

# **ATTITUDINAL REACTIONS TO TALENT IDENTIFICATION**

## **Jennie Sumelius**

Department of Management and Organization, Hanken School of Economics  
P.O. Box 479, 00101 Helsinki, Finland  
Email: jennie.sumelius@hanken.fi

## **Ingmar Björkman**

Department of Management and Organization, Hanken School of Economics  
Email: ingmar.bjorkman@hanken.fi

## **Mats Ehrnrooth**

Department of Management and Organization, Hanken School of Economics  
Email: mats.ehrnrooth@hanken.fi

## **Mathias Höglund**

Department of Management and Organization, Hanken School of Economics  
Email: mathias.hoglund@hanken.fi

## **Kristiina Mäkelä**

Department of Management and Organization, Hanken School of Economics  
Email: kristiina.makela@hanken.fi

## **Adam Smale**

(Corresponding author)  
Department of Management, University of Vaasa  
P.O. Box 700, 65101 Vaasa, Finland.  
Email: adam.smale@uwasa.fi

## **Abstract**

In this paper we examine the effect of talent identification on employee attitudes. Building on social exchange theory we analyze the association between employees' perceptions about whether or not they have been formally identified as 'talent' and various attitudinal outcomes, such as commitment to increasing performance demands, building skills, and supporting strategic priorities, identification with the unit and the MNC, and turnover intentions. Our analyses of 905 managers and professionals in 11 Nordic multinational corporations reveal a number of differences between employees who know that they have been identified as 'talent' and those who either know that they have not been identified or do not know whether they have been identified. We found only limited differences between the two latter categories.

*Keywords:* Talent management, social exchange, employee attitudes, multinational corporations

# ATTITUDINAL REACTIONS TO TALENT IDENTIFICATION

## 1. Introduction

Interest in talent management has proliferated over the last decade, with the global shortage of leadership talent being touted as one of the highest HR concerns for multinational corporations (MNCs) today (Cappelli, 2008; Guthridge, Komm & Lawson, 2008; Ready & Conger, 2007). Consequently, MNCs have directed increasing attention to global talent management (McDonnell *et al.*, 2010; Tarique & Schuler, 2010), defined as “*all organizational activities for the purpose of attracting, selecting, developing, and retaining the best employees in the most strategic roles (those roles necessary to achieve organizational strategic priorities) on a global scale*” (Scullion, Collings, & Caligiuri, 2010: 106). Although approaches vary, talent management usually focuses on a pool of employees who rank at the top in terms of performance and competencies, and are therefore considered leaders or key professionals either at present or at some point in the future (Collings & Mellahi, 2009; Lewis & Heckman, 2006; Stahl *et al.*, 2007). In MNCs, talent management decisions are increasingly global in that employees may be identified as ‘talent’ or ‘high potentials’ regardless of whether they are parent country nationals, expatriates, or local employees working in foreign subsidiaries (Collings, Scullion & Morley, 2007; Scullion & Collings, 2006).

At the core of talent management is the assumption that the ‘talent’ must be found and then nurtured with the interest of the corporation in mind. Some attention has been paid to the question of how to identify talent, and scholars have also begun to examine factors that influence whether or not somebody is classified as talent (Mäkelä,

Björkman, & Ehrnrooth, 2010; Mellahi & Collings, 2010). One key issue that many MNCs wrestle with is whether or not to inform high potentials about their status after talent reviews have been conducted and corporate talent pools decided upon (Evans, Pucik, & Björkman, 2010). The differential treatment of such employees in terms of developmental support or compensation can be a sensitive matter. If the status of high potentials is not made public, this may for instance lead to frustration amongst high performers who do not feel adequately recognized. On the other hand, if talent pool membership is publicized, the motivation of those not on the list of talent may drop. While the question has been posited of whether or not to inform individuals about their possible status as talent, researchers seem to have failed to analyze this issue from the point of view of the employees themselves. This is a serious omission since employee perceptions of talent management practices and decisions are likely to influence attitudes that are important for the performance of the organization (Boxall & Macky, 2009; Wright & Nishii, 2010).

In this paper we seek to address this research gap by analyzing the association between employees' perceptions about whether or not they have been formally identified as 'talent', and a number of attitudes that have been associated with positive organizational outcomes in previous research, which are thus central to effective talent management systems. Building on social exchange theory, we develop a range of hypotheses with regards to how individuals' perception of their talent status is related to a number of attitudinal outcomes such as commitment to increasing performance demands, building skills, and supporting company strategic priorities, identification with the focal unit and the MNC, and turnover intent. Our analyses of 905 managers and professionals in 11 Nordic multinational corporations reveals a number of differences

between employees who perceive that they have been identified as talent and those who either perceive that they have not been identified or do not know whether they have been identified.

## **2. Theory and hypotheses**

Social exchange theory suggests that when corporations invest in their employees, they are likely to reciprocate these investments in positive ways (Simon, 1957; Cropanzano & Mitchell, 2005), providing a useful lens through which to understand the mechanisms involved in how employees interpret and react to organizational practices such as talent management. Within this strand of research there are a number of different ways of conceptualizing this relationship. An employer perspective, for example, features in research on employment modes (March & Simon, 1958), in which it is analyzed in terms of the inducements an organization offers and the contributions it expects from its employees (e.g., Guest & Conway, 2002; Tsui, Pearce, Porter, & Tripoli, 1997; Wang *et al.*, 2003).

The employee view of this organization-employee exchange relationship has, in turn, been extensively studied in relation to psychological contracts (Rousseau, 1995), which focuses on individuals' perceptions of what the organization offers and what employees are obliged to offer in return (Conway & Briner, 2002, 2005; Guest, 2004). Previous empirical studies have established a link between perceived organizational inducements and employee obligations (e.g., Rousseau, 1990; Shaw *et al.*, 2009; Shore & Barksdale, 1998), with individuals perceiving that when the organization has invested in the employment relationship, they have an obligation to reciprocate the investment

(Cole, Schaninger, & Harris, 2002; Kuvaas & Dysvik, 2008). A related research stream – organizational support theory – has examined employee reactions to their beliefs regarding how the organization values their contributions and cares about their well-being (Eisenberger, Fasolo, & Davis-LaMastro, 1990). Research in this field indicates that employees interpret corporate actions, such as HRM decisions, as commitments on the part of the organization which they then reciprocate through positive attitudes and behaviors that support the attainment of organizational goals (Coyle-Shapiro & Conway, 2005).

### ***2.1. Acceptance of increasing performance demands***

Building on the social-exchange perspective, we argue that talent identification, which explicitly assumes differential treatment of selected employees, is likely to be viewed by talent pool members as an indication of their employer's commitment towards them (Meyer & Allen, 1991). In other words, inclusion in a talent pool is perceived as a signal that the focal individual's contribution to the organization has been valued and that the employer has decided to invest in their future career. This, in turn, is likely to lead to an internalized, normative obligation to act in a way which meets organizational goals and interests (Allen & Meyer, 1990; Wiener, 1982).

We therefore expect individuals who perceive that they have been identified as talent to be more committed towards issues that are important for their employer than those who either perceive that they have not been identified or those who do not know whether they have been identified or not. We further expect the attitudes of those perceive themselves *not* to be included in talent pools to differ from individuals who do

not know whether they have been selected. One such issue is the performance demands placed on the employee, and we expect individuals who think they have been identified as talent to be more likely to accept increasing demands to do well in their jobs. Therefore, the following hypotheses will be tested in this study:

*H1a. Individuals who perceive that they are identified as talent are more likely to accept increasing performance demands than are those who perceive that they are not identified as talent.*

*H1b. Individuals who perceive that they are identified as talent are more likely to accept increasing performance demands than are those who do not know whether they are identified as talent.*

*H1c. Individuals who perceive that they are not identified as talent are less likely to accept increasing performance demands than are those who do not know whether they are identified as talent.*

## **2.2. Commitment to building competencies**

A central tenet of talent management is that corporations need to assess and develop their future need for human capital, in particular competencies needed in positions that are important for the competitiveness of the organization (Collings & Mellahi, 2009). Applying social exchange theory, individuals who know that they are part of talent pools will be expected to reciprocate by building such competencies by seeking out developmental job experiences (McCall, Lombardo, & Morrison, 1988; De Pater *et al.*, 2009) and developing their knowledge and skills in other ways. From a

social identity perspective, knowing that they belong to a high status group, and motivated by the need for self-esteem, talented individuals will strive to maintain current perceptions about their status (Firfiray, 2009). One of the ways in which they can achieve this is through investment in their competence development. Therefore, we hypothesize the following:

*H2a. Individuals who perceive that they are identified as talent are more likely to be committed to building required competencies than are those who perceive that they are not identified as talent.*

*H2b. Individuals who perceive that they are identified as talent are more likely to be committed to building required competencies than are those who do not know whether they are identified as talent.*

*H2c. Individuals who perceive that they are not identified as talent are less likely to be committed to building required competencies than are those who do not know whether they are identified as talent.*

### **2.3. Support of strategic priorities**

Again following social exchange logic, we also believe employees to differ in the extent to which they support the strategic objectives of the corporation based on whether they perceive themselves to be identified as talent. Van Riel, Berens, and Dijkstra (2009) found that organizations can support strategically aligned behaviors in work groups by stimulating employee motivation, informing employees, and encouraging capability development. Similarly, talent management activities, such as identification, that signal the kinds of behaviors that are desired and rewarded within the

organization create stimuli that increase individual motivation to actively support the strategic priorities of the employer. We expect employees who have received talent status to be more likely to support such priorities. Thus, we propose the following hypotheses:

*H3a. Individuals who perceive that they are identified as talent are more likely to actively support the strategic priorities of the firm than are those who perceive that they are not identified as talent.*

*H3b. Individuals who perceive that they are identified as talent are more likely to actively support the strategic priorities of the firm than are those who do not know whether they are identified as talent.*

*H3c. Individuals who perceive that they are not identified as talent are less likely to actively support the strategic priorities of the firm than are those who do not know whether they are identified as talent.*

## **2.4. Organizational identification**

Further, we expect talent identification to have an impact on how employees identify with their employer. Organizational identification refers to the strength of an employee's identification with the organization in which the person works, indicating a "perception of oneness with or belongingness to an organization, where the individual defines him or herself in terms of the organization(s) in which he or she is a member" (Mael & Ashforth, 1992: 104). Organizational identification has been found to have several positive effects for individuals and organizations (Ashforth, Harrison, & Corley,



2008). For example, if employees identify with the organization and have positive feelings about its leadership, their self-esteem and self-motivation will be enhanced. Organizational identification also facilitates cooperation across individuals and units since employees share values and loyalties.

Identification is a perception of belonging to an organization which is influenced by situational cues highlighting common interests or shared outcomes between an individual and an organization (Ashforth & Mael, 1989). However, situational cues (e.g. perceived similarity to others) do not necessarily resolve the ambiguity that can exist about organizational membership. In line with Firfiray (2009), we argue that being formally identified as talent will reduce ambiguity about organizational membership, strengthen their perceptions of positive distinctiveness, and lead to enhanced organizational identification.

However, in MNCs and other large organizations, employees may identify with more than one organizational entity. For instance, a manager may identify both with the corporation as a whole and/or the focal unit in where he or she is working. This has been shown to be true for managerial employees in subsidiaries (e.g. Reade, 2001a) as well as for expatriates (e.g. Stroh *et al.*, 2005). Moreover, there is evidence that subsidiary managers (Vora, Kostova, & Roth, 2007) and even expatriates from the MNC home country (Gregersen & Black, 1992) may identify more with the local unit than with the MNC.

#### 2.4.1. Identification with the unit

A study by Reade (2001b) reveals that employee identification with the local subsidiary and identification with the whole corporation are driven by different sets of antecedents. Four factors shown to lead to greater identification with the unit are the support of the individual's immediate supervisor, perceived opportunities for career advancement and fulfillment of potential within the local unit, and perceptions that the individual's nationality is not a barrier to the organizational hierarchy within both the local company and the global corporation. We argue that being identified as talent sends a strong message that will serve to increase or support all these perceptions in the minds of employees.

Furthermore, employee identification with the local unit is likely to be particularly strong among those selected as talent since the talent review process in MNCs is typically carried out at different levels in the organization, with local and regional units being responsible for assessing local talent (Evans *et al.*, 2010). Similar to the positive effect of perceived support of the immediate supervisor cited above, employees are therefore likely to attribute their talent status (or lack of it) to decisions heavily influenced by decision-makers in the local unit. Hence:

*H4a. Individuals who perceive that they are identified as talent are more likely to identify with their unit than are those who perceive that they are not identified as talent.*

*H4b. Individuals who perceive that they are identified as talent are more likely to identify with their unit than are those who do not know whether they are identified as talent.*

*H4c. Individuals who perceive that they are not identified as talent are less likely to identify with their unit than are those who do not know whether they are identified as talent.*

#### *2.4.2. Identification with the MNC*

Reade's (2001b) study identified two antecedents of employee identification with the MNC that are relevant for the identification of talent – support and appreciation of superiors at MNC corporate headquarters, and the opportunity for career advancement and fulfillment within the global corporation. Although decisions concerning talent identification may be heavily influenced by people at local or regional level, being identified as talent and placed in a corporate talent pool as a result of a formal, talent review process is still likely to be perceived by an individual as a clear sign of support from the MNC. Moreover, being identified as talent may lead to more and/or better opportunities, perceived or actual, for career advancement. Indeed, an explicit objective of the talent management systems of many MNCs is to improve the possibilities for talented individuals from units world-wide to develop an international career within the corporation. We thus hypothesize:

*H5a. Individuals who perceive that they are identified as talent are more likely to identify with the multinational corporation than are those who perceive that they are not identified as talent.*

*H5b. Individuals who perceive that they are identified as talent are more likely to identify with the multinational corporation than are those who do not know whether they are identified as talent.*

*H5c. Individuals who perceive they are not identified as talent are less likely to identify with the multinational corporation than are those who do not know whether they are identified as talent.*

## **2.5. Turnover intentions**

Finally, from a talent management perspective, it is crucial for the corporation to retain high-performing individuals with valuable and rare competencies. There is extensive evidence that employees who perceive that they receive support from the organization are less likely to consider leaving it: a meta-analysis revealed a mean corrected correlation of -.51 between perceived organizational support and turnover intentions (Rhoades & Eisenberger, 2002). This continuance commitment (Meyer & Allen, 1991) can make it difficult for an employee to leave the organization. In line with the arguments forwarded above, having been selected as talent can by employees be viewed as an indication that the employer values their contributions and has decided to invest in their future development. Based on this reasoning we hypothesize that:

*H6a. Individuals who perceive that they are identified as talent are likely to have lower turnover intentions than those who perceive that they are not identified as talent.*

*H6b. Individuals who perceive that they are identified as talent are likely to have lower turnover intentions than those who do not know whether they are identified as talent.*

*H6c. Individuals who perceive that they are not identified as talent are likely to have higher turnover intentions than those who do not know whether they are identified as talent.*

### **3. Method**

#### **3.1. Data collection**

This study is based on data collected in the context of a large-scale research project on global HRM. The data used for this paper were gathered in spring 2010. During this time we conducted a web-based survey of 930 managers and professionals in 104 MNC subsidiaries within eleven Nordic MNCs. The first step of the entire data-collection process was to identify the largest Finnish MNCs in terms of number of employees. We also checked that the scope of their international operations was suitable for the purpose of our project. Our aim was to gain access to at least ten subsidiaries in ten MNCs, one home-country and nine foreign units, (excluding representative offices) in each MNC by asking the corporate HR representative to select those units that fit these criteria. The result was that eight MNCs chose to participate, however this was reduced to seven since one MNC was forced to postpone data collection due to major restructuring. We then targeted additional Swedish and Norwegian MNCs of similar size to increase comparability, resulting in one Swedish and three Norwegian MNCs joining the project. The resulting eleven Nordic MNCs represent a variety of industries, ranging in size from 2,500 to 60,000 employees and have units in an average of thirty different countries.

For the web-based study that forms the empirical basis of the current paper, we started out by e-mailing the HR manager of each of the subsidiaries (whom we had interviewed over the phone approximately six months earlier). In this e-mail we described the survey and requested names and e-mail addresses of ten respondents in each participating subsidiary. We proposed the following criteria for the respondents in order to achieve a consistent frame but with enough variation: i) there should be a fairly even balance between managers (with direct subordinates) and professionals/specialists (with no direct subordinates) from each unit, ii) the managers should be 1-2 hierarchical steps from the General Manager (i.e. they report to the General Manager or to a manager that reports to the General Manager), and iii) managers and professionals/specialists were accepted from a range of different departments/functions, but not from the HR function.

When we received the lists of names from each subsidiary HR manager, we proceeded to contact the prospective respondents directly per e-mail. In these e-mail messages we briefly described the project and the fact that it was authorized by corporate and subsidiary HR, and kindly asked the respondents to answer the web-based survey by clicking on an URL-link to the questionnaire. In order to make things as easy as possible for the respondents we created a unique questionnaire for each company. This enabled the inclusion of some company-specific terminology, such as the specific name of their talent review process. After 1-2 weeks all respondents received an e-mail reminder. In some units where the response rate remained low after two reminders, we contacted the unit HR managers for a second time, asking them to remind the respondents again or alternatively to provide additional names. If the reminder to the unit HR manager did not generate enough responses, we sent a final reminder directly to

the respondents. The final number of individuals responding to the survey was 930, producing a response rate of 80%. The survey was answered anonymously, with individual respondents being unidentifiable. Characteristics of the sample used in the current study, i.e. 905 managers and professionals from 104 MNC units (with missing values removed), are provided in Table 1.

– INSERT TABLE 1 ABOUT HERE –

The survey questionnaire was developed through multiple rounds of iterations based on an extensive literature review, and pre-tested and debated both within the six-person research team, and in pilot interviews with four external managers in equivalent positions to the respondents. Based on these, some questions were re-worded in order to make them easier to understand. The questionnaire language was English and took between 15 to 20 minutes on average to complete. Although the possibility of translating the questionnaire was debated within the research team, we chose to use the English language version in all subsidiaries as this was the official language used in inter-unit communications within the MNCs. In addition, for practical reasons as well as for comparability, we did not consider it realistic to translate the questionnaire into the approximately fifteen languages used in the 104 units of the various MNCs.

### **3.2. *Operationalizations***

In order to test the discriminant validity of our dependent variables we did a Varimax rotated factor analysis, extracting six factors. The analysis revealed five factors with Eigenvalues over 1, and a sixth factor with an Eigenvalue slightly below 1. Despite

this we decided to maintain the distinction between six variables based on theoretical arguments and since there were no significant cross-loadings exceeding the .50 level (Hair et al., 1998). The factor loadings ranged between .726 and .891, and the individual factors explained the following amount of variance: factor 1: 38.6%, factor 2: 17.5%, factor 3: 9.0%, factor 4: 6.1%, factor 5: 5.6%, and factor 6: 5.1%.

### 3.2.1. *Independent variable*

*Talent identification.* In order to assess whether the respondent was identified as talent, we asked the respondents the question, “Are you formally identified by [The MNC] as belonging to a talent pool?”<sup>1</sup> Based on this we created a three-category grouping variable in which group 1 = those who perceive that they are identified as talent (210 individuals), group 2 = those who do not know whether they are identified as talent (589 individuals), and group 3 = those who perceive that they are not identified as talent (106 individuals).

### 3.2.2. *Dependent variables*

*Acceptance of increasing performance demands.* The operationalisation of this construct was adapted from previous research (Rousseau, 2000). We asked respondents to indicate the extent to which they had made the following commitments to their employer: *i) To accept increasingly challenging performance requirements, ii) To adjust to changing performance demands, and iii) To accept new and different performance requirements.* The questions were rated on a seven-point Likert scale

---

<sup>1</sup> This question was customized for the various MNCs by using the company-specific term, i.e. in some cases “are you identified as talent” and in others “are you identified as a high potential.” The choice of wording was based on the term used in earlier face-to-face interviews carried out with corporate HR representatives at HQ.



ranging from 1 = “not at all” to 7 = “to a great extent”. The Cronbach’s alpha value for this construct was 0.92.

*Commitment to building competencies.* In line with Rousseau (2000), we operationalized the respondents’ commitment to building competencies by asking them to rate the extent to which they had made the following commitments to their employer: *i) To seek out developmental opportunities that enhance my value to my employer, ii) To build skills to increase my value to my employer, and iii) To make myself increasingly valuable to my employer.* The questions were rated on a seven-point Likert scale where 1 = “not at all” and 7 = “to a great extent”. This construct had an alpha value of 0.92.

*Support of strategic priorities.* We measured the support of strategic priorities of the firm by asking respondents to rate the extent to which they had made the following commitments to their employer: *i) To actively support the strategic priorities of my employer in my daily work, ii) To actively help colleagues and subordinates focus on the strategic priorities of my employer, and iii) To actively discuss the strategic priorities of my employer with my peers.* This operationalization is in line with previous research (van Riel, Berens & Dijkstra, 2009). The questions were rated on a seven-point Likert scale where the scale anchors were 1 = “not at all” and 7 = “to a great extent”. This construct had an alpha value of 0.88.

*Identification with the unit.* In line with the values-based construct validated by Reade (2001a) we measured identification with the local unit by asking respondents to indicate the extent to which they agreed with the following statements, *i) The practices of this local unit/subsidiary are in line with my personal values, ii) What this local unit/subsidiary stands for is important to me, and iii) My values and the values of the*

*local unit/subsidiary that I work for are the same.* The questions were rated on a seven-point Likert scale ranging from 1 = “do not agree” to 7 = “agree entirely”. The alpha value for this construct was 0.88.

*Identification with the MNC.* We measured identification with the MNC by asking respondents to indicate the extent to which they agreed with the following three statements; i) *[The MNC’s] global practices express my own values*, ii) *[The MNC] represents values that are important to me*, and iii) *I see no difference between my values and the corporate values of [The MNC]*. The operationalisation was also adapted from the values-based construct validated by Reade (2001a). The questions were rated on a seven-point Likert scale where the scale anchors were 1 = “do not agree” and 7 = “agree entirely”. This construct had an alpha value of 0.89.

*Turnover intentions.* We operationalized the respondents’ turnover intentions by asking them to indicate the extent to which they agreed with the three following statements: i) *I intend to look for a job outside of [The MNC] within the next year*, ii) *I often think about quitting my job at [The MNC]*, and iii) *I intend to remain with [The MNC] for the near future* (reverse-scored). The questions were adapted from Konovsky and Cropanzano (1991) and rated on a seven-point Likert scale ranging from 1 = “do not agree” to 7 = “agree entirely”. The alpha value for this construct was 0.81.

### 3.2.3. *Control variables*

To control for individual-level heterogeneity in terms of demographic and organizational characteristics (Felin & Hesterly, 2007), we controlled for gender, tenure in the MNC, number of subordinates, and nationality in terms of whether the respondent

was a host-country national or not. Gender and nationality were operationalized as dummy variables, whereas tenure in the MNC and number of subordinates were linear and measured in number of years and number of subordinates respectively.

#### **4. Results**

In order to assess the hypothesized differences between the three different groups (talent, not talent, and don't know if talent) we conducted our analysis using MANCOVA, which enabled us to examine group differences whilst also taking interdependencies between the different dependent variables into account (Hair *et al.*, 1998). Since we have a nested dataset in which the respondents belong to one of 104 different MNC units, we also control for this by including the MNC unit as a categorical blocking variable.

The correlation matrix of the variables in the study indicates that all correlations in the model are below 0.70. This suggests that our model does not suffer from a serious collinearity problem since Kline (2005) suggests that the first indication of substantial multi-collinearity is correlations above 0.85. In Table 2 we present the correlation matrix and descriptive statistics of the variables in this study. In Table 3 we present the results of our models.<sup>2</sup>

- INSERT TABLES 2 & 3 ABOUT HERE -

---

<sup>2</sup> Since one group always constitutes the reference group, we conducted two separate runs in order to get the comparisons between all the groups. In the first run 'no' was the reference group, thus enabling the comparison between the groups 'yes vs. no' and 'don't know vs. no', whilst in the second run 'don't know' constituted the reference group in order to allow for the comparison between the groups 'yes vs. don't know'.

Our first set of hypotheses argue for differences between the three groups (yes, don't know, and no) in terms of accepting increasing performance demands. Hypothesis 1a which posits that individuals who know that they are identified as talent are more likely to accept increasing performance demands than are those who know that they are not identified as talent, is supported ( $\beta = 0.359$ ,  $p < 0.01$ ). Similarly, Hypothesis 1b suggesting that individuals who know they are identified as talent are more likely to accept increasing performance demands than are those who do not know whether they are identified as talent, is also supported ( $\beta = 0.237$ ,  $p < 0.01$ ). Conversely, Hypothesis 1c which suggests a difference between the groups 'don't know' and 'no' regarding the likelihood of accepting increasing performance demands, is not supported ( $\beta = 0.127$ ,  $p > 0.05$ ).

Our second set of hypotheses concern attitudinal differences in commitment to building skills. Hypotheses 2a and 2b which posit that individuals who know that they are identified as talent are more likely to have a commitment to building competencies than are those who know that they are not identified as talent, and those who do not know whether they are identified as talent, are both supported ( $\beta = 0.517$ ,  $p < 0.001$ ) and ( $\beta = 0.290$ ,  $p < 0.01$ ). Hypothesis 2c ('no' vs. 'don't know') is not supported ( $\beta = 0.231$ ,  $p > 0.05$ ).

In Hypothesis 3a we receive support ( $\beta = 0.326$ ,  $p < 0.05$ ) for our argument that individuals who know that they are identified as talent are more likely to actively support the strategic priorities of the firm than are those who know that they are not identified as talent. Our results also support Hypothesis 3b ('yes' vs. 'don't know') ( $\beta = 0.260$ ,  $p < 0.01$ ), but not Hypothesis 3c ( $\beta = 0.061$ ,  $p > 0.05$ ) which suggests a difference between the groups 'don't know' and 'no' regarding the support of strategic priorities.

In Hypotheses 4a and 4b we argue for an increased likelihood of identifying with the unit if individuals know that they are identified as talent, as opposed to if they know that they are not identified as talent, or do not know whether they are talent. These hypotheses are both supported ( $\beta = 0.277$ ,  $p < 0.05$ ) and ( $\beta = 0.221$ ,  $p < 0.05$ ). However, our results show no support for Hypothesis 4c ('no' vs. 'don't know') ( $\beta = 0.061$ ,  $p > 0.05$ ). Further, we find no support for Hypothesis 5a ( $\beta = 0.103$ ,  $p > 0.05$ ) which posits that individuals who know that they are identified as talent are more likely to identify with the multinational corporation than are those who know that they are not identified as talent. Hypothesis 5b ('yes' vs. 'don't know') on the other hand is supported ( $\beta = 0.241$ ,  $p < 0.01$ ), whilst Hypothesis 5c ('no' vs. 'don't know') is not ( $\beta = -0.141$ ,  $p > 0.05$ ).

Finally, in our last set of hypotheses we suggest differences between the three different groups concerning their turnover intentions. Hypothesis 6a is supported ( $\beta = -0.468$ ,  $p < 0.01$ ), suggesting that individuals who know that they are identified as talent are less likely to have turnover intentions than are those who know that they are not identified as talent. Hypotheses 6b ('yes' vs. 'don't know') and 6c ('no' vs. 'don't know') are not supported by our results ( $\beta = -0.196$ ,  $p > 0.05$ ) and ( $\beta = -0.272$ ,  $p > 0.05$ ).

Of the control variables the number of subordinates came out as the most significant, showing a strong relationship with all dependent variables except turnover intentions: acceptance of increasing performance demands ( $\beta = 0.160$   $p < 0.001$ ), support of strategic priorities ( $\beta = 0.250$   $p < 0.001$ ), identification with both the unit ( $\beta = 0.183$   $p < 0.001$ ) and the MNC ( $\beta = 0.193$   $p < 0.001$ ), and the commitment to building competencies ( $\beta = -0.116$   $p < 0.01$ ). Nationality had a significant influence on accepting increasing performance standards ( $\beta = 0.321$   $p < 0.05$ ) and turnover intentions ( $\beta = 0.432$

$p < 0.05$ ), and tenure in the MNC was significant related to the commitment to building competencies ( $\beta = -0.106$   $p < 0.001$ ). Finally, gender was significantly associated with the acceptance of increasing performance demands ( $\beta = 0.344$ ,  $p < 0.001$ ), and the commitment to building competencies ( $\beta = 0.248$   $p < 0.01$ ).

## **5. Discussion**

The objective of this paper was to examine the association between employees' knowledge about whether or not they have been formally identified as 'talent', and a number of attitudes including commitment to increasing performance demands, to building skills and to actively support the strategic priorities of the firm, identification with the focal unit and the whole corporation; and turnover intentions. Our contribution to the literature lies in using a social exchange perspective to develop and empirically test a number of hypotheses concerning the association between talent identification and employee attitudes that have in previous research been associated with positive organizational outcomes (Boxall & Macky, 2009; Wright & Nishii, 2010), and are thus central to a successful talent management system.

This is important because, after having paid significant attention to conducting talent reviews and creating talent pools (Mäkelä, Björkman, & Ehrnrooth, 2010; Mellahi & Collings, 2010), many multinationals are still undecided about whether or not to inform the 'talent' about their status (Evans, Pucik, & Björkman, 2010). As we know, the differential treatment of such employees in terms of developmental support or compensation can be a sensitive matter: on the one hand, if high potentials are not told about their status, this may lead to frustration and feelings of not being adequately

recognized; on the other, the motivation of those not on the list may drop if they know they haven't made it. Echoing previous research within HRM (e.g., Boxall & Macky, 2009), we maintain that the employee viewpoint is an essential lens through which to study the processes in which talent management practices become linked to various outcomes in organizations.

Our findings show that there are indeed significant differences between those who perceive they have been identified as 'talent', and both those who perceive they haven't and those who don't know. Starting with the (a) hypotheses, we found that those who perceive that they have been identified as talent, are more likely to be associated with all attitudes examined (commitment to increasing performance demands, to building skills and to actively support the strategic priorities; identification with the focal unit; and lower turnover intent) than those who perceive they haven't been identified as talent, with the exception of identification with the MNC.

Second, in the (b) hypotheses we found that those who perceive they have been identified as talent are more likely to be associated with the positive attitudes examined (namely commitment to increasing performance demands, to building skills and to actively support the strategic priorities; identification with the focal unit and the MNC), but not turnover intentions. In other words, those who perceive they are identified as talent and those not knowing have the same likelihood of leaving the corporation. Taken together, the above findings suggest that informing the talent has a motivational effect in line with the predictions of social exchange and psychological contract theory. At the same time, the non-significant findings concerning identification with the whole corporation (yes vs. no) and turnover intention (yes vs. don't know) point to the

intriguing possibility that these individuals know their value and that retention issues may arise should their needs not be met.

Further, the finding that all of our (c) hypotheses were not supported was equally if not more interesting than those discussed above. These results suggest that it is perhaps better to tell also those who have not made it into talent pools – at least, if both talent reviews and communication about inclusion are conducted in a transparent and fair way, and those who haven't made it have a real chance of making it next time around. At best, this transparency may create a continuous tournament and thus have a motivational effect. On the other hand, we know that talent reviews are susceptible to a number of biases stemming from, for example, cultural differences, homophily influencing the visibility and favorability of those similar to decision makers, and network centrality effects (Mäkelä *et al.*, 2010; Collings & Mellahi, 2010). It is therefore possible that the attitudinal reactions of employees to their talent status will be mediated by their perceptions of procedural justice regarding the talent review process (Firfiray, 2009). This would be a fruitful line of enquiry in future empirical research.

There are several different ways that MNCs may approach informing those who have been identified and those who haven't. Some may adopt mixed policies, such as telling those who have been identified as talent but not those who haven't. Regardless of corporate policy, there are still many ways of knowing, or perceiving, whether you are considered as talent: informal knowledge off the internal grapevine, getting more or less leadership attention, training and development opportunities, responsibilities and/or assignments, to name but a few. More and particularly qualitative research is thus called for to shed light on the effects of different communication strategies, and how



individuals make sense of and react to the signals the organization sends them, formally and informally, about their talent status.

In line with Scullion *et al.*'s (2010) definition of global talent management which includes the need for organizations to take into account their “*global strategic priorities as well as the differences across national contexts for how talent should be managed*” (2010: 106), it is reasonable to expect that there may be differences in the need for talent identification, the preferred communication strategy, and talent identification's overall impact due to certain local idiosyncrasies. For instance, recent case-study research on Western MNC subsidiaries in China reveals that there is heightened interest in identifying internal talent due to the higher mobility and turnover of qualified Chinese employees (Hartmann, Feisel, & Schober, 2009). It was beyond the scope of the present study to investigate the influence of e.g. cultural or institutional differences on employee reactions. However, comparative studies of this kind would be an interesting area for future research.

The limitations of this study are as follows. Firstly, given its cross-sectional nature we could not rule out the possibility of common method variance despite our attempts to reduce the magnitude of this problem (Podsakoff *et al.*, 2003). Second, we measure individual perceptions of whether they are formally identified as talent or not. This may or may not correspond with objective talent pool inclusion. While it is the perception rather than objective membership that is likely to be associated with attitudinal differences, our results would ideally have been validated with objective measures of talent pool membership. Third, we acknowledge a possibility of reverse causality. It may be that those individuals that exhibit the attitudes examined are more likely than others to be included in talent pools, rather than the other way around.

Feedback loops are also likely to exist in that inclusion in a talent pool is likely to predict inclusion in the future, partly due to the attitudinal differences examined above. We therefore call for longitudinal research to examine the nature of causality within these relationships.

In conclusion, it is worth noting that explicit, differential treatment of employees has the potential to reinforce competitive organizational climates in which the few go forward and the many are left behind (Cooper, 2008). Such climates, in turn, may have serious effects on employee morale and be demeaning for those who are solid and content workers but lack the ambition to compete for higher positions. Indeed, DeLong and Vijayaraghavan (2003) argue that a company's long-term performance depends more on the unsung commitment and contributions of their 'B players', i.e. those who are capable, steady performers, and provide an important counterbalance to the ambitions of the high-performing 'A players'. It is therefore important to consider the potential long-term implications of identifying talent and of global talent management practices more generally.

## References

- Allen, N.J. & Meyer, J. P. (1990). The measurement and antecedents of affective, continuance and normative commitment to the organization. *Journal of Occupational Psychology*, 63, 1-18.
- Ashforth, B.E., & Mael, F.E. (1989). Social identity theory and the organization. *Academy of Management Review*, 14, 20-39.
- Ashforth, B.E., Harrison, S.H., & Corley, K.G. (2008). Identification in organizations: An examination of four fundamental questions. *Journal of Management*, 34(3), 325-374.
- Boxall, P., & Macky, K. (2009). Research and theory on high-performance work systems: progressing the high-involvement stream. *Human Resource Management Journal*, 19(1), 3-23.
- Cappelli, P. (2008). *Talent on Demand: Managing Talent in an Age of Uncertainty*. Boston: Harvard Business Press.
- Cole, M.S., Schaninger, W.S., & Harris, S.G. (2002). The workplace social exchange network: a multilevel, conceptual examination. *Group & Organization Management*, 27(1), 142-167.
- Collings, D.G., & Mellahi, K. (2009). Strategic talent management: A review and research agenda. *Human Resource Management Review*, 19(4), 304-313.
- Collings, D.G., Scullion, H., & Morley, M.J. (2007). Changing patterns of global staffing in the multinational enterprise: Challenges to the conventional expatriate assignment and emerging alternatives. *Journal of World Business*, 42(2), 198-213.
- Conway, N., & Briner, R.B. (2002). A daily diary study of affective responses to psychological contract breach and exceeded promises. *Journal of Organizational Behavior*, 23(3), 287-302.
- Conway, N., & Briner, R.B. (2005). *Understanding psychological contracts at work: a critical evaluation of theory and research*, New-York: Oxford University Press.
- Cooper, M. (2008). The inequality of security: Winners and losers in the risk society. *Human Relations*, 61(9), 1229-1258.
- Coyle-Shapiro, J.A-M., & Conway, N. (2005). Exchange Relationships: Examining Psychological Contracts and Perceived Organizational Support. *Journal of Applied Psychology*, 90(4), 774-781.
- Cropanzano, R., & Mitchell, M.S. (2005). Social exchange theory: An interdisciplinary review. *Journal of Management*, 31, 874-900.
- DeLong, T., & Vijayaraghavan, V. (2003). Let's hear it for B players. *Harvard Business Review*, June, 3-8.

- De Pater, I., Van Vianen, A., Bechtoldt, M., & Klehe, U. (2009). Employees' challenging job experiences and supervisors' evaluations of promotability. *Personnel Psychology*, 62(2), 297-325.
- Eisenberger, R., Fasolo, P., & Davis-LaMastro, V. (1990). Perceived organizational support and employee diligence, commitment, and innovation. *Journal of Applied Psychology*, 75(1), 51-59.
- Evans, P., Pucik, V., & Björkman, I. (2010). *Global Challenge: International Human Resource Management*. (2<sup>nd</sup> ed.). New York: McGraw-Hill.
- Felin, T. & Hesterly, W.S. (2007). The knowledge-based view, nested heterogeneity, and new value creation: Philosophical considerations on the locus of knowledge. *Academy of Management Review*, 32(1), 195-218.
- Firfiray, S. (2009). Social identification among employees in talent-intensive organizations. *Proceedings of the 9th EURAM conference*, Liverpool, UK.
- Gregersen, H.B., & Black, J.S. (1992). Antecedents to commitment to a parent company and a foreign operation. *Academy of Management Journal*, 35(1), 65-90.
- Guest, D. (2004). The Psychology of the employment relationship: An analysis based on the psychological contract. *Applied Psychology: An International Review*, 53(4), 541-555.
- Guest, D., & Conway, N. (2002). Communicating the psychological contract: An employer perspective. *Human Resource Management Journal*, 12(2), 22-38.
- Guthridge, M., Komm, A.B., & Lawson, E. (2008). Making talent a strategic priority. *McKinsey Quarterly*, 1, 49-59.
- Hair, J., Anderson, R.E., Tatham, R.L. & Black, W. (1998). *Multivariate Data Analysis with Readings*, New Jersey: Prentice-Hall.
- Hartmann, E., Feisel, E., & Schober, H. (2010). Talent Management of Western MNCs in China: Balancing Global Integration and Local Responsiveness. *Journal of World Business*, 45(2), 169-178.
- Kline, R. (2005). *Principles and practice of structural equation modeling*. New York, NY: Guilford Press.
- Konovsky, M.A., & Cropanzano, R. (1991). Perceived Fairness of Employee Drug Testing as a Predictor of Employee Attitudes and Job Performance. *Journal of Applied Psychology*, 76(5), 698-707.
- Kuvaas, B., & Dysvik, A. (2008). Exploring alternative relationships between perceived investment in employee development, perceived supervisor support and employee outcomes. *Human Resource Management Journal*, 20(2), 138-156.
- Lavelle, J. (2010). Developing tomorrow's leaders – Evidence of global talent management in multinational enterprises. *Journal of World Business*, 45(2), 150-160.

- Lewis, R.E. & Heckman, R.J. (2006). Talent management: A critical review. *Human Resource Management Review*, 16, 139-154.
- Mael, F., & Ashforth, B.E. (1992). Alumni and their alma mater: A partial test of the reformulated model of organizational identification. *Journal of Organizational Behaviour*, 13(2), 103–123.
- Mäkelä, K., Björkman, I., & Ehrnrooth, M. (2010). How do MNCs establish their talent pools? Influences on individuals' likelihood of being labelled as talent. *Journal of World Business*, 45(2), 134-142.
- March, J.G., & Simon, H.A. (1958) *Organizations*. John-Wiley & Sons.
- McDonnell, A., Lamare, R., Gunnigle, P., & Lavelle, J. (2010). Developing tomorrow's leaders – Evidence of global talent management in multinational enterprises. *Journal of World Business*, 45(2), 150-160.
- McCall, M.W., Lombardo, M.M., & Morrison, A.M. (1988). *The lessons of experience: How successful executives develop on the job*. New York: Free Press.
- Mellahi, K., & Collings, D.G. (2010). The barriers to effective global talent management: the example of corporate élites in MNEs. *Journal of World Business*, 45(2), 143-149.
- Meyer, J.P., & Allen, M.J. (1991). A three-component conceptualization of organizational commitment. *Human Resource Management Review*, 1(1), 61-89.
- Podsakoff, P., MacKenzie, S., Lee, J-Y., & Podsakoff, N. (2003). Common method biases in behavioral research: a critical review of the literature and recommended remedies. *Journal of Applied Psychology*, 88(5), 879–903.
- Reade, C. (2001a). Dual identification in multinational corporations: local managers and their psychological attachment to the subsidiary versus the global organization. *International Journal of Human Resource Management*, 12(3), 405-424.
- Reade, C. (2001b). Antecedents of organizational identification in multinational corporations: fostering psychological attachment to the local subsidiary and the global organization. *International Journal of Human Resource Management*, 12(8), 1269-1291.
- Ready, D.A., & Conger, J.A. (2007). Talent factory. *Harvard Business Review*, 85(6), 68-77.
- Rhoades, L. & Eisenberger, R. (2002). Perceived organizational support: A review of the literature. *Journal of Applied Psychology*, 87, 698-714.
- 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.
- Rousseau, D.M. (1995). *Psychological Contracts in Organizations: Understanding Written and Unwritten Agreements*. Newbury Park, CA: Sage.

- Rousseau, D.M. (2000). *Psychological contract inventory: Technical report (3rd ed.)*. Pittsburgh, PA: Carnegie Mellon University.
- Scullion, H. & Collings, D.G. (2006). International Talent Management. In Scullion, H. & Collings D.G. (Eds.) *Global Staffing*. London: Routledge.
- Scullion, H., Collings, D.G., & Caligiuri, P. (2010). Global talent management. *Journal of World Business*, 45(2), 105-108.
- Shaw, J.D., Dineen, B.R., Fang, R., & Vellella, R.F. (2009). Employee-Organization Exchange Relationships, HRM Practices, and Quit Rates of Good and Poor Performers. *Academy of Management Journal*, 52(5), 1016–1033.
- Shore, L.M., & Barksdale, K. (1998). Examining degree of balance and level of obligation in the employment relationship: A social exchange approach. *Journal of Organizational Behavior*, 19(S1), 731-744.
- Simon, H.A. (1957). *Models of man: Social and rational*. New York: John Wiley and Sons.
- Stroh, L.K., Black, J.S., Mendenhall, M.E., & Gregersen, H.B. (2005). *International assignments: An integration of strategy, research and practice*. New Jersey: Lawrence Erlbaum Associates.
- Stahl, G.K., Björkman, I., Farndale, E., Morris, S.S., Paauwe, J., Stiles, P., Trevor, J. & Wright, P.M. (2007). "Global Talent Management: How Leading Multinational Build and Sustain Their Talent Pipeline," *INSEAD Faculty and Research Working Papers*, 2007/24/OB.
- 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.
- 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.
- van Riel, C.B.M., Berens, G., & Dijkstra, M. (2009). Stimulating Strategically Aligned Behaviour Among Employees. *Journal of Management Studies*, 46(7), 1197-1226.
- Vora, D., Kostova, T., & Roth, K. (2007). Roles of subsidiary managers in multinational corporations: the effect of dual organizational identification. *Management International Review*, 47(4), 595-620.
- Wang, D., Tsui, A.S., Zhang, Y., & Ma, L. (2003). Employment relationships and firm performance: Evidence from an emerging economy. *Journal of Organizational Behavior*, 24(5), 511–535.
- Wiener, Y. (1982). Commitment in organizations: A normative view. *Academy of Management Review*, 7, 418-428.

Wright, P.M., & Nishii, L.H. (forthcoming). Strategic HRM and organizational behavior: Integrating multiple levels of analysis. In *Innovations in HR*. Oxford: Blackwell Publishing.

**Table 1.** Characteristics of participating managers and professionals

N = 905	Category	%
Gender	Male	74
	Female	26
Tenure in MNC	Years (mean)	5.2
Tenure in unit	Years (mean)	4.6
Reports to unit GM	Yes	40
	No	60
Nationality	Host country	91
	Other	9



**Table 2.** Means, standard deviations and Pearson correlations

Variables	1	2	3	4	5	6	7	8	9	10	11
Mean	1.88	5.79	5.66	5.80	5.54	5.46	2.41	0.74	5.18	0.91	2.14
sd	0.58	1.02	1.10	1.02	1.11	1.15	1.37	0.44	1.69	0.29	0.89
1. Talent (1= yes, 2= don't know, 3= no)											
2. Acceptance of increasing performance demands	-0.15***										
3. Commitment to building competencies	-0.18***	0.64***									
4. Support of strategic priorities	-0.16***	0.57***	0.58***								
5. Identification with unit	-0.14***	0.30***	0.25***	0.31***							
6. Identification with MNC	-0.10***	0.30***	0.27***	0.34***	0.59***						
7. Turnover intentions	0.12***	-0.13***	-0.14***	-0.12***	-0.40***	-0.30***					
8. Gender	0.04	0.05	0.05	0.00	0.01	-0.00	-0.01				
9. Tenure in MNC	0.06	-0.01	-0.15***	0.02	0.04	0.04	0.04	-0.14***			
10. Foreign/host country national	0.03	-0.07*	-0.02	-0.06	0.05	-0.05	-0.05	0.04	-0.01		
11. No. of subordinates	-0.14***	0.14***	0.08*	0.22***	-0.14***	0.16***	-0.03	-0.22***	0.18***	-0.01	

All two-tailed tests. \* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$ .

**Table 3.** Multivariate general linear regressions

	Yes vs. No			Yes vs. Don't know			No vs. Don't know		
	$\beta$	Std. error	<i>t</i> -statistic	$\beta$	Std. error	<i>t</i> -statistic	$\beta$	Std. error	<i>t</i> -statistic
Unit <sup>3</sup>									
Controls <sup>4</sup>									
1. Acceptance of increasing performance demands	0.359	0.128	2.814**	0.237	0.084	2.827**	0.127	0.110	-1.146
2. Commitment to building competencies	0.517	0.139	3.721***	0.290	0.091	3.178**	0.231	0.120	-1.918
3. Support of strategic priorities	0.326	0.132	2.462*	0.260	0.087	2.994**	0.061	0.114	-0.537
4. Identification with unit	0.277	0.134	2.064*	0.221	0.088	2.513*	0.061	0.116	-0.527
5. Identification with MNC	0.103	0.138	0.746	0.241	0.091	2.657**	-0.141	0.120	1.178
6. Turnover intentions	-0.468	0.168	-2.786**	-0.196	0.111	-1.769	-0.272	0.145	1.870
R <sup>2</sup>	0.179- 0.268			0.182- 0.268			0.179- 0.268		
F	2.567**			2.562**			2.567**		
N	905			905			905		

All two-tailed tests. \* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$ .

<sup>3</sup> The blocking variable 'unit' is not significant for variable 3, significant at a  $p < .05$  level for variable 2, and significant at a  $p < .001$  level for the remaining variables.

<sup>4</sup> Of the control variables, gender was significant for variable 1 ( $p < .001$ ) and variable 2 ( $p < .01$ ), tenure for variable 2 ( $p < .001$ ), number of subordinates for variables 1, 3, 4, 5 ( $p < .001$ ), and variable 2 ( $p < .05$ ), and foreign/ host country national for variables 1 and 6 ( $p < .05$ ).