



# The role of perceived organizational justice in shaping the outcomes of talent management: A research agenda

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## ABSTRACT

Talent management is in need of a theoretical foundation and empirical research at the level of the individual. To address these gaps, the current paper relies on the literature on workforce differentiation and provides a research agenda by introducing perceived organizational justice as a key mediator between talent management practices and differential employee reactions. We discuss employees' varying reactions to talent management on one hand and their underlying perceptions of organizational justice, on the other hand. In particular, we propose that, amongst others, an employee's high potential status serves as an antecedent for different distributive justice perceptions, while procedural interventions and relationship building can provide organizational latitude in shaping employee reactions to talent management. Research methods, challenges, and practical implications are discussed.

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## 1. Introduction

In today's recessionary climate, talent shortages are increasing, and a true war for talent is thus emerging (Frank & Taylor, 2004; McDonnell, 2011; McNabb, Gibson, & Finnie, 2006). Due to the economic crisis, demographic changes, and globalization, there is a growing need to develop human resource management (HRM) approaches that enhance retention and development of talented employees (Lockwood, 2006; Moynihan, 1993). Talent management has therefore become a popular topic among practitioners and a reoccurring phenomenon within organizations. Nonetheless, empirical studies on talent management are limited, and theoretical frameworks to advance academic knowledge on talent management is lacking (e.g., Collings & Mellahi, 2009; Lewis & Heckman, 2006). In this sense, the present paper blends HRM and organizational behavior literature in an integrative approach to develop new insights for the field (Wright & Boswell, 2002). In particular, we present four main contributions. First, to address the lack of a theoretical foundation for talent management, we suggest using the literature on workforce differentiation to explore the phenomenon talent management and the theory of perceived organizational justice to understand employee reactions to talent management. Second, we integrate workforce differentiation and perceived organizational justice literature into falsifiable propositions and encourage empirical studies on talent management through the creation of a research agenda. Third, as a response to the call by Huselid and Becker (2011) for more empirical research on workforce differentiation's effect on individuals, we explore its impact on employees' perceptions of organizational justice and, in turn, on employee outcomes. Fourth, we have noticed that studies on perceived organizational justice mainly focus on the impact employees' organizational justice perceptions have on their own reactions with a limited exploration of the objective antecedents of these subjective perceptions of justice. We address this shortage by introducing and discussing three antecedents of perceived organizational justice in the context of talent management, which enables us to formulate concrete recommendations for human resource (HR) practitioners in stimulating higher perceptions of organizational justice.

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This paper starts with an overview of the phenomenon talent management and its link with workforce differentiation on one hand, and the perceived organizational justice theory on the other hand. We continue by developing nine propositions concerning the link between an unequal allocation of resources (i.e., a practice in talent management) and organizational outcomes and the mediating influence of perceived organizational justice next to other mediating and moderating factors at the employee level.

## 2. An overview of the literature and core concepts

### 2.1. Talent management as a phenomenon of interest

#### 2.2.1. Talent management and talent

Implementing talent management practices in organizations is ubiquitous, and talent management has therefore become an omnipresent phenomenon (see also [Dries, 2013-in this issue](#)). McKinsey started referring to the *War for Talent* in the late 1990s to stress the importance of talent in creating high performing organizations ([Michaels, Handfield-Jones, & Beth, 2001](#)). Talent management has, however, never been based on an appropriate theory (e.g., [Collings & Mellahi, 2009](#); [Lewis & Heckman, 2006](#); see also [Dries, 2013-in this issue](#)). Due to this lack of a theory, there are major differences in how talent management is defined and approached (e.g., [Collings & Mellahi, 2009](#); [Lewis & Heckman, 2006](#); see also [Meyers, van Woerkom, & Dries, 2013-in this issue](#)). A tension exists, for instance, between the inclusive and exclusive approaches to talent management. While talent management can be perceived as an inclusive approach exemplifying how all employees have the potential to display talent and are entitled to equal investments, it can also be perceived as exclusive, which implies that people are differentiated according to their added value to an organization or the strategic importance of their positions and that they, consequently, should receive differential investments ([Iles, Chuai, & Preece, 2010](#); see also [Gallardo-Gallardo, Dries, & González-Cruz, 2013-in this issue](#); see also [Dries, 2013-in this issue](#)). This paper focuses on the exclusive approach to talent management, as it is the most widely implemented perspective in organizations because of its cost-effectiveness and efficiency ([Collings & Mellahi, 2009](#)). This corresponds with the general trend in HRM-literature that shows a movement from standardized, inclusive HR practices towards exclusive, differential HR practices ([Becker & Huselid, 2006](#)). In line with the HR architecture theory ([Lepak & Snell, 1999](#)), we define talent management as the differential management of employees according to their relative potential to contribute to an organization's competitive advantage.

Similarly, the definition of 'talent' varies considerably (see also [Meyers, van Woerkom, & Dries, 2013-in this issue](#); [Dries, 2013-in this issue](#)). In this paper, we chose to rely on the meaning of talent as operationalized in the HRM-literature—i.e., talent as human capital (e.g., [Farndale, Scullion, & Sparrow, 2010](#)). A human capital perspective implies that employees are assessed on their value (i.e., the potential to contribute to an organization's core competences) and uniqueness (i.e., the extent to which the employee is difficult to replace) ([Lepak & Snell, 1999](#)). Those employees who have skills that are high on value and uniqueness are identified as an organization's talented employees. In practice, organizations often refer to these talented employees as high potentials. High potentials are believed to "show potential to become something more than what they currently are" ([Silzer & Church, 2009, p. 4](#)) or more specifically, those employees who are "recognized, at that point in time, as the organization's likely future leaders" ([Cope, 1998, p. 15](#)). Where the concept 'talent as human capital' focuses on the specific desired skills (i.e., valuable and unique) for showing talent, the concept 'high potential' refers to a more general label, or in other words to the result of possessing such skills that are high on value and uniqueness.

#### 2.1.2. Workforce differentiation

The field of talent management is, however, still in need of theoretical frameworks; without a theoretical foundation scholars cannot make sense of preliminary data about talent management and HR practitioners also lack evidence-based guidelines. In this sense, we introduce the literature on workforce differentiation to explore the outcomes of exclusive talent management practices. Workforce differentiation refers to the investment of disproportionate resources where one expects disproportionate returns, i.e., investing in those specific jobs and those specific people within jobs who help to create strategic success ([Becker, Huselid, & Beatty, 2009](#); [Ledford & Kochanski, 2004](#)). [Ledford and Kochanski \(2004\)](#) have stated that segmentation or differentiation is "fundamental to talent management" (p. 217). Indeed, it has been argued that workforce differentiation is the one principle that differentiates talent management from HRM in general ([Boudreau & Ramstad, 2005](#); [Chuai, Preece, & Iles, 2008](#); [Collings & Mellahi, 2009](#)). Where, for instance, HRM involves the attempt to manage all employees in an organization, talent management focuses only on those employees who are high on value and uniqueness (i.e., high potentials) ([Chuai et al., 2008](#)).

The practice of workforce differentiation is based on the idea that organizations create unnecessary high costs when they invest equally in all employees ([Becker & Huselid, 1998](#); [Lepak & Snell, 1999](#); [Williamson, 1981](#)). The resource-based view states that particularly the valuable, unique, and difficult-to-imitate resources are key to long-term high performance and competitive advantage (e.g., [Barney, 1991](#); [Wright, Smart, & McMahan, 1995](#)). Therefore, building on the transaction cost economics model by [Williamson \(1981\)](#), [Lepak and Snell \(1999\)](#) argued that the limited resources of an organization ought to be invested in attracting, selecting, developing, and retaining employees with valuable and unique skills (i.e., high potentials), as they generate higher productivity and consequently create higher returns than employees who lack these skills ([Collings & Mellahi, 2009](#); [Morton, 2005](#)). Furthermore, these high potentials will be key in filling the most valuable strategic positions in an organization ([Becker & Huselid, 1998, 2006](#)). In addition to this differentiation trend at the level of organizations, we also notice a trend among employees to ask for more individual treatment and recognition based on their distinct competencies and needs ([Lawler & Finegold, 2000](#)). This provides additional evidence in support of workforce differentiation since both employees and organizations are requesting it.

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