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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.

Keywords: talent management, workforce differentiation, HR architecture, high potentials, perceived organizational justice

The Role of Perceived Organizational Justice in Shaping the Outcomes of Talent Management: A Research Agenda

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.

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.

An Overview of the Literature and Core Concepts

Talent Management as a Phenomenon of Interest

Talent management and talent. Implementing talent management practices in organizations is ubiquitous, and talent management has therefore become an omnipresent phenomenon (see also Dries, 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, 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, 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, this issue; see also Dries, 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, this issue; Dries, 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.

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; Collings & Mellahi, 2009; Chuai, Preece, & Iles, 2008). 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 (Huselid & Becker, 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.

In general, studies on workforce differentiation have emphasized the positive influences on outcomes such as retention, productivity, and profitability (e.g., Becker, Huselid, Pickus, & Spratt, 1997; Combs, Liu, Hall, & Ketchen, 2006; Huselid & Becker, 2011; Lepak, Takeuchi, & Snell, 2003). However, these studies have tended to overlook the fact that performance is multidimensional and also entails ‘humanistic’ goals such as individual well-being (Beer, Spector, Lawrence, Mills, & Walton, 1984; Paauwe, 2004; see also Thunnissen, Boselie, & Fruytier, this issue). In this sense, the impact of workforce differentiation on employees has scarcely been studied and scholars are now calling for more research (Huselid & Becker, 2011). Exceptions are recent studies by Björkman et al. (2013) and Marescaux, De Winne, and Sels (2013), which have suggested that talent management has an important impact—and in particular of workforce differentiation—on employees and that this impact can differ between various groups of employees, specifically between the high potential group and the group of employees who are not identified as high potentials (i.e., non-high potentials).

Intended, actual, and perceived HR practices. The question that remains, however, is how this effect comes about. As Wright and Nishii (2013) argued, there is a difference between *intended*, *actual*, and *perceived* practices. *Intended* practices are closely linked to an organization’s strategy that is stipulated by its decision-makers. When intended practices are implemented, they become *actual* practices. *Perceived* practices are then employees’

subjective interpretations of the actual practices. When an organization implements a talent management program, the intended practices are expected to correspond highly to the actual and, consequently, to the perceived practices. High correspondence between intended, actual, and perceived practices makes it more likely that employees' reactions to perceived practices will result in the desired outcomes as initially intended. Empirical research has, however, pointed out that perceived HR practices are often not in line with the general HR practices reported by HR management (Liao, Toya, Lepak, & Hong, 2009). This is worrisome, as the impact of perceived practices on employee attitudes and behaviors is stronger than that of intended or actual practices (Boxall & Macky, 2009). These results also indicate that if we want to understand how employee reactions are shaped, we need to understand how employees perceive and assess these practices.

In continuing our discussion, it is important to underscore that there are different conceptualizations of perceived HR practices. In some studies, perceived HR practices are operationalized as employees' awareness or knowledge of the existence of specific HR practices (e.g., Björkman et al., 2013; Guzzo & Noonan, 1994; Meyer & Allen, 1997). In other studies, perceived HR practices are seen as the people's *evaluations* of these HR practices (e.g., Crawshaw, 2006; Farndale et al., 2011; Marescaux et al., 2013). In a third category of studies, perceived HR practices are operationalized as a combination of the foregoing (e.g., Gould-Williams & Davies, 2005; Macky & Boxall, 2007). As this paper aims to explore the underlying psychological processes between intended talent management practices and differential employee reactions, we will focus on employees' personal evaluations of these practices. In particular, we propose that employees' perceptions of organizational justice play a key role in the relationship between talent management practices and employee reactions.

Workforce differentiation and perceived organizational justice. Whereas differentiating between employees can be reasonable from a strategic point of view, it promotes inequality between employees, making it a sensitive matter. Human resources and human capital involve actual human beings who react emotionally, cognitively, and behaviorally when treated differently from others (Paauwe, 2004). The theory of perceived organizational justice will help us to understand employees' reactions to talent management. Researchers have already pointed out the key role of justice perceptions in, for instance, effectively managing and evaluating career management (Crawshaw, 2006), performance management (Farndale, Hope-Haily, & Kelliher, 2011), performance appraisals (Erdogan, 2002; Flint, 1999), and idiosyncratic deals (Greenberg, Roberge, Ho, & Rousseau, 2004; Rousseau, Ho, & Greenberg, 2006). The omission of perceived organizational justice in the literature on talent management and workforce differentiation is therefore remarkable, also because perceptions of justice have been found to relate to outcomes such as employee satisfaction (e.g., Colquitt, 2001; Schwepker, 2001), affective commitment (e.g., Lind & Tyler, 1988; Poon, 2012), turnover intentions (e.g., Bies & Shapiro, 1988; Schwepker, 2001), and work performance (e.g., Brockner & Wiesenfeld, 1996; Konovsky & Cropanzano, 1991).

Perceived Organizational Justice

Perceived organizational justice refers to anyone's subjective perceptions of the fairness of allocations. Organizational justice consists of several sub-dimensions, referring to the allocation of outcomes such as promotion opportunities or financial rewards (i.e., distributive justice), the process by which the allocations were made (i.e., procedural justice), the provided information about the process (i.e., informational justice), and the received relational treatment during this process (i.e., interpersonal justice) (Greenberg, 1990; Colquitt, 2001). Moreover, the theory of perceived organizational justice gained in complexity when concepts such as third party justice (i.e., the perceived unjust treatment of a

third party, De Cremer & Van Hiel, 2006) and equity sensitivity (i.e., an employee's sensitivity to the rule of equity, Huseman, Hatfield, & Miles, 1987) were introduced. These concepts are mainly studied in HRM and organizational behavior literature (Cropanzano & Greenberg, 1997).

The concept of *perceived distributive justice* is based on Adams' (1963) equity theory that employees are not concerned with absolute levels of outcomes, but rather with the fairness of such outcomes. To determine fairness, employees calculate the ratio of their contributions to their outcomes and compare it to the ratio of other co-workers. Although this appears to be an objective calculation, assessing the fairness of outcomes is a subjective process (Hofmans, 2012). In the context of talent management, this implies, for instance, that non-high potentials will compare their contributions-outcomes ratio with the ratio of high potentials. Furthermore, Huseman et al. (1987) found that employees differ in terms of *equity sensitivity*, i.e., employees have different preferred contribution-outcome ratios. This could mean that amongst non-high potentials perceptions of a similar ratio and reactions can vary.

To complement the distributive justice concept, Leventhal (1980) introduced *perceived procedural justice*. He described six rules that need to be followed before one perceives a practice to be procedurally just. In particular, the practice should be consistent over time and across persons, not be influenced by personal self-interest, be grounded in correct information, be changed when diagnosed as unfair, represent the interests of all parties, and take moral and ethical values into consideration. In addition, Lind and Tyler (1988) stated that employees perceive procedural justice when they have the feeling that they can influence the process to a certain degree (i.e., the voice effect: providing employees with opportunities to share their thoughts and opinions). All these procedural rules could be applied to, for instance, the identification procedures of high potentials.

Bies and Moag (1986) introduced the third and fourth justice concepts, interpersonal and informational justice. *Perceived interpersonal justice* is fostered when people are treated with dignity, politeness, and respect by their supervisors. *Perceived informational justice* is the result of open and honest clarifications and explanations as well as adequate justification of actions. Pursuing perceptions of informational justice could prove to be difficult in the context of talent management, as the majority of organizations do not inform their employees about talent management practices (Dries & Pepermans, 2009; Fresina, 1987).

Several authors have argued that procedural justice is the most important component of perceived organizational justice (e.g., Cohen-Carash & Spector, 2001; Lind & Tyler, 1988). Consequently, it has been the most studied sub-dimension of the organizational justice framework. At the same time, a more complete picture is thought to result from considering all four sub-dimensions, which are believed to interact (Brockner & Wiesenfeld, 1996, 2005). We agree with Brockner and Wiesenfeld (1996, 2005) at this point and recognize that while the practice of workforce differentiation may be detrimental for perceptions of distributive justice, a simultaneous focus on all four justice concepts may provide additional insight into how employee reactions to talent management are shaped.

Development of Propositions

In what follows, we elaborate on the perceived fairness of talent management practices and how such perceptions will result in positive outcomes. First of all, we describe the HRM-performance link of talent management followed by propositions on the mediating effect of perceived distributive justice. Second, we discuss three antecedents of perceived distributive justice: unequal resource allocation, high potential status, and equity sensitivity. Finally, we elaborate on the buffering impact of perceived procedural, interpersonal, and informational justice, of their temporal order effect, and of leader member exchange and perceived organizational support. All propositions are presented in Figure 1.

— Insert Figure 1 about here —

Impact of Unequal Resource Allocation on Organizational Outcomes

The main goal of workforce differentiation is long-term organizational performance and competitive advantage (e.g., Barney, 1991; Wright, Smart, & McMahan, 1995). Theoretical studies on workforce differentiation have, therefore, repeatedly advocated for the existence of a positive relationship between differentiating HR practices and organizational performance (e.g., Becker & Huselid, 2006; Collings & Mellahi, 2009; Lepak & Snell, 1999). In particular, it is believed that organizational efficiency increases when different employee groups (i.e., different in value and uniqueness) are managed according to different employment modes (Lepak & Snell, 1999; Williamson, 1981). For example, Lepak and Snell (1999) argued that employees with valuable skills should be targeted first for retention. By doing so, an organization will reduce transaction costs and will have a more stable and predictable source of human capital. Furthermore, if employees also have unique skills, internal development should be encouraged. Lepak and Snell (1999) explain how unique skills are often firm-specific, and therefore, it can be assumed that organizations have a lower risk to lose their investments by developing these employees, whereas employees with more generic skills have a higher propensity to leave (as other organizations could also use their skills), making investments in their development in vain. Overall, the literature on workforce differentiation suggests that managing employees differently and, consequently, allocating available resources unequally in the context of talent management results in a higher return on development investments than when resources are allocated equally.

Proposition 1: An unequal allocation of resources in talent management relates to positive organizational outcomes, such as a higher return on development investments, higher productivity, and retention.

Differential Employee Outcomes Influencing Organizational Outcomes

The literature on workforce differentiation has primarily focused on the impact of unequally allocated resources on organizational outcomes, such as organizational performance (e.g., Becker & Huselid, 1998; 2006). More recent studies, however, have also paid attention to the more proximal employee outcomes such as job satisfaction, employee performance, organizational commitment, or turnover intentions (Huselid & Becker, 2011). The HRM-performance link proposes that HR practices influence organizational outcomes through these employee outcomes (Boselie, Dietz, & Boone, 2005). The ability, motivation and opportunity (AMO) framework by Appelbaum, Bailey, Berg, and Kalleberg (2000) theorized, for instance, how HR practices can increase employees' performance by (a) enhancing employees' knowledge, skills, and abilities (KSAs); (b) creating opportunities for employees to act; (c) encouraging and motivating employees to perform well for the organization (Combs et al., 2006). In turn, higher performance amongst employees would then increase organizational performance. Where general HRM tries to apply this AMO framework to all employees, talent management directs these HR practices mainly towards the high potentials in strategic key roles or positions, and only they will experience the positive influences on their performance (Huselid & Becker, 2011). However, Collings and Mellahi (2009) argued that the aspect of *motivating to perform* in particular is important in linking talent management practices with employee outcomes and, in turn, with organizational outcomes, as being identified as a high potential is already a confirmation of the fact that one possesses desired abilities and receives the opportunity to act.

In addition to performance, studies have shown that employees who are members of a more favorable group (i.e., high potentials) portray more discretionary effort, productivity (Becker et al., 1997), commitment, organizational citizenship behavior (e.g., Anand, Vidyarthi, Liden, & Rousseau, 2010; Hornung, Rousseau, Glaser, Angerer, & Weigl, 2010; Marescaux et al., 2013), job satisfaction, and have lower turnover intentions (Dyer & Reeves,

1995). Subsequently, scholars believe that these employee outcomes will increase market value, organizational productivity, and retention (Combs et al., 2006).

All these results focus on high potentials' reactions, which seem to always be positive, while non-high potentials are not targeted by talent management practices and will not portray these positive reactions such as high commitment and low turnover intentions. In this sense, Marescaux et al. (2013) have critically suggested that the final net effect of workforce differentiation may even be negative due to negative reactions among non-high potentials. Resources, such as training and development opportunities, are unequally allocated and can cause positive effects among the high potentials who receive these resources, but also negative effects amongst non-high potentials who do not receive these resources. Employees compare their own outcomes with the outcomes of co-workers to assess the favorability of their outcomes (Greenberg, Ashton-James, & Ashkanasy, 2007). When non-high potentials, the largest group in an organization, notice that they have fewer resources (i.e., outcomes) than high potentials, the former group may experience unfavorable treatment. In this sense, results have shown that employees who perceive to be unfavorably treated experience lower affective commitment (Marescaux et al., 2013), are less committed to advancing their skills and to supporting strategic priorities, show less identification with the focal unit, and have higher turnover intentions (Björkman et al., 2013) than their co-workers.

If we would aggregate these employee outcomes to outcomes at the organizational level, we could make the objection that non-high potentials' negative reactions could outweigh high potentials' positive reactions, thereby yielding a negative overall impact on organizational outcomes. As unfavorably treated employees comprise the largest group in an organization, they have a greater impact on organizational outcomes than the small, select group of high potentials. For instance, the aggregation of a large amount of high turnover intentions among non-high potentials combined with a limited amount of low turnover

intentions among high potentials would still result in a low overall retention rate at the level of the organization. Therefore, in line with Marescaux et al. (2013), we suggest considering a potential negative net effect of unequal resource allocation on organizational outcomes.

Proposition 2: Employee outcomes mediate the relationship between unequal resource allocation in talent management and organizational outcomes. In particular, unequal resource allocation can have either a positive or a negative relationship with employee outcomes and consequently with organizational outcomes.

Impact of Distributive Justice on Differential Employee Outcomes

In the present paper, we aim to understand why talent management can have a positive effect on one group of employees and a negative effect on others. In other words, we want to address the following question: *How* do talent management practices influence these differential employee outcomes? (Bowen & Ostroff, 2004). At present, these processes (linking talent management practices to employee reactions) remain a black box. In order to understand how employee reactions to talent management are shaped, the theory of perceived organizational justice offers a suitable framework. In particular, perceived distributive justice covers the employees' personal evaluations of the resource allocation in talent management (Colquitt, 2001; Greenberg, 1990).

Perceptions of distributive justice shape employees' behavioral, cognitive, and emotional reactions (Cropanzano & Folger, 1991). The emergence of these employee reactions can be explained through social exchange theory (Blau, 1964). Social exchange theory states that relationships involve the process of negotiating exchanges between parties. In particular, when organizations are distributively just, social exchange theory dictates employees to reciprocate with positive attitudes and behaviors. In their review on perceived organizational justice, Cohen-Charash and Spector (2001) gathered empirical evidence for the beneficial impact of perceived distributive justice on employee outcomes such as

employee satisfaction, affective commitment, organizational citizenship behavior, turnover intentions, and employee performance. The AMO framework explains, for instance, how HR practices can heighten employees' performance by increasing their motivation to perform (Appelbaum et al., 2000). We propose that the talent management practices do not directly influence this motivation, but rather that it is influenced by employees' perceived distributive justice of the practices.

Proposition 3: Employees' perceived distributive justice of talent management practices relates to employees' outcomes in the sense that high perceived distributive justice relates to positive employee outcomes and low perceived distributive justice to negative outcomes.

Antecedents of Perceived Distributive Justice

We believe that justice research too often focuses on the impact of perceived distributive justice on employee outcomes while neglecting the objective antecedents such as HR practices of these distributive justice perceptions. In a similar vein, the impact of HR practices implemented by management on employees' subjective perceptions is not well understood (Wright & Nishii, 2013; Liao *et al.*, 2009). Therefore, we encourage the study of the antecedents of talent management practices' perceived distributive justice. In this way, researchers can provide organizations with feedback on which objective, intended talent management practices link with high perceived distributive justice. In this paper, we decided to focus on the most sensitive aspect of talent management, the unequal allocation of resources.

The impact of unequal resource allocation. Adams (1963) has pointed out that perceptions of distributive justice originate from comparing the ratio of one's own contributions and one's own outcomes to the ratio of another co-worker. Following this equity rule, we expect in talent management that when the unequal allocation of resources

(i.e., outcomes) is based on differential potentials to contribute, the ratio will be in balance and will result in perceptions of distributive justice. To shape distributive justice perceptions, however, employees need to be aware of their own and their co-workers' outcomes and potential to contribute. In the context of talent management, however, it is rather challenging to properly estimate ones' potential contributions to an organization. The appraisal of one's potential is often biased by multiple factors, such as interpersonal liking, the political arena, or personal interests (Swales, 2013), and only the high potentials in particular tend to have the opportunity to actually show their potential contributions (Collings & Mellahi, 2009). Continuing on this second argument, Schuman (2001) argued that employees should have equal opportunities to show their potential to contribute. When employees do not have such an opportunity, they could have the impression that the ratio of contributions and outcomes is invalid and based on information that is not representative. Van den Bos, Lind, Vermunt, and Wilke (1997) suggested that when people lack proper information on either their contributions or outcomes, they will focus their assessment of distributive justice on the information that is available. Thus, when employees lack proper information about their own and their co-workers' potential contributions, they shape their feelings of distributive justice by assessing the differential outcomes they perceive, for instance, varying development opportunities or financial rewards (Van den Bos, Lind, Vermunt, & Wilke, 1997). Employees who then receive no or very few outcomes compared to other co-workers thus perceive distributive injustice.

We suggest that when there is a high inequality in the allocation of resources where, for instance, 90 percent of all resources are invested in only 5 percent of the workforce, there will be more perceptions of distributive injustice among employees as more employees receive no or very few resources (i.e., outcomes). When there is, however, a low inequality in

resource allocation, more employees will receive resources and there will be fewer perceptions of distributive injustice.

Proposition 4: A high level of unequal resource allocation in talent management has a stronger negative relationship with perceptions of distributive justice than a low level of unequal resource allocation.

The impact of high potential status. We posit that the feelings of distributive justice that are linked to unequal resource allocation will be different for non-high potentials and high potentials. Previous studies on performance appraisals have shown a positive relationship between an employee's received performance ratings and his or her perceptions of distributive justice (e.g., Erdogan, 2002; Stoffey, & Reilly, 1997). Based on these findings, we propose another explanation for this relationship in addition to the above argument about the lack of proper information. It is known that employees have the tendency to overestimate their own contributions (Nilsen & Campbell, 1993) and therefore expect high outcomes. Consequently, when employees do not receive what they expect, they perceive low levels of distributive justice. In this sense, we suggest that non-high potentials also expect high outcomes and will, in turn, be more inclined to perceive a relatively lower level of distributive justice when they become aware that they have not received such high outcomes as high potentials. Thus, it is especially the non-high potentials who will perceive distributive injustice when confronted with a highly unequal allocation of resources. Furthermore, we expect that the difference in reactions between non-high potentials and high potentials will be especially large when the unequal allocation of resources is high rather than low. High potentials will always perceive a high level of distributive justice as they experience positive outcomes in either situation, while the distributive justice perceptions of non-high potentials will be lower when confronted with highly unequal resource allocation, as in this situation their outcomes will be more negative.

Proposition 5: Whereas a rather positive relationship is expected between an unequal allocation of resources and perceptions of perceived distributive justice amongst employees identified as a high potential, a negative relationship will appear amongst employees who are not identified as a high potential. In particular, highly unequal resource allocation will relate to a higher level of distributive justice among high potentials and a lower level of distributive justice amongst non-high potentials.

The impact of high potential status and equity sensitivity. The likelihood to perceive high or low levels of distributive justice among high potentials or non-high potentials may also differ according to individual differences, such as their equity sensitivity. Huseman et al. (1987) distinguished between ‘benevolents’ who tolerate disadvantaged situations and prefer their contribution-outcome ratio to be lower than colleagues; ‘entitleds’ who strive for a higher contribution-outcome ratio; and ‘equity sensitives’ who prefer an equal contribution-outcome ratio. Blakely, Andrews, and Moorman (2005) discovered that entitleds are more focused on outcomes, whereas benevolents are more focused on contributions and equity sensitives have a similar focus on contributions and outcomes. Equity sensitivity has mainly been used as a moderating variable between distributive justice perceptions and employee reactions (e.g., Blakely et al., 2005), while we believe that equity sensitivity as an antecedent shaping employees’ perceptions of distributive justice is insufficiently studied.

We expect that a high potential who receives more desired outcomes will be more inclined to perceive a high level of distributive justice when he or she is an entitled than when he or she is a benevolent. In addition, a non-high potential who receives fewer desired outcomes will be more inclined to perceive a low level of distributive justice when he or she is an entitled than when he or she is a benevolent. That is because entitleds are the most sensitive for the difference in outcomes in talent management practices, while benevolents

are the least sensitive, as they tend to focus on their contributions. Furthermore, we expect that distributive justice perceptions of equity sensitives are not influenced by the high potential status. Equity sensitives assess the justice of a situation using the rule of equity and will only perceive distributive injustice when they perceive an imbalance in the contribution-outcome ratio. An equity sensitive employee who is not identified as a high potential may still perceive distributive justice when his/her contributions to an organization are in balance with his/her outcomes, compared to co-workers. Overall, we propose the following:

Proposition 6: The moderating effect of high potential status between unequal resource allocation and perceived distributive justice is moderated by the level of equity sensitivity of the individual under consideration.

In addition, we would like to point out a new trend in equity sensitivity research in which scholars study the antecedents of equity sensitivity, such as personal characteristics (e.g., age) and the organizational setting (Roehling, Roehling, & Boswell, 2009). According to these studies, equity sensitivity is not necessarily a stable trait. Roehling et al. (2009) proposed that, for instance, culture could influence an employee's equity sensitivity. Organizational justice literature has already repeatedly identified cultural influences (Brockner et al., 2001; Dixon, Caldwell, Chatchutimakorn, Gradney, & Rattanametangkul, 2010; Shao, Rupp, Skarlicki, & Jones, 2013). Due to the current internationalization, talent management practices are increasingly implemented in a global context (Ashton & Morton, 2005). This global talent management imposes organizations to consider the influence of an employee's national culture on his or her perceptions.

Hofstede, Neuijen, Ohayv, and Sanders (1990) identified five dimensions to classify international cultures. One of these dimensions is power distance (i.e., the extent to which employees tolerate and expect an unequal distribution of power in the organization).

Employees in high power distance cultures are more accepting of interpersonal inequalities as

compared to employees in low power distance cultures who desire equality. In this sense, we suggest that organizations with high power distance cultures will create more entitled employees, while organizations with low power distance cultures are more likely to generate benevolent and equity sensitive employees.

Although some studies have shown the impact of situational factors in creating entitled, equity sensitive, or benevolent employees, this line of research is still in its infancy. While these studies further unfold, we discuss additional ways for organizations to influence the impact of possible distributive injustice perceptions on employee outcomes, such as procedural interventions and relationship building.

Buffering Effect of Perceived Procedural, Interpersonal, and Informational Justice

Organizations are unable to provide all employees with the outcomes and resources they desire, and the scarce resources that are available are, in an exclusive talent management approach, mainly directed towards a small group of employees (Collings & Mellahi, 2009). Therefore, Cropanzano, Bowen, and Gilliland (2007, p. 43) have stated, “If you can’t give people the outcome they want, at least give them a fair process.” When employees perceive unfair outcomes but fair procedures, perceived distributive justice will have a smaller negative effect on employees’ attitudes and behaviors than when procedures are perceived as unfair (Brockner & Wiesenfeld, 1996, 2005). This could imply that negative reactions among non-high potentials who perceive distributive injustice could be diminished by implementing fair talent management procedures.

Multiple explanations have been proposed for the moderating effect of perceived procedural, interpersonal, and informational justice (Brockner & Wiesenfeld, 1996, 2005; Shaw, Wild, & Colquitt, 2003). First, *referent cognitions theory* (Folger, 1986) or *fairness theory* (Folger & Cropanzano, 1998) states that when procedures are fair (i.e., follow procedural rules) or when a clear and adequate explanation for unfair outcomes is given (i.e.,

informational justice), employees will find it more difficult to imagine outcomes that are better than their current outcomes, making them less inclined to perceive distributive injustice (Folger, Rosenfield, & Robinson, 1983). As such, employees will be less inclined to reciprocate with negative attitudes and behaviors (Folger, 1993). Differently put, when non-high potentials perceive fair procedures and/or receive an explanation for why some employees are identified as high potentials and others are not, they will be less inclined to think that they also deserved to be identified as a high potential. They are thus less likely to perceive distributive unfairness and respond with negative attitudes and behaviors. Second, according to the *self-interest hypothesis* (Thibault & Walker, 1975), employees want to maximize their outcomes. Consistent and thus fair procedures will give those employees who are not identified as high potentials the expectancy that their outcomes will be more favorable and predictable in the future. Employees will, therefore, shape their reactions based on future outcomes and continue exhibiting positive behaviors. The *group value model* offers a third explanation (Lind & Tyler, 1988). Employees identify themselves with groups through social interactions to fulfill their need for self-esteem. If procedures are fair and interpersonal treatment is positive (i.e., interpersonal justice), employees experience higher self-esteem and are less affected by specific unfair outcomes (Lind & Tyler, 1988). When employees are, however, affiliated with an organization that uses unfair procedures, they experience self-identity confusion (Campbell, 1990). Unfair procedures contradict with a person's own values and trigger self-examination, which can result in lower self-esteem. As such, the group value model implies that procedural and interpersonal unfairness runs the risk of even causing lower self-esteem among the high potentials who received desired outcomes. Based on these explanations, we formulate the following proposition:

Proposition 7: Perceived procedural, informational, and interpersonal justice will moderate the relationship between perceived distributive justice and employee

outcomes (e.g., employee satisfaction). If the procedural, informational, and interpersonal justice perceptions of talent management practices are high, the relationship between perceived distributive justice and these outcomes will decrease in strength.

Order Effect of the Different Justice Concepts

The order in which procedures, information, interpersonal treatment, and outcomes are presented will have an impact on the size of the moderating effect. In their experimental study, Van den Bos, Vermunt, and Wilke (1997) manipulated the temporal order in which procedures or outcomes were presented. Their results showed that the strength of the moderating effect changed as a function of presenting the outcomes or the procedures first. When focus was first directed toward the procedures, then these procedures had a stronger effect on the dependent variables than the outcomes did. Moreover, this effect was especially large when the outcomes were unfair. However, when the presentation of the outcomes preceded this of the procedures, the outcomes had a larger effect on the dependent variables than the procedures, especially when outcomes were seen as unfair. Following referent cognitions theory (Folger, 1986), employees will find it more difficult to imagine more beneficial outcomes than their current ones when they are provided with clear allocation procedures (Folger, Rosenfield, & Robinson, 1983) and especially when employees have knowledge about the allocation procedures before knowing their own outcomes. We expect this order effect to also be present in the moderation effect of perceived informational justice and interpersonal justice. In other words, when appropriate clarification or information and fair interpersonal treatment precede certain outcomes, it can positively shape employees' cognitions about the outcomes (see referent cognitions theory, discussed earlier) (Folger, 1986). Hence, organizations ought to carefully focus employees' attention on talent management procedures by, for instance, giving information on how and why talent

management procedures are implemented, before employees, and especially, the non-high potentials become aware of their non-identification and are confronted with their differential outcomes. We expect that when procedural, interpersonal, and/or informational justice are perceived first, the possibly negative effects of perceived distributive injustice on talent management outcomes will be smaller than when employees perceive this low level of distributive justice first.

Proposition 8: The magnitude of the moderation effect of perceived procedural, informational, and interpersonal justice on the relationship between perceived distributive justice and talent management outcomes depends on the order of the perceptions. When perceptions of procedural, informational, and/or informational justice precede the perception of low levels of distributive justice, the moderation effect (i.e., decreased negative effect of perceived distributive justice on talent management outcomes) will be stronger than when low levels of distributive justice are perceived first.

Role of Social Exchange Relationships: Perceived Organizational Support and Leader-Member Exchange

Organizations and supervisors find it difficult to be sensitive and give adequate explanations when communicating negative news, such as the unequal allocation of resources. Being respectful, polite, and providing clarification may demand great effort and time, especially when an organization or a supervisor feels responsible for the possible negative outcome of talent management for a certain group of employees (Folger & Skarlicki, 2001). This could explain the existing secrecy concerning talent management practices.

Nonetheless, and despite these difficulties, investing in high-quality relationships between employees and their organization and supervisors can pay off. Employees take the quality of their organizational relationships into account when assessing justice in such a way

that it increases their perceptions of procedural, interpersonal, and informational justice (Masterson, Lewis, Goldman, & Taylor, 2000; Piccolo, Bardes, Mayer, & Judge, 2008; Roch & Shanock, 2006). Relationships can be divided into two different categories: between employee and organization, or perceived organizational support (POS), and between employee and supervisor, or leader-member exchange (LMX) (Settoon, Bennett, & Liden, 1996). When employees believe that an organization values their contributions and cares for their welfare, POS will be high (Eisenberger, Huntington, Hutchison, & Sowa, 1986). On the other hand, when an employee experiences mutual respect, high levels of trust, and support from his or her supervisor/s, LMX will be high (Graen & Uhl-Bien, 1995; Liden & Maslyn, 1998).

Generally, POS and LMX are portrayed as consequences of organizational justice (Masterson et al., 2000; Piccolo et al., 2008; Roch & Shanock, 2006), whereas it has also been suggested that they can serve as its antecedents (Allen & White, 2002; Dirks & Ferrin, 2002). Employees are only confronted with talent management practices when they are already a member of their organization. As such, employees shape and assess their relationships based on earlier experiences within the organization before coming into contact with talent management practices. This corresponds to the idea of Erdogan (2002), who proposed that POS and LMX are formed before being subject to performance appraisals. When POS is high, employees expect their organization to be consistent in acting fairly in the future. Consequently, employees will focus on fair practices in talent management instead of unfair practices (Erdogan, 2002). Also for LMX, we expect employees to give their supervisors the benefit of the doubt when they encounter unfair practices in talent management. Employees trust their supervisors to be fair (Graen & Uhl-Bien, 1995). This means that POS and LMX can positively influence perceived procedural, informational, and

interpersonal justice and in turn also buffer the negative effect of low levels of perceived distributive justice of talent management practices on employees' attitudes and behaviors.

Proposition 9: Perceived organizational support (POS) and leader-member exchange (LMX) will moderate the relationship between distributive justice perceptions of talent management and employee outcomes through their influence on perceptions of procedural, informational, and interpersonal justice. If POS and LMX are high, perceived procedural, informational, and interpersonal justice will increase, and hence the negative effect of perceived distributive justice on employee outcomes will decrease.

Discussion

In the present paper, we developed a theoretical framework that introduces workforce differentiation as a framework for exploring exclusive talent management practices as well as perceived organizational justice and related moderators (i.e., high potential status, equity sensitivity, perceived organizational support, and leader-member exchange) to understand employees' differential reactions to talent management practices. In developing a future research agenda, the current paper may offer new insights for academics as well as for HR practitioners. From a theoretical point of view, we address the lack of a theoretical foundation in talent management and develop a research agenda to guide future studies at the employee level on the topic of talent management. On the practical side, this paper encourages HR practitioners to assess the impact of their talent management practices on employees instead of merely focusing on the organizational outcomes. Furthermore, multiple propositions provide HR practitioners with guidelines to strive for optimal talent management by, for instance, implementing procedural fair practices (e.g., use shared decision-making to avoid bias effects such as self-interest).

Research Agenda

To apply more rigor in research, we recommend using multilevel and longitudinal studies (Boxall, Purcell, & Wright, 2007). The developed research agenda consists of propositions linking both organizational (i.e., unequal allocation of resources) and employee (e.g., high potential status, equity sensitivity) levels. Hence, multilevel designs are most appropriate to integrate both levels of analysis. For instance, researchers could study how the size of the difference in distributive justice perceptions between high potentials and non-high potentials varies across various organizations with a high to low unequal allocation of resources. Multilevel designs are said to grasp the true nature of organizations, but are, nevertheless, challenging. Klein and Kozlowski (2000) provided a useful overview on how to correctly conduct this type of research. Longitudinal designs are then best suited to study how talent management practices and procedures influence perceived organizational justice and, in turn, employee and organizational outcomes. Ideally, researchers should target organizations that are planning to introduce an intervention in their talent management procedures (e.g., implementation of a new communication policy on talent management; identification of a new pool of high potentials). Subsequently, researchers could conduct pre- and post-intervention measurements of the different types of perceived organizational justice and of employee outcomes and analyze how they influence organizational outcomes.

Challenges

Because in a majority of cases, organizations are secretive about differentiating between employees (Dries & Pepermans, 2009; Fresina, 1987), it is conceivable that many employees have little to no knowledge about the talent management practices impacting them. Clearly, this presents challenges to researchers in terms of employee inquiry. When employees are queried by researchers on how they perceive talent management practices, cues are provided. This creates knowledge about talent management that would not have been present without

the inquiry. As a result, it is challenging to ask questions about the justice of talent management in real-life situations, especially to non-high potentials. As an alternative, researchers might opt to create scenarios in policy-capturing study designs (i.e., a vignette study). In such designs, hypothetical stories or scenarios are formulated about situations or persons, usually presented in a survey, and subsequently, peoples' judgments about these scenarios are assessed (Atzmüller & Steiner, 2010). In a policy-capturing design, researchers can ask more explicit questions concerning employees' evaluations of talent management (Karren & Barringer, 2002). These designs are, however, not always considered to have high ecological validity. In a similar vein, employees are often not informed about their high potential status. This might be a problem when one wants to study differences between high potentials and non-high potentials. Researchers could circumvent this problem by using double blind designs in which employees are kept blind about which group of employees they belong to. One could, for instance, create two separate links for the same online questionnaire and send these links to the two different groups without them knowing which group they belong to. In this manner, the data are already grouped according to high potential status.

Furthermore, it is challenging to demonstrate whether or not, and to what extent, a change in employee or organizational outcomes is caused by the perceived organizational justice of one specific bundle of practices, such as talent management. Hosmer and Kiewitz (2005) pointed out a number of other potential factors in addition to organizational justice perceptions that influence organizational outcomes. For instance, organizational outcomes are also affected by factors such as economic conditions, market trends, and social changes. These factors might hinder the observation of the exact effect of employees' perceptions on talent management practices. Nonetheless, when researchers succeed in collecting in-depth cases, and consider the above confounding factors, we believe that a longitudinal study can determine talent managements' real impact on specified outcomes.

Practical Implications

Throughout this paper, we linked objective talent management practices to subjective employee reactions. Based on our review of the relevant literature, specific guidelines to enhance employee reactions can be offered to organizations.

Organizations need to be more consciously aware of the processes involved in producing talent management outcomes. Information should, therefore, be provided on how talent management practices influence perceptions of organizational justice, result in desired employee outcomes, and help to achieve desired organizational outcomes. This is particularly important when we know that fair practices have more impact when all employees are treated fairly as opposed to one or a few employees (Naumann & Bennett, 2000). Nonetheless, organizations will experience limitations regarding which actions and processes they can attempt to manipulate. HR practices are not always implemented in a straightforward manner, and numerous dualities and ambiguities exist within the field (Boselie, Brewster, & Paauwe, 2009). As we discussed, high potentials and non-high potentials can have different perceptions of the distributive justice of talent management practices, and these perceptions may be influenced by individual differences in equity sensitivity. Therefore, employees may respond differently to the unequal resource allocation in talent management. It would not be ethical to select employees based on this individual difference. Procedural, informational, and interpersonal justice could, however, be a less substantial way to buffer the negative effects of possible perceptions of distributive injustice. As such, when organizations implement exclusive talent management practices, they would do well to focus on applying procedural rules (as explained earlier) in talent management, providing clarifications for talent management practices, and treating employees with respect to increase their influence on employee reactions (proposition 7). As an example, organizations are advised to be consistent in the way they identify high potentials over time and across employees, avoid personal self-

interest by shared decision making, use grounded information (Leventhal, 1980), and provide employees with opportunities to express their thoughts and opinions (Lind & Tyler, 1988; Lind & Kulik, 2009). Furthermore, organizations that clarify and make their procedures visible enable employees to be aware of the procedures and perceive procedural justice. Only then can fair procedures have a positive influence on employee outcomes. Moreover, the order in which clarifications are given seems to be crucial; clarifications concerning procedures should be provided before employees become aware of their differential high potential status and the accompanied differential resources (proposition 8).

Treating employees with respect is especially important when considering the recent trend of HR devolution (i.e., reallocating tasks from the HR department to line managers; Cascón-Pereira, Valverde, & Ryan, 2006). HR devolution implies that line managers receive more responsibilities than before when it comes to implementing talent management practices and this, in turn, increases their impact on employees' perceptions of justice. Indeed, Tansley et al. (2007) explained that line managers are pivotal in the identification, motivation, and retention of high potentials. This trend entails several practical problems, as not all line managers have the ability, willingness, or time to handle these HRM issues (Larsen & Brewster, 2003). Therefore, organizations would benefit from evaluating their managers on how they apply procedural rules, give clarification, and portray respectful treatment. Training on fair decision-making processes and interpersonal skills could be provided to managers to increase positive leader-member exchanges and consequently enhance employees' perceptions of organizational justice (proposition 9).

Finally, when organizations implement exclusive talent management, we encourage them to find ways to also provide opportunities to non-high potentials to show their potential contributions. Hence, non-high potentials will have the perception that the contributions-

outcomes ratio is based on valid information, and they will be less inclined to perceived distributive injustice and respond negatively (proposition 4 and 5).

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JUSTICE AND TALENT MANAGEMENT OUTCOMES

Figure 1. The role of perceived organizational justice in explaining differential outcomes for talent management practices. Each arrow represents a proposition.