Exploring the links between talent philosophies and talent management in service organizations

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Abstract
Purpose – In line with recent trends in the human resource management literature that address talented employees and their management, the purpose of this paper is to examine the associations between talent philosophies (innate/developable and exclusive/inclusive) and the way talent is identified and assessed in the context of service organisations.

Design/methodology/approach – A structured questionnaire was administered in shipping companies located in Greece and 125 questionnaires suitable for further use were collected. Moreover, the measurement instruments of the constructs under examination were adopted from relevant studies in the literature. Finally, the data were analysed through exploratory factor analysis and multiple regression analysis.

Findings – The findings showed that the different talent philosophies impact upon the way talent is managed (i.e. identified and assessed). Specifically it was found that managers who adopt mainly innate and exclusive talent philosophies tend to rely more on their first impressions in the identification of talent and to focus in a greater extent on their personal judgment rather than standardized procedures in talent assessment.

Originality/value – Despite the increased academic voices on exploring the concepts of talent and talent management in the context of business organisations, the field is still lacking empirical evidence. Therefore, this study contributes to the limited empirical studies on talent issues and provides evidence on the links between the dominant talent philosophies and the way talent is identified and assessed in organisations.

Keywords Talent, Talent management

Paper type Research paper

Introduction
In the current competitive market environment, service organisations have recognised the importance of human resources and competent human capital for achieving organisational success and gaining a strong competitive advantage (Zheng, 2009). The central argument of the relevant studies is that rare and non-imitable human abilities and qualities assist business organisations to produce superior services and differentiate from competitors (Zheng, 2009). It is thus imperative for service organisations to capitalise on personnel’s capabilities and develop their special competencies, as well as to effectively manage their employees in order for them to reach high levels of performance as well as positive employee results (Pandita and Ray, 2018).

In recent years, employees who possess these special and exceptional competencies and also are hard to find and hard to replace (Schuler, 2015) have attracted academics’ and practitioners’ interest alike. As a consequence, a new field has emerged in the literature that addresses talents and their management in the working environment (Meyers et al., 2019; Tafti et al., 2017). Talent, which is viewed as personal, exceptional attributes and abilities of employees that enable them to reach excellent performance (Nijs et al., 2014), and its management now constitute one of the main priorities in service organisations (Zheng, 2009).

So far, the majority of prior studies have tended to examine the nature of human talent in the business organisational context from a theoretical perspective (Gallardo-Gallardo et al., 2013). Despite the fact that the field has begun to witness a shift to more empirical works (McDonnell et al., 2017),
it is still important to move away from pure conceptual studies (Collings and Mellahi, 2009), qualitative surveys (Cooke et al., 2014) or case studies (Iles et al., 2010) and to address the need for more empirical, quantitative studies on talent issues (Meyers et al., 2019). In this regard, Meyers and van Woerkom (2014) also point to the need for more empirical research on managers’ perceptions on talent and on the investigation of their role as a predictor of talent management practices adopted by organisations (Meyers and van Woerkom, 2014).

The present study intends to respond to this call in the literature by examining the relationship between talent and talent management in the context of service organisations and specifically by drawing evidence from a sample of shipping companies in Greece. To do so, we focus on talent’s distinction as innate or developable and exclusive or inclusive and on its management in terms of identification and assessment. These relationships lack extensive empirical evidence and have been mainly described conceptually by Dries (2013) and empirically by Dries et al. (2014). We differentiate from the study of Dries et al. (2014), as we make an attempt to empirically explore the causal links among the constructs under examination. Also, we expand the study of Meyers et al. (2019), who inter alia investigated the relationship between talent philosophies, the organisational perception on the definition of talent and the degree of workforce differentiation, by focusing on the way that talent is identified and assessed.

Literature review and formulation of research hypotheses

Talent in the context of business organisations

In general, the employment of talented people seems to be an unquestionable source of competitive advantage (Cappelli, 2008) and the management of talented human resources has positive implications (Collings and Mellahi, 2009) for those organisations that implement specific processes focussed on anticipating their future employment needs and setting organisational plans in order to meet these needs or in other words put in place talent management systems (Cappelli, 2008).

Despite the ongoing discussion on its growing importance (McDonnell et al., 2017), a common definition and meaning of talent in the context of business entities have yet to be determined (Tansley, 2011). In fact, a closer look at the relevant literature reveals that the academic community has adopted different viewpoints in conceptualising talent and thus a variety of definitions has emerged (Cooke et al., 2014; Nijs et al., 2014) addressing in some cases its subjective and context-dependent nature (Thunnissen and Van Arensbergen, 2015).

For example, Nijs et al. (2014) emphasises that talent comprises innate abilities of people that can be systematically developed in certain activities, which they like and they want to invest their energy in, and at the end leads them to achieve excellent performance. In a different conceptualization of talent, Höglund (2012) views it as essential human behaviours and qualities for the fulfilment of present and future organisational objectives. Moreover, according to other definitions in the literature, talent refers to those individuals who have high education, but also have the potential to develop into high achievers or high performing employees in their company (Cooke et al., 2014), or addresses those people who possess strategic organisational positions and thus differentially contribute to performance results in the organisation (Collings and Mellahi, 2009).

Talent philosophies (talent seen as innate/developable and exclusive/inclusive)

The different philosophies on talent have also seen a particular interest by researchers and have been the subject of considerable research in the field of talent management (Dries, 2013; Meyers and van Woerkom, 2014). The reason behind this academic interest is that these underlying talent philosophies, which are defined as “the fundamental assumptions and beliefs about the nature, value, and instrumentality of talent that are held by a firm’s key decision makers” (Meyers and van Woerkom, 2014, p. 192), influence the talent management practices that are adopted by the organisations (Meyers et al., 2019). Considerable scholarly interest has been primarily shown in the philosophies that concern the innate (vs developable) (Meyers et al., 2019) and the exclusive (O’Connor and Crowley-Henry, 2017) vs inclusive nature of talent (Meyers and van Woerkom, 2014).
In the first case (innate vs developable), the question is: Is talent stable or it can be cultivated over time? (Meyers et al., 2013). The answer to this question determines whether talent is characterised as an innate or as a developable construct. When talent is seen mainly as being genetically determined or in other words innate, then it is implied that organisations should concentrate their talent management efforts in identifying and recruiting the best people (Meyers et al., 2013). Contrarily, the developable philosophy, which supports training and education as means for talent development, suggests a focus on systems that target employees’ knowledge and skills improvements (Meyers et al., 2013).

In the second case (exclusive vs inclusive), the question is: How prevalent is talent inside an organisation? (Dries, 2013). The answer to this question ascertains whether talent is seen through an inclusive or an exclusive lens. In particular, the inclusive perspective tends to value the talents, strengths and capabilities of all employees (Swailes et al., 2014), while the exclusive talent philosophy focuses only on a small number of organisational members that are high performers or are believed to be high potential individuals (Gallardo-Gallardo et al., 2013). The latter individuals occupy pivotal positions in the organisation and thus the exclusive philosophy differentiates among employees that are of strategic importance and those that are not leading to a more effective usage of firm resources (Collings and Mellahi, 2009). However, proponents of the inclusive talent philosophy argue that talent management’s central point should lie in the identification of all employees’ talents, as well as in the assignment of employees in the right organisational roles in which they will have the opportunity to utilise their talents (Swailes et al., 2014).

**Talent management**

The other theme that seems to dominate the relevant literature is how talent is managed by organisations (McDonnell et al., 2017). The conceptualization of talent management can also be viewed from different perspectives (McDonnell et al., 2017). For instance, according to some scholars, talent management should involve the identification and management only of those employees who are high performers or high potentials (McDonnell et al., 2017). Thus, organisational strategies on talent management should be directed towards the development of certain human resource management practices that concern for example the identification, development and retention of people with excellent competencies, which are appropriate for a specific firm environment (Meyers and van Woerkom, 2014).

However, the second research stream on talent management has a starting point the recognition of key strategic (or crucial) positions and jobs in the company (McDonnell et al., 2017). Advocates of this viewpoint mainly argue that talent management systems concern the identification of those crucial organisational positions that can contribute the most to the attainment of a strong competitive advantage, then the development of a pool of talented people that will be deployed in these positions and finally, the configuration of the proper human resource policies in order to support these high performing or high potential employees and ensure that they will be committed to the company (Collings and Mellahi, 2009).

As previously stated, the different talent management practices can be influenced by the talent philosophies that are prevalent in the organisational context (Meyers et al., 2019). Below, the connection between the innate/developable and exclusive/inclusive talent philosophies and the management of talent in terms of talent identification and assessment takes place.

**Talent identification**

Dries (2013) claims that innate perceptions can be associated with the implicit person theory held by organisational members and with the tendency of some people to refuse to change their opinion about someone (i.e. employee) once they formed an initial impression about him or her in the past. Implicit person theory addresses people’s assumptions on whether personal attributes are fixed and stable (entity theorists) vs malleable (incremental theorists) (Levy et al., 1998). Heslin et al. (2005) demonstrated that “implicit person theory affects managers’ acknowledgment of a change in performance, after an initial impression has been formed of an employee” (p. 849) and, among other findings, they concluded that managers who hold entity beliefs (individual attributes are mainly stable and not able to change) tend to stick to their initially formed
impressions with regard to their judgements on employee performance. In this vein, Dries et al. (2014) found a positive correlation between a fixed (i.e. innate) mindset about talent and respondents’ reliance on their first impressions in talent identification after conducting a survey in multinational companies in different countries.

Furthermore, it has been argued that innate perceptions on talent may often coincide with an exclusive talent philosophy (Dries, 2013; Meyers et al., 2013). The literature on investigating exclusive or inclusive talent strategies has already focussed on their association with different typologies of talent management (Bolander et al., 2017) or linked them with employee results (O’Connor and Crowley-Henry, 2017) and other outcomes in specific organisational settings (Thunnissen and Van Arensbergen, 2015). Also, with regard to the exclusive/inclusive distinction, Dries et al. (2014) also found that an exclusive approach to talent management is positively correlated with reliance on first impressions in identifying talent.

Based on the above, we hypothesise that:

H1. The innate/developable talent philosophy is associated with managers’ reliance on first impressions in the identification of talent.

H2. The exclusive/inclusive talent philosophy is associated with managers’ reliance on first impressions in the identification of talent.

**Talent assessment**

Talent assessments are influenced by the implicit perceptions of key managers (Gallardo-Gallardo et al., 2013). These talent assessments can rely on personal judgement or standardized procedures (Bolander et al., 2017; Dries et al., 2014). The formal and standardized procedures are accompanied by solid talent definitions as well as validated evaluation methods in order to achieve objectivity; on the other hand, when assessors are based on their personal judgement, they tend to make decisions based on their understanding (Bolander et al., 2017). In the literature, the dilemma on objectively measuring talent or relying on subjective perceptions has attracted the researchers’ attention as decision makers have the tendency to use their own subjective criteria parallel with utilising objective data (Thunnissen and Van Arensbergen, 2015).

As Dries (2013) mentions, people think that talent identification or evaluation may not need to be accompanied by formal and standardized evaluation methods. They may rather be based on personal judgements and intuition, as people sometimes believe that they “know talent when they see it” (Dries, 2013, p. 280). With regard to employee selection in general, individuals do not prefer to follow certain selection methods, such as written assessment tests or structured interviews and they end up over-relying on their subjective and intuitive opinions (Highhouse, 2008). Intuition is based on someone’s experience and denotes “a physical feeling that merged rapidly and involuntarily” (Miles and Sadler-Smith, 2014, p. 624). The need for managers to “listen to their gut” (Miles and Sadler-Smith, 2014, p. 606) in employee selection processes has its reasons in personal preferences, limited resources and the awareness of the limitations of structured methods (Miles and Sadler-Smith, 2014). Furthermore, Lievens et al. (2005) found that the selection method, which the managers utilise, influences the importance attributed to certain personnel characteristics by them; particularly in their study managers showed a preference for the evaluations that were derived from an unstructured interview than from a paper and pencil test.

As mentioned before, the different philosophies on talent have different implications for talent management practices (Meyers et al., 2019; Meyers and van Woerkom, 2014) inside business organisations. In other words, the management of talent is influenced by how talent is perceived (Dries et al., 2014). Bolander et al. (2017) developed a typology of talent management and among other things they demonstrated that in an elitist type of talent management, in which talent is viewed as exclusive and innate, personal judgement outweighs formal procedures in talent identification and recruitment. Contrarily, when talent is seen as inclusive and acquired (or developed), as the humanistic type of talent management assumes, personal judgement is preferred for talent identification and formal tools are selected for talent recruitment (Bolander et al., 2017).
Thus, also in line with Dries et al. (2014) in the next two hypotheses, we examine whether perceptions on the innate/developable and exclusive/inclusive talent influence the degree to which managers would rely on their personal judgement over a standardized system of talent assessment:

**H3.** The innate/developable talent philosophy is associated with managers’ reliance on personal judgement rather than standardized talent assessment.

**H4.** The exclusive/inclusive talent philosophy is associated with managers’ reliance on personal judgement rather than standardized talent assessment.

**Methodology**

All measurement instruments of the examined constructs were adopted from Dries et al. (2014) and Pantouvakis and Karakasnaki (2018). The innate vs developable talent philosophy was operationalized using eight items (Dries et al., 2014). Sample items included: “The kind of person someone is, is something very basic about them and it can’t be changed very much”. The exclusive vs inclusive scale comprised three items (Pantouvakis and Karakasnaki, 2018), such as “A talent is not something everyone possesses, but just the lucky few”. As far as the measurement instrument of “Reliance on first impressions in the identification of talent”, the scale consisted of four items. A sample item was “If I do not consider a person talented at a first evaluation, the odds of me considering him or her talented at a next evaluation is small”. Finally, the dimension of “Reliance on personal judgement rather than standardized talent assessment” was measured with three items, i.e. “In evaluating the talent of employees, personal judgement is the best standard”. All items were measured on a seven-point Likert type scale.

A structured questionnaire was developed and distributed in shipping companies located in Greece. The questionnaire was addressed to the manager of any department in the shipping company. Finally, 125 usable responses were obtained, 28.8 per cent of the companies have 1–7 vessels in their fleet, 29.6 per cent have 8–20 vessels and 41.6 per cent of the companies operate more than 21 vessels. The majority of the shipping companies (41.6 per cent) manage various types of vessels. In total, 37.6 per cent of the companies belong to the dry bulk shipping sector, while 16.8 per cent of them operate in the liquid bulk sector. Finally, 4 per cent of them manage containerships.

Exploratory factor analyses (EFA) were performed in order to reveal the underlying structure of talent philosophies and talent management, while the associations among these constructs were determined through multiple regression analyses.

**Results and discussion**

**Exploratory factor analysis**

Two different EFA using the principal component analysis were performed with varimax rotation in order to identify the underlying structure of talent philosophies and to yield the structure of talent management. The EFA results revealed the two different talent philosophies, namely “Innate/Developable” and “Exclusive/Inclusive” as well as the dimensions of talent management, namely “Reliance on first impressions in the identification of talent” and “Reliance on personal judgement rather than standardized talent assessment”. Tables I and II display the EFA results in more detail. All factor loadings exceed the value of 0.50 (except for one loading in Table II, which is however very close to 0.50). This value is deemed necessary for practical significance (Hair et al., 2006), while loadings of 0.50 are also considered statistically significant for a sample size of 120 (Hair et al., 2006). Finally, both KMO values exceed the suggested minimum threshold (Hair et al., 2006).

As it can be seen from Table I, the first extracted factor represents the innate/developable talent philosophy, as it is comprised by a number of items that describe on the one hand fixed notions on talent and on the other hand developable perceptions (these items were reversed in order to yield a single scale). The second derived factor, that of the exclusive/inclusive talent philosophy,
contains three items that describe certain beliefs according to which talent is not disseminated to the whole working population, but is rare, only among a small number of employees.

Table II shows that with regard to the management of talent, two distinct dimensions can be identified. The first dimension includes four items, three of which describe the tendency of people to persist on their initially formed impressions regarding a talented individual, while one item was worded reversely in order to capture the opposite attitude of reconsidering one’s first opinion. Moreover, the second extracted factor describes the preference of personal judgement vs standardized tests in talent assessment, as it is believed that more information can be acquired from an informal and not from a formal talent evaluation procedure.

Testing of hypotheses

In order to test our hypotheses, we created the summed scales of the factors as extracted by the two EFA and we performed multiple regression analyses. In the first analysis, we utilised the innate/developable and exclusive/inclusive talent philosophies as independent variables and the “Reliance on first impressions in the identification of talent” as the dependent variable. In the
second regression analysis, the two talent philosophies were also treated as independent variables and the “Reliance on personal judgement rather than standardized talent assessment” as the dependent variable. The results are displayed in Table III. It is important to be noted that multicollinearity is not present among the independent variables.

The results in Table III lead to the support of all of our hypotheses. Specifically, in the first regression equation, both the innate/developable and the exclusive/inclusive talent philosophies exert a positive and significant impact on “Reliance on first impressions in the identification of talent” (Adj. $R^2 = 0.122$) (support of $H1$ and $H2$). Furthermore, through the second regression analysis, it becomes obvious that both talent philosophies influence “Reliance on personal judgement rather than standardized talent assessment” in a positive and significant way (support of $H3$ and $H4$). It is noted that adjusted $R^2$ in the area of the observed values are deemed to yield sufficient explanatory power in social sciences (Schlegelmilch et al., 1996).

First of all, the above findings indicate that as managers tend to exhibit more innate and exclusive perceptions on talent, they also tend to rely on their first impressions when they identify talent. As talent is viewed mainly as a fixed construct that only some people in a business organisation possess and that is at the most part genetically pre-determined, then managers do not seem to be eager to revise their initial evaluations on talented individuals. The positive relationship between the two talent philosophies and reliance on first impressions in talent identification is in the same line with the findings of Dries et al. (2014), who found positive correlations between these specific constructs.

On the one hand, these findings build on Heslin’s et al. (2005) study, in which the authors evaluated the effect of implicit person theories on employee performance appraisals, and our results also illustrated the importance of adopting an innate (or a developable talent philosophy) and its effects on talent identification. Specifically, managerial views on talent, which address its strong innate features and do not seem to be based on the contribution of practice in enhancing talent (at least at its most part) (Meyers et al., 2013), have a positive effect on managers’ tendencies to depend on their first impression when identifying a talented employee. As Heslin and VandeWalle (2008) noted, the more managers assume that individual attributes are stable, the more they do not recognise changes in employee performance; the opposite happens when managers develop growth mindsets and, thus, they are also in position to encourage employee advancement. Our findings showed that similar implications on talent identification emerge as previously described. On the other hand, our findings also reveal the contribution of the second dominant talent philosophy (exclusive/inclusive) on talent identification proving that exclusive perceptions held by managers lead to a higher degree of reliance on first impressions in identifying talent.

Second, personal judgement seems also to be preferred in talent evaluation compared to standardized procedures, as managers hold once again more entity (innate) – and not developable – as well as more exclusive – and not inclusive – beliefs on talent. The findings accentuate the importance of intuition and subjectivity in managerial decisions that concern employees (Miles and Sadler-Smith, 2014) and show that a narrow focus on talent which addresses a limited number of employees in an organisation, as well as the adoption of a stable perspective that does not recognise development from training and experience contribute positively to the preference for personal and subjective opinions throughout the talent

**Table III** Multiple regression analyses results

<table>
<thead>
<tr>
<th>Dependent variables</th>
<th>Regression 1</th>
<th>Regression 2</th>
</tr>
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<tbody>
<tr>
<td>Reliance on first impressions in the identification of talent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innate/developable talent philosophy</td>
<td>Adj. $R^2 = 0.122$</td>
<td>Adj. $R^2 = 0.102$</td>
</tr>
<tr>
<td></td>
<td>$F = 9.640$, sig. = 0.000</td>
<td>$F = 8.020$, sig. = 0.001</td>
</tr>
<tr>
<td>Exclusive/inclusive talent philosophy</td>
<td>0.222**</td>
<td>0.216**</td>
</tr>
<tr>
<td>Notes: <strong>,</strong>,**Significant at 0.05 and 0.01 levels, respectively</td>
<td>0.260***</td>
<td>0.230***</td>
</tr>
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assessment process on behalf of managers in organisations. These findings draw on recent studies in the literature that comment on the fact that the implicit perceptions on talent of key managers exert a strong influence on their talent assessments (Gallardo-Gallardo et al., 2013) and are in line with other studies that raised the issue of associating the innate (or developable) and exclusive (or inclusive) talent philosophies with the choice among formal tools or subjectivity (Bolander et al., 2017).

In employee-related activities, intuition is manifested bodily and cognitively, arises by prior learning and experiences and provides subjective evaluations that can be used in guiding certain behaviours (Sadler-Smith, 2016). As intuition is now evident in human resource–related practices (Highhouse, 2008), managers should be able to recognise the pros and cons of intuitive judgement and as the latter can be highly subjective, organisations need to offer the appropriate environment to “develop” decision makers’ intuition (Sadler-Smith, 2016). In fact, intuition and subjectivity evident in employee selection processes may result in placing stronger emphasis on unstructured interviews than on competencies’ evaluations through tests (Highhouse, 2008). This may be attributed to the belief that experience can enhance intuitive predictions (Highhouse, 2008). In the process of talent assessment, it seems that talent philosophies are significantly associated with managers’ tendencies to rely on more on their personal judgements (and intuitions). More specifically, managers who hold perceptions on talent that support more its innate nature, rather that its developable one, tend to associate talent with high intelligence and exceptional abilities and deviate from the view that an individual’s performance is predicted by deliberate practice (as the developable philosophy supports) (Meyers et al., 2013). As a result, it seems that they prefer to base their talent assessments in their personal judgement and opinion and do not favour the use of structured tests or objective and analytical evaluation methods. Collectively, the above findings illustrate how talent philosophies determine the way of identifying and assessing talent in organisations.

Conclusions and managerial implications

This study responds to the limited amount of empirical studies in talent management issues and empirically examines the associations among talent philosophies and the way talent is managed in the context of business organisations. Specifically, we focussed on the two dominant talent philosophies as identified in the literature, which address the innate/developable and the exclusive/inclusive nature of human talent, as well as on two specific dimensions of how talent is identified and assessed in organisations, namely, the reliance of first impressions in the identification of talent and the reliance on personal judgement rather than standardized assessment of talent.

The findings uncovered that the two talent philosophies positively and significantly influence both dimensions that relate to talent identification and talent assessment. Specifically, when managers view talent as being primarily innate and exclusive, they tend to rely on their first impressions in the identification of talent and to favour more their personal judgement rather than standardized assessment of talent. Overall, our study contributes to the talent management literature by empirically ascertaining the associations among the different philosophies on talent and their outcomes with regard to the way talent is identified and assessed in service organisations.

Our findings may provide useful implications at a managerial level. Organisational attitudes that support the stability and scarcity of employees’ talents may be better to be accompanied by identification methods based on managers’ first impressions about an individual. Since, our findings also uncover the intuition – based or personal judgement – based assessment of talent, managers should be able to recognise when their personal opinions can be utilised effectively in order to evaluate a talented individual’s performance and when this attitude may have detrimental effects for the organisations. For example, intuition may be the right choice when hard data are unavailable (Miles and Sadler-Smith, 2014). The reliance on personal judgements may also bear implications for the establishment of human resource policies, in the sense that when an organisational belief is diffused that talent concerns only some people who either have it or not, intuition seems to be preferred. However, decision makers should be in position to understand intuition; to achieve this objective, organisations may need to encourage learning and training for improving managerial intuition (Miles and Sadler-Smith, 2014).
References


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