‘A-players’ can look like ‘B-players’ under certain conditions, and vice versa (Netessine and Yakubovich, 2012). Performance appraisals by an employee’s supervisor are likely to be incorporated into most talent management systems, yet only provide information on past performance against set objectives (McDonnell, 2011). Such appraisals tend not to identify an employee’s potential to take on more important strategic roles (McDonnell and Collings, 2011). In addition, more and more scholars realize that the manifestation of talent in the workplace depends not only on innate factors, but that latent (i.e., hidden, untapped), intervening (i.e., concerted, deliberate) and evolving (i.e., experience-based) components also play a crucial role in talent formation (Dries, 2013; Meyers and van Woerkom, 2014; Silzer and Church, 2010). Thus, the value and objectivity of performance appraisals in the talent identification process remain questionable.

Some employees may take on highly visible project work or become members of high-performing teams, which may increase their chances of being identified as talent (Mäkelä et al., 2010). Yet, employees in less observable areas (both within organizational ranks and geographically) may be particularly strong but fail to receive the same degree of attention. “For example, in peripheral subsidiaries of which the decision makers have relatively little knowledge, persons who have gained more visibility through, e.g., superior language skills, may be more likely to be included in a talent pool than others who have similar performance appraisal evaluations but who have not been equally visible” (Mäkelä et al., 2010, p. 140). This may lead to feelings of injustice and unfair treatment among those employees who have not been identified as talent. Some researchers associate organisational injustice with retaliation, turnover, lower job satisfaction, and lower organizational commitment (Simons and Roberson, 2003). Enhancing the transparency and objectivity of talent identification is likely to reduce negative intentions to leave the organization expressed by people who have not been identified as talent due to their limited “visibility” in the organization. Furthermore, decision makers may intentionally or unintentionally favour members of their own groups. Alternatively, decision makers may be either hesitant or unwilling to identify their best employees as talent because of the risk of losing them due to their increased expectations and perceived employability (Mäkelä et al., 2010).

4. Discussion and Conclusions

Talent management has emerged as a distinct strategic activity, because it calls for a greater focus on employees and positions that have the greatest differential impact on business strategy (Beamond et al., 2016; Collings et al., 2011; Morris et al., 2015; Tatoglu et al., 2016). Talent management endeavours are considered very positive acts – doing something for your best employees, investing in their development, building on their potential and, consequently, assisting talent in making the best use of their strengths and diminishing their

weaknesses. At the same time, in many companies even mentioning talent identification can make employees feel rather nervous. They might think ‘What if I am not a talent?’, or ‘If I am a manager, will I need to tell some of my subordinates that they are not as talented as they think they are?’

Talent management is a young and still developing research field (Collings, 2014; Tatoglu et al., 2016), and scholars need to incorporate multiple perspectives in order to gain a profound understanding of this prominent yet under-researched topic. While the majority of the literature indicates that talent identification transparency produces positive outcomes (e.g., Björkman et al., 2013; Stahl et al., 2012), our paper focuses on the critical issue of informing employees of their talent pool status. We first examined talent identification transparency from an employee perspective. Despite the positive outcomes of talent identification transparency for those employees identified as talent and informed of their talent pool membership, we suggest such transparency may also have negative consequences for them. In line with the social exchange perspective, we argue those employees may view the acquired rank as an indication of the employer’s higher expectations of them, which may in turn result in an increase in their own expectations and ambitions. If these aspirations are not fulfilled in a timely manner, talent may face stress, job dissatisfaction, and anxiety, and consequently may start seeking job opportunities elsewhere.

Furthermore, according to the social exchange perspective, one of the intentions of talent identification transparency is the creation of durable ties between employees and employers, which is likely to lead to psychological contract fulfilment for those employees who are identified as talent and informed of their talent pool membership. But once the employee is informed of their status, they may closely monitor how the employer delivers on its promises. If the employer does not deliver, the psychological contract is likely to be violated, which may subsequently lead to various negative attitudinal and behavioural outcomes.

In this paper, we have also discussed negative consequences of talent identification transparency for those employees who are not identified as talent. We further contend there can be negative consequences attached to designating someone as a talent, because the corresponding meaning could be interpreted as everyone else is talentless, which can in turn promote feelings of unfairness. As noted by Larsen (1998), the more attention and resources top managers invest in those employees identified as talent and informed of their talent status, the more others become jealous. Following the social exchange perspective, we thus propose that those employees who are not identified as talent may suffer from demotivation and dissatisfaction, and may view their 'non-talent status' negatively in terms of not feeling appreciated by the employer. This can cause increased stress levels, frustration, and decreased confidence and self-esteem, resulting in increased turnover intentions and poorer performance.

We have also raised several general comments related to the negative side of talent identification transparency from an employer perspective. Particularly, we discuss the organizational consequences of identifying a minority of employees as talent and informing them of their talent pool membership, and the corresponding meaning of this to the majority of employees who might perceive themselves as 'talentless'. A strong focus on employees identified as talent and informed of their talent pool membership may discourage the development of the overall organizational spirit and promote destructive internal competition among those not identified as talent. We have also discussed the drawbacks of an excessive focus on the work of employees identified as talent and informed of their status, and of undervaluing teamwork, and the significance of those employees not identified as talent but whose work is crucial to overall organizational performance.

Finally, we have expressed our concerns about the ambiguity and subjectivity of the entire talent identification process, which may instigate arrogance in employees identified as talent and informed of their talent pool membership, and bitterness in those not identified as talent.

5. Implications and recommendations for managers

Companies are currently investing significantly in talent management development, and the consequences of talent identification transparency are crucial to their future competitiveness (Dries, 2013). Thus, a better understanding of ‘the dark side’ of talent identification transparency and the overall talent identification process may enable more accurate choices on the part of organizational decision makers. Companies should bear in mind that even though the reactions of employees identified as talent and informed of their talent pool membership may seem to be positive, they may be outweighed by the negative reactions of employees who are identified as talent and informed accordingly but whose expectations are not then met, and by the negative reactions of the employees not identified as talent – which is arguably the majority of the employee population in most companies.

If a company decides to inform the selected employees of their talent pool status openly, the following processes should be implemented. First, on informing employees of their status, organizational decision makers should bear in mind that employee expectations and ambitions may rise as a result. While employees may interpret talent pool membership as a signal from the employer that they can expect preferential treatment from now on, employers might not share that concept of the implications of talent identification. They may see it as an opportunity for newly informed talent to demonstrate their capabilities and take their career into their own hands (Dries and De Gieter, 2014). Therefore, if a company decides to inform the selected employees of their talent pool membership, it needs to discuss the expectations and obligations of both parties (employer and employee) openly and straightforwardly.

Second, all the procedures related to the talent identification process should be clear and fair. Managers need to remember there is no such thing as ‘a little transparent’. Cropanzano et al. (2007, p. 43) noted that “if you can’t give people the outcome they want, at least give them a fair process”. When procedures are transparent and in accordance with the rules set, and clear and adequate explanations for not being a member of a talent pool are provided, employees may find it harder to misinterpret and imagine overly positive outcomes, making them less likely to perceive unfairness and react with negative attitudes and behaviours (Gelens et al., 2013).

Overall, companies are advised to demonstrate consistency in the way they identify talent, engage in shared decision-making to avert personal self-interest, and provide employees with opportunities to express their thoughts and opinions (Lind and Kulik, 2009). Although the introduction of talent identification and talent pool membership may be an organization’s legitimate response to a changing business environment, and signal a shift to a more proactive culture of employee development and performance management, it needs to fit with other talent management practices and reinforce the core values and mission of the company.

6. Future research

Despite massive interest, it remains somewhat unclear how talent identification transparency affects employees either psychologically, in terms of their attitudinal outcomes, or physically. We therefore need to improve our understanding of the concept of talent identification transparency and how best to deal with it. More theoretical and empirical work is needed, and we hope the present article will stimulate researchers to generate new empirical studies that advance our understanding of the concept.

Future research should pay more attention to the impact of talent identification transparency on the realization of individual well-being for both members and non-members of the

designated talent pool. Furthermore, because talent identification transparency is a dynamic and ongoing concept, future longitudinal research is encouraged to investigate whether attitudinal and behavioural outcomes of members of the designated talent pool and non-members transform over time in response to talent identification.

Next, it would be particularly valuable to uncover whether employee and employer attitudes to talent identification transparency depend on a societal context, specifically national culture. For instance, power distance, the extent to which employees tolerate and expect an unequal distribution of power in the company, might impact the extent of talent identification transparency (Gelens et al., 2013). Employees in high power distance cultures may be more likely to accept interpersonal inequalities, compared with employees in low power distance cultures who tend to emphasize equality. In a similar vein, we suggest that companies with high power distance cultures will experience a greater likelihood of informing the selected employees of their talent pool membership, while companies with low power distance cultures may be more likely to construct a benevolent and equality-sensitive organizational atmosphere, where talent identification transparency will not be relevant.

Employee and employer attitudes towards talent identification transparency may also depend on a company's strategy, convictions and culture. Companies that believe employees can only make decisions about their future within a company if they know the company believes in their potential, will experience a higher likelihood of informing the selected employees of their talent pool membership, while companies that believe talent identification transparency may inflate the expectations of some (i.e., those identified as talent) and destroy the hopes of others (i.e., those not identified as talent) may be less optimistic about talent identification transparency. Furthermore, whereas an exclusive, output-oriented approach to talent identification transparency is more likely to be a good fit in a company with a meritocratic, competitive environment and an up-or-out promotion system, an inclusive, process-oriented

approach may be more likely to fit well in a company with an egalitarian, diverse-friendly and team-oriented environment. We believe our critical review of talent identification transparency will help set the stage for what we hope will be an abundance of new research on talent management.

Acknowledgements

The authors are grateful to the Foundation for Economic Education (Liikesivistysrahasto) (Dec. 2015) for financing this research'

References

- Al Ariss, A., Cascio, W. and Paauwe, J. (2014) 'Talent management: Current theories and future research directions'. *Journal of World Business*, Vol. 49, pp. 173-179
- Anand, S., Vidyarthi, P.R., Liden, R.C. and Rousseau, D.M. (2010) 'Good citizens in poor-quality relationships: Idiosyncratic deals as a substitute for relationship quality'. *Academy of Management Journal*, Vol. 53 No. 5, pp. 970-988
- Ballinger, G., Craig, E., Cross, R. and Gray, P. (2011) 'A Stitch in Time Saves Nine: Leveraging Networks to Reduce the Costs of Turnover'. *California Management Review*, Vol. 53 No. 4, pp. 111-133
- Beamond, M., Farndale, E. and Härtel, C. (2016) 'MNE translation of corporate talent management strategies to subsidiaries in emerging economies'. *Journal of World Business*, Vol. 51 No. 4, pp. 499 -510
- Becker, B.E., Huselid, M.A., Pickus, P.S. and Spratt, M.F. (1997) 'HR as a source of shareholder value: Research and recommendations'. *Human Resource Management*, Vol. 36, pp. 39-47
- Björkman, I., Ehrnrooth, M., Höglund, M., Mäkelä, K., Smale, A. and Sumelius, J. (2013) 'Talent or not? Employee reactions to talent identification'. *Human Resource Management*, Vol. 52 No. 2, pp. 195-214
- Blau, P.M. (1964) *Exchange and power in social life*, Wiley, New York.

- Bothner, M., Podolny, J.M. and Smith, E. (2011) 'Organizing contests for status: The Matthew effect versus the Mark effect'. *Management Science*, Vol. 57 No. 3, pp. 439-457
- Bournois, F. and Rousillon, S. (1992) 'The management of high flyer executives in France'. *Human Resource Management Journal*, Vol. 3 No. 1, pp. 37-56
- Campbell, M. and Smith, R. (2008) *High-potential Talent: A View from Inside the Leadership Pipeline*. Center for Creative Leadership, available at: www.ccl.org/leadership/pdf/research/highPotentialTalent.pdf
- Cascio, W.F. and Boudreau, J.W. (2016) 'The search for global competence: From international HR to talent management'. *Journal of World Business*, Vol. 51, pp. 103-114
- Collings, D.G. (2014) 'Integrating global mobility and global talent management: Exploring the challenges and strategic opportunities'. *Journal of World Business*, Vol. 49, pp. 253-261
- Collings, D.G., Scullion, H. and Vaiman, V. (2011) 'European perspectives on talent management'. *European Journal of International Management*, Vol. 5 No. 5, pp. 453 – 462
- Collings, D.G., Scullion, H. and Vaiman., V. (2015) 'Talent management: Progress and prospects'. *Human Resource Management Review*, Vol. 25, pp. 233-235
- Combs, J., Liu, Y., Hall. A. and Ketchen, D. (2006) 'How much do high-performance work practices matter? A meta-analysis of their effects on organizational performance'. *Personnel Psychology*, Vol. 59 No. 3, pp. 501-528

- Cooke, F.L., Saini, D.S. and Wang, J. (2014) 'Talent management in China and India: A comparison of management perceptions and human practices'. *Journal of World Business*, Vol. 49, pp. 225-235
- Coyle-Shapiro, J.A.M. (2002) 'A psychological contract perspective on organizational citizenship behavior'. *Journal of Organizational Behavior*, Vol. 23 No. 8, pp. 927-946
- Cropanzano, R., Bowen, D.E. and Gilliland, S.W. (2007) 'The management of organizational justice'. *Academy of Management*, pp. 34-49
- Cropanzano, R. and Mitchell, M.S. (2005) 'Social exchange theory: an interdisciplinary review'. *Journal of Management*, Vol. 31, pp. 874-900
- DeLong, T.J. and Vijayaraghavan, V (2003). 'Let's hear it for B players'. *Harvard Business Review*, Vol. 81 No. 6, pp. 96-102
- Dries, N. and Pepermans, R. (2008) "'Real' high potential careers: An empirical study into the perspectives of organizations and high potentials". *Personnel Review*, Vol. 37 No. 1, pp. 85-108
- Dries, N., Vantilborgh, T. and Pepermans, R. (2012) 'The role of learning agility and career variety in the identification and development of high potential employees'. *Personnel Review*, Vol. 41 No. 3, pp. 340-58
- Dries, N. (2013) 'The psychology of talent management: A review and research agenda'. *Human Resource Management Review*, Vol. 23, pp. 272-285
- Dries, N. and De Gieter, S. (2014) 'Information asymmetry in high potential programs'. *Personnel Review*, Vol. 43 No. 1, pp. 136-162

- Dulac, T., Coyle-Shapiro, J.A-M., Henderson, D. J. and Wayne, S. J. (2008) 'Not all responses to breach are the same: The interconnection of social exchange and psychological contract processes in organizations'. *Academy of Management Journal*, Vol. 51, pp. 1079-1098
- Eisenberg, E.M. and Witten, M. (1987) 'Reconsidering openness in organizational communication'. *Academy of Management Review*, Vol. 12, pp. 418-426
- Evans, P., Pucik, V. and Björkman, I. (2011) *The global challenge: International human resource management*, 2nd ed., McGraw-Hill/Irwin, New York, NY, pp. 325-326.
- Festing, M. and Schäffer, L. (2014) 'Generational challenges to talent management: A framework for talent retention based on the psychological-contract perspective'. *Journal of World Business*, Vol. 49, pp. 262-271
- Gallardo-Gallardo, E. and Thunnissen, M. (2016) 'Standing on the shoulders of giants? A critical review of empirical talent management research'. *Employee Relations*, Vol. 38, pp. 31-56.
- Gallardo-Gallardo, E., Dries, N. and Gonzalez-Cruz, T.F. (2013) 'What is the meaning of 'talent' in the world of work?' *Human Resource Management Review*, Vol. 23, pp. 290-300
- Gelens, J., Dries, N., Hofmans, J. and Pepermans, R. (2013) 'The role of perceived organizational justice in shaping the outcomes of talent management: A research agenda'. *Human Resource Management Review*, Vol. 23, pp. 341-353
- Gouldner, A.W. (1960) 'The norm of reciprocity: A preliminary statement'. *American Sociological Review*, Vol. 25, pp. 161-178

- Haas, D.F. and Deseran, F.A. (1981) 'Trust and Symbolic Exchange'. *Social Psychology Quarterly*, Vol. 44 No 1, 3-13
- Hornung, S., Rousseau, D.M., Glaser, J., Angerer, P. and Weigl, M. (2010) 'Beyond top-down and bottom-up work redesign: Customizing job content through idiosyncratic deals'. *Journal of Organizational Behavior*, Vol. 31, pp. 187-215
- Höglund, M. (2012) 'Quid pro quo? Examining talent management through the lens of psychological contracts'. *Personnel Review*, Vol. 41 No. 2, 126-142
- Ishida, H., Su, K. and Spilerman, S. (2002) 'Models of career advancement in organizations'. *European Sociological Review*, Vol. 18 No. 2, pp. 179-198
- Joyce, W. and Slocum, J. (2012) 'Top management talent, strategic capabilities, and firm performance'. *Organizational Dynamics*, Vol. 41, pp. 183-193
- Kierein, N.M. and Gold, M.A. (2000) 'Pygmalion in work organizations: A meta-analysis'. *Journal of Organizational Behavior*, Vol. 21, pp. 913-928
- King, K. (2016) 'The talent deal and journey: Understanding how employees respond to talent identification over time'. *Employee Relations*, Vol. 38 No. 1 pp. 94 – 111.
- Kotlyar, I., Karakowsky, L., Ducharme, M.J. and Boekhorst, J.A. (2014) 'Do “rising stars” avoid risk? Status-based labels and decision making'. *Leadership and Organization Development Journal*, Vol. 35 No. 2, pp. 121 – 136
- Krupp, S. (2008) 'Bench strength: How are you developing your high-potential leaders?'. *Oliver Wyman Journal*, Vol. 24, No. Spring, pp. 32-39

- Kuvaas, B. and Dysvik, A. (2010) 'Exploring alternative relationships between perceived investment in employee development, perceived supervisor support and employee outcomes'. *Human Resource Management Journal*, Vol. 20 No. 2, pp. 138-156
- Larsen, H.H., London, M., Weinstein, M. and Raghuram, S. (1998) 'High-flyer management development programs: Organizational rhetoric or self-fulfilling prophecy?' *International Studies of Management and Organization*, Vol. 28 No. 1, pp. 64-90
- Lind, E.A. and Kulik, C.T. (2009) 'Hear me out: Voice and justice', in Greenberg J. and Edwards M.S. (Eds.), *Voice and silence in organizations* (pp. 135-156). Bingley, UK: Emerald
- Marescaux, E., De Winne, S. and Sels, L. (2013) 'HR practices and affective organizational commitment: (When) does HR differentiation pay off?' *Human Resource Management Review*, Vol. 23 No. 4, pp. 329-345
- McCall, M.W. (1998) *High flyers: Developing the next generation of leaders*, Harvard Business School Press, Boston, MA
- McDonnell, A. (2011) 'Still Fighting the "War for Talent"? Bridging the Science Versus Practice Gap'. *Journal of Business Psychology*, Vol. 26, pp. 169-173
- McDonnell, A. and Collings, D.G. (2011) 'The identification and evaluation of talent in MNEs', in Scullion H. and Collings D.G. (Eds.), *Global talent management* Routledge, London and New York, pp. 56-73
- McNatt, D.B. (2000) 'Ancient Pygmalion joins contemporary management: A meta-analysis of the result'. *Journal of Applied Psychology*, Vol. 85 No. 2, pp. 314-322

- Meyers, M.C. and van Woerkom, M. (2014) 'The influence of underlying philosophies on talent management: Theory, implications for practice, and research agenda'. *Journal of World Business*, Vol. 49, pp. 192-203
- Moorman, R.H., Blakely, G.L. and Niehoff, B.P. (1998) 'Does Perceived Organizational Support Mediate the Relationship between Procedural Justice and Organizational Citizenship Behavior?'. *Academy of Management Journal*, Vol. 41 No.3, pp. 351-357
- Morris, S., Snell, S. and Björkman, I. (2015) 'An architectural framework for global talent management'. *Journal of International Business Studies*, Vol. 47 No. 6, pp. 723–747
- Mäkelä, K., Björkman, I. and Ehrnrooth, M. (2010) 'How do MNCs establish their talent? Influences on individuals' likelihood of being labelled as talent'. *Journal of World Business*, Vol. 45, pp. 134-142
- Netessine, S. and Yakubovich, V. (2012) 'The Darwinian workplace'. *Harvard Business Review*, Vol. 90 No. 5, pp. 25-28
- Paauwe, J. (2004) *HRM and performance: Achieving long-term viability*, Oxford University Press Inc, New York
- Pepermans, R., Vloeberghs, D. and Perkisas, B. (2003) 'High potential identification policies: An empirical study among Belgian companies'. *The Journal of Management Development*, Vol. 22 No. 8, pp. 660-678
- Rousseau, D. (1995) *Psychological contracts in organizations: Understanding written and unwritten agreements*, Sage, Newbury Park, CA

- Saks, A. (2006) 'Antecedents and consequences of employee engagement'. *Journal of Managerial Psychology*, Vol. 21 No. 7, pp. 600-619
- Silzer, R. and Church, A. (2009) 'The Pearls and Perils of Identifying Potential'. *Industrial and Organizational Psychology*, Vol. 2, pp. 377-412
- Silzer, R. F. and Church, A.H. (2010) 'Identifying and assessing high-potential talent. Current organizational practices', in Silzer R.F. and Dowell B.E. (Eds.), *Strategy-driven talent management: A leadership imperative*, JosseyBass, San Francisco, pp. 213-279
- Simons, T. and Roberson, Q. (2003) 'Why managers should care about fairness: the effects of aggregate justice perceptions on organizational outcomes'. *Journal of Applied Psychology*, Vol. 88, pp. 432-443
- Sonnenberg, M., van Zijderveld, V. and Brinks, M. (2014) 'The role of talent-perception incongruence in effective talent management'. *Journal of World Business*, Vol. 49, pp. 272-280
- Sparrow, P. R. and Makram, H. (2015) 'What is the value of talent management? Building value-driven processes within a talent management architecture'. *Human Resource Management Review*, Vol. 25, pp. 249-263
- 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*, Vol. 53 No. 2, pp. 24-32
- Stiglitz, J. (2002) 'Information and change in the paradigm of economics'. *American Economic Review*, Vol. 92 No. 3, pp. 460-501

Tatoglu, E., Glaister, A.J. and Demirbag, M. (2016) 'Talent management motives and practices in an emerging market: A comparison between MNEs and local firms'.

Journal of World Business, Vol. 51, pp. 278-293

Vaiman, V., Collings, D. and Scullion, H. (2012) 'Talent Management Decision Making'.

Management Decision, Vol. 50 No. 3, pp. 925-941

Walker, J.W. and LaRocco, J.M. (2002) 'Talent pools: The best and the rest'. *Human*

Resource Planning, Vol. 25, pp. 12-14

Yining, C., Gupta, A. and Hoshower, L. (2006) 'Factors that motivate business faculty to conduct research: An expectancy theory analysis'. *The Journal of Education for*

Business, Vol. 81 No. 4, pp. 179-189