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What is the value of talent management? Building value-driven processes within a talent management architecture☆

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ABSTRACT

The paper uses two concepts to organize the talent management literature: talent philosophies and a theory of value. It introduces the notion of talent management architectures and first analyses four talent management philosophies and the different claims they make about the value of individual talent and talent management architectures to demonstrate the limitations of human capital theory in capturing current developments. Having demonstrated the complexity of issues being researched, it then synthesises these back down into a theory of value, and develops a framework based on four separate value-generating processes (value creation, value capture, value leverage and value protection). This framework draws upon a number of non-HR literatures, such as those on value creation, the RBV perspective, dynamic capabilities, and global knowledge management, and its use to understand the nature of value and how this might inform the design of any talent management system or architecture. The paper articulates 14 research propositions that the field now needs to prove and suggests how research might now address these.

1. Intoduction

The field of talent management is maturing and there are now significant debates about the breadth and focus of the function. Practitioners face choices about the design, role, remit, return on investment and ownership of talent functions, along with potential contributions to strategic workforce planning, employer branding, and global capability transfer. All of this raises questions about the necessary re-skilling for HR functions (Sparrow, Hird, & Cooper, 2015). Academics are now contextualizing talent management by investigating its use in specific business sectors or small and medium sized enterprises (Festing, Schäfer, & Scullion, 2013; Valverde, Scullion, & Ryan, 2013), or cross-organization partnerships (Sparrow et al., 2015) or emerging markets and countries with distinctive national business systems (Cooke, Saini, & Wang, 2014; Skuza, Scullion, & McDonnell, 2013), showing that "context is everything". There are immense variations in the chosen philosophy, models of potential, choice of bundled practices, and principles to which talent systems might operate. Talent management is best seen as a "bridge field" (Sparrow, Scullion, & Tarique, 2014) drawing upon ideas from HRM, supply chain management, marketing, the resource-based view and capability theory and even economic geography. This is both a strength – the field has the potential to break out from the shackles of single academic discipline or management function thinking – and a weakness — it relies upon somewhat generic and diffuse claims for unique and valuable contribution to organizational understanding.

The field is at an important juncture. Its development is being impeded by this rapid contextualisation and the different values, assumptions, allegiances and philosophies being surfaced. It makes a series of implicit value claims, some of which are taken for granted, whilst others are more tentative. Certainly most are unproven. It faces one of two futures. First, it could continue, after five previous

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special issues, to enrich our understanding through the examination of ever more contexts. Whilst this would be of general interest, we believe that it would underplay the potential for a unique contribution that might be made by the study of talent management. Interest in the topic would dissipate, and the field might be subsumed within the broader interests and theoretical frameworks of human capital management. Second, it could demonstrate that as an umbrella issue, talent management has the potential to address a series of valuable challenges faced by organizations, in novel ways not possible by the adoption of single disciplines or academic lenses.

We point the way to this second future. Answering questions about value is a core challenge that must now be addressed for the field to develop further. The advancement of the field is best served by addressing the question of *value* within talent management. In order to do this we need to remind ourselves that we are really studying the *management of talent*, not the narrower HRM concerns of talent management. We develop a framework based on ideas about value, which makes it easier for researchers to organize, link and position many of the sub-debates within the talent management field, enables a more inclusive field by linking together the interests of a diverse family of researchers, and enables researchers to understand that whilst they might be studying apparently unique contexts, their research can be linked to that of others through redress to the underlying issues of value.

2. Using notions of talent philosophies and value-driven processes to better differentiate talent management architectures

In order to understand which elements of talent management are the most valuable for organizational performance (or effectiveness) we need to ask the deeper question — which is *how does a talent management architecture generate value for the organization*? The talent management literature borrows the concept of an "architecture" from the HR capital literature. The architectural metaphor is used by several writers (Becker & Gerhart, 1996; Becker & Huselid, 2006; Kang, Morris, & Snell, 2007; Lepak & Snell, 1999; Wright, Dunford, & Snell, 2001; Wright & McMahan, 1992) to highlight the locus of value creation in strategic HRM. A talent management architecture, then, is the combination of systems, processes and practices developed and implemented by an organization to ensure that the management of talent is carried out effectively. By assuming the operation of such architectures, the talent management literature has indirectly relied upon human capital thinking to make a series of "value claims". This thinking argues that value resides in the unique set of knowledge, capabilities, contributions, commitment, skills, competencies and abilities possessed by an organization's talent. Valuable, rare, imitable and non-substitutable talent, enables an organization to implement value creating strategies and achieve a sustained competitive advantage. Talented employees are distinguished from other employees by the capital they possess, which enables them to make a difference and add value to their organizations. Talented employees are both an organization strategic asset and a manipulable resource that has the potential to contribute to value creation. Schiemann (2014) also note that talent architectures have to manage effectively the whole 'talent life cycle'.

For Lepak and Snell (1999) two issues complicate discussion of architectures: different strategies (e.g., innovation, customer centricity, lean management), each, emphasise different internal business processes in terms of competitive advantage, and the skill sets that become critical for value creation are also likely different across these processes. An architecture might on the surface appear the same across organizations, but in reality, the assumptions that underpin it are often unique to each organization and dependent on business strategies, the insights of organizational decision makers, and the inherent philosophies of the organization (Boxall, 2012; Paauwe, 2004; Sparrow et al., 2014).

This paper addresses the question *how might a talent management architecture generate value for the organization*. From a theory-building perspective it shows that a more differentiated view is needed about how the management of talent is of value, by first using the notion of talent management philosophies (Meyers & van Woerkom, 2014). These philosophies are underwritten by tacit or explicit beliefs, assumptions and values about how organizations should work.

At the organizational level, value is created when organizations exploit their internal resources and capabilities to implement strategies that enable them to respond to market opportunities i.e., by creating economic value and enhancing an organization's performance. As Collings (2014, p.302) notes research has taken too narrow a view of performance and value: "…performance is generally considered solely in terms of shareholder returns. This translates into HR systems that fail to effectively align individuals and organizations in the generation of value". Our paper lays out a number of different ways of thinking about value and introduces the notion of value-driven processes. It develops four concepts of value creation, value capture, value leverage and value protection. We see these as four separate processes, all needed for the effective management of talent, and all providing a useful way for thinking about the total needs of a talent management architecture. We explain each process later in the paper, but briefly define them here.

Value creation is the process through which the organization attracts, acquires and accumulates valuable and unique talent resources and exploits their potential to create value. Value capture is the process through which an organization then bundles its talent resources with other resources to increase their dependency on the organization context, and hence weaken their bargaining power. Value leverage is the process through which an organization develops and extends the captured capabilities of its talent resources to add new use value. Finally, value protection is the process through which an organization develops isolating mechanisms to protect its talent resources from being lost to other competitors.

2.1. Talent management as the categorisation of people

For Collings and Mellahi (2009), the most useful way of laying out different talent management philosophies is to consider the focus of attention that each engenders. They outline four generic philosophies:

1. People approach: talent management as a categorisation of people.
2. Practices approach: talent management as the presence of key HRM practices

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3. Position approach: talent management as the identification of pivotal positions
4. Strategic pools approach: talent management as internal talent pools and succession planning.

These philosophies tend to be presented as competing approaches to, alternative conceptualisations and definitions of, talent management, and better or worse ways of doing it. We use this categorisation as a way of showing that we need to adopt a more differentiated understanding about how talent management is of value to the organization. We outline the assumptions about human capital implicit in each, the resultant practices and strategies that are signalled, the implicit dilemmas, and the subsequent critiques.

The first people philosophy focuses on sought after people and the management of this small elite of employees whose skills (in the broadest sense) are assumed to be rare, hard to find, difficult to replace, and to add a disproportionate amount of value to the organization compared to other employees (Axelrod, Handfield-Jones, & Michaels, 2002; Axelrod, Handfield-Jones, & Welsh, 2001; Chambers, Foulon, Handfield-Jones, Hankin, & Michaels, 1998; Guthridge, Komm, & Lawson, 2006; Michaels, Handfield-Jones, & Axelrod, 2001). It advocates differentiating the management of these people using practices designed to attract, retain, and develop high performance and high potential employees. Although the categorization and differentiation philosophy was famously captured in the War for Talent dialogue of the late 1990s, it is underpinned by three prior enabling concepts (Sparrow et al., 2014): an implicit strategic portfolios approach that differentiates investments in people (in the same way businesses were placed in a portfolio in terms of stars, problem children, work horses and deadwood) on a two dimensional matrix of performance versus potential (Odiorne, 1984); a belief that businesses required a shift in policy, because “informated” workplaces (designed for the circulation of information) and their more fluid, social, distributed, and less hierarchical work arrangements (Zuboff, 1988) were changing the value of talent and upgrading the need for people with intellective skills (the power to understand business and social opportunities that now existed); and the individualisation of organizations and understanding of management competencies, shifting selection systems from a pay-for-the-job approach (which assumed that jobs could be designed, evaluated and differentiated dependent on size and complexity and employees fitted to the job) to a pay-for-the-person approach (which argued jobs were too flexible, uncertain and unpredictable to be “sized” so HR systems must enable highly skilled people with job crafting capabilities to design their jobs in the most appropriate ways) (Lawler, 1994).

The people philosophy implicitly stresses two competitions — between individual talent (inter-personal) and within the individual to be of their best (intra-personal). Inter-personal competition requires competitive HR and marketing strategies and a cultural *mindset*, designed to land and “upskill” employees in a cut throat free-agent employment market. It positions talent management as a leadership imperative, requiring attention to over- and under-performance through explicit categorization and segmentation of employees into A, B and C players, with the elite recruited, retained, and lavishly rewarded and the tail slowly exited from the system (Sears, 2003). Internal employee value propositions and external employer brand and market mapping drive attraction and retention behaviour and convey statements of explicit obligations the organization commits to for talent. Intra-personal competition is couched in the giftedness or excellence literature, the language of sports psychology and coaching, and concerns maintaining peak personal performance and avoiding career derailment (Nijs, Gallardo-Gallardo, Dries, & Sels, 2014). It lends credence to a more egalitarian and positive psychology view in that everyone has talents and can improve their effectiveness but also allows for a pragmatic judgement that high-level performances are not feasible for everyone, and hence differential investments are to be expected.

The categorisation of people philosophy has attracted three different but uncoordinated criticisms, some pre-dating the excesses that led to the global financial services crisis, others after the fact. The first *locus of organizational effectiveness* critique, based on studies of productive systems or CEO failure, objects to the proposition that human capital, rather than systems, is the primary source of competitive advantage (Pfeffer, 2001; Stein & Capape, 2009). This argues that a focus on elite human capital (i.e., people) is the wrong fulcrum for improving effectiveness, detracts attention from the right fulcrum (which is systems) and some of the practices that the philosophy creates (e.g., the level of reward given to those differentiated by the system) create a set of side effect behaviour and performance that nullify any returns on human capital. The second *cognitive limits* critique (Hodgkinson & Healey, 2008, 2011; Hodgkinson & Sparrow, 2002) is derived from work on management cognition the psychology of strategic management. Drawing attention to limitations in the mental models of strategic leaders operating in a hypercompetitive business system, it suggested two bellweather judgements be made about the knowledge possessed by talent: is the individual capable of high quality strategic thought?; and does the “capital” that they possess enable them to make a potential contribution to value creation? It argued organizations (or more precisely their members) need an ability to acquire, store, recall, interpret and act upon information of relevance to the longer-term survival and well-being of the organization but this creates risks not effectively capturing the value from talent unless the talent management architecture is embedded in a broader knowledge management and organization cognition framework (Hodgkinson & Sparrow, 2002). Talent must be defined in the broadest sense to include human capital, social capital, reputational/political capital, and business model (intellectual) capital (Sparrow et al., 2014). The third *level of balance* critique (balance between elite talent and other employee segments who might have talents) either argues from an organization effectiveness and design perspective that organizations must seek a balance between sourcing great individual talent and building such talent into a collective organizational capability (Lawler, 2008); or reflects a cultural discomfort with a differentiated approach to talent calling for a more egalitarian, universal and inclusive focus (Collings & Mellahi, 2009; Schuler, Jackson, & Tarique, 2011; Scullion & Collings, 2011).

The categorisation of people talent management philosophy makes two claims and assumptions about value generation from a general human capital perspective: the informating of work has changed the potential value of talent and increased the level of power, business and social opportunity open to those with intellective skills; and an elite-group of talent generates value for an organization in a disproportionate manner, and therefore organizations should be expected to prioritise limited investment resources towards these people first. However, it also signals the need for a more differentiated set of assumptions that need testing. Before any general claims about value can be made, researchers need to do two things. First, understand the true locus of organizational

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effectiveness, and how different levels of talent (for example of generally talented human capital or some real sense of elite talent) interface with the more systemic sources of organizational performance (for example its production systems, or broader organizational capabilities in operation). Second, consider the cognitive limitations of strategic actors, and therefore the need to leverage whatever insights human capital as a "collective" have through knowledge transfer, thereby understanding how individual elite talent is embedded in a broader capability system i.e., seeing talent management as one (and only one) mechanism for building and distributing broader capability around the organization. These two challenges are best analysed, we argue, through our later theory of value.

2.2. Talent management as the presence of key practices

The second talent management philosophy is the practices approach. Whilst the people philosophy argues that the differentiator for high-performing firms is *not* sophisticated HRM processes, but rather a fundamental belief held by leaders throughout the organization about the importance of individual talent and the creation of internal "talent markets", the practices approach acknowledges a need for a dedicated set of advanced and sophisticated practices. It reflects arguments in the HR bundle debate (Meyers & van Woerkom, 2014) with components of HR programmes, practices and processes that have to form part of a broader and coherent system and core business process, matched to the business strategy (Gubman & Green, 2007; Silzer & Dowell, 2010). It adopts much of the thinking implicit in the HR architecture literature, but there are different prescriptions of what the bundle of practices should be, and descriptions are usually case study based. Typically, these activities, or components, revolve around seven components (Sparrow et al., 2014): identifying and recruiting talent (analysis of labour pools, benchmarking competitor strategies, decentralising or centralising recruitment strategies, co-ordinating preferred suppliers, establishing brand and reputation amongst key employee segments); attracting talent to the organization (creation of employee value propositions, management of an employer brand); minimising attrition through engagement and retention (effective onboarding, aligning rewards and recognition structures, improving line management skills and engagement with talent, retention initiatives); identifying key internal talent (systematic and effective approaches to affirm individuals with the status of talent, high potential identification systems, identify the roles that are most talent dependent, and use of assessment instruments and frameworks); managing talent flows (developing effective succession systems, creating flexibility in internal mobility, career management and planning systems, succession management); developing employees (coaching and mentoring, flexible portfolios of development activities, learning opportunities and options for employees, team learning processes, strategic and operational leadership development programmes, coaching); and delivering performance (organization talent review processes, linking data on organizational performance to the selection of talent, stretching the performance of talented individuals, managing under-performance). Al Ariss, Cascio, and Paauwe (2014) broaden the definition of practices to mean "activities and processes", especially those associated with the identification of key positions, development of diverse talent pools, and delivery of employee commitment.

Many of these practices bring new ways of adding value. High performance work practices (HPWPs), including the collection of branding, marketing, communications and HR concepts that together form employer branding, act as an external and internal organizational signal to create impressions of quality and prominence, two important elements in managing employer reputations (Martin & Cerdin, 2014; Martin, Gollan, & Grigg, 2011; Martin & Groen-in't Woud, 2011). The ability of brands to create identification and engagement of employees amplifies the value already inherent in the organization's strategic positioning by: shaping how organizations and individuals manage diverse career orientations and personal reputations; linking talent to the organization's need to be simultaneously *different* from competitors; and securing general recognition, approval and esteem for remaining *socially legitimate*.

A practices philosophy surfaces assumptions from the high performance HRM and bundles literatures i.e., that value is only created if the whole bundle is in operation. It also argues for two additional complexities. First, organizations need to align this whole architecture towards whatever are its important strategic outcomes (such as competition in terms of innovation, quality, efficiency and effectiveness) for talent practices to either become a contributor to the direct creation of strategic value, or serve to improve or amplify the efficiency of the existing strategic positioning by optimising an individual's existing talent and aligning it to the strategic positioning. Second, the bundle of practices moves beyond the traditional territory of HRM, incorporating ideas about branding, but makes no statement about whether such practices should be subsumed within an over-arching talent management. This talent philosophy is a useful tool in generating additional questions that must now be addressed, but does not address how practices and their bundling actually deliver value to the organization.

2.3. Talent management as the management of positions

The third talent management philosophy draws attention to the management of positions rather than people. It picks up on the Pfeffer (2001) critique about the locus of organization effectiveness and value creation. Whilst some HR professionals have ethical objections to classifying people as "A, B, or C", there is less emotional reactivity to classifying positions — or segmenting jobs on a similar basis. "A positions" have two major characteristics (Huselid, Beatty, & Becker, 2005): a disproportionate role in an organization's ability to execute some part of its strategy, but wide variability in the quality of work displayed by employees in that position. B positions may still be strategic but the skills required are common and there is little variability in the performance of employees. C positions serve functions but may be deemed non-core or outsourced. Collings and Mellahi (2009) advocate a matched strategy combining this approach with elements of a people categorization philosophy through systematic identification of positions accompanied by the development of a talent pool of high potential and high performance incumbents to fill these roles.

Such a philosophy becomes important either when the relative contribution of important roles to the success of organization is dependent on the job design of a small number of mission-critical jobs (when a new business model is in operation) or when a high level of strategic uncertainty makes the assessment of how "valuable" a role is complex (Sparrow et al., 2014). This link between talent management and organization design implies that added value should result in three ways (Sparrow, Hird, Hesketh, & Cooper, 2010). First, value creation (the ability to build, capture and develop talent in line with the dictates of the business model; develop a value proposition that aligns such talent to the organizational capabilities inherent in the business model; and develop performance outcomes of innovation, service, efficiency and effectiveness). Second, value leverage (enhancing a business model and talent through learning how to best execute a strategy in hand, transfer of knowledge and learning, and manage through structural channels to ensure engagement of the broader organization with the business model). Third, value protection (ensuring value once created and captured is not lost, operationalized through design and maintenance of effective governance of talent, constructive surfacing of risks in business models and mitigation strategies, reputation across stakeholders; and ability to retain the best capabilities). Often it is only the accident that shows the true value (or lack of) of jobs or of talent.

The claims about value from the positions philosophy are that the systematic identification of positions (and how they differentially contribute to the organization's sustainable competitive advantage) becomes an important contributor to organization effectiveness through the quality and speed of strategic execution. Using the notion of talent philosophies, then, broadens the scope of the field of talent management by revealing an important axis between business model insight, organization design and the subsequent extraction of value from talent. However, notions of organization design are not driven by human capital traditions but rather theories such as information and knowledge markets.

2.4. Talent management as the identification of strategic pools and management of human capital as a collective

Finally, the fourth philosophy draws upon human capital (or workforce) analytics or accounting and strategic workforce planning (Boudreau, 2010; Boudreau & Jesuthasan, 2011; Boudreau & Ramstad, 2005, 2006, 2007; Cappelli, 2008; Ingham, 2007; Nahapiet, 2011). For Cappelli (2008) talent management is the process through which employers anticipate and meet their needs for human capital. From a human resource accounting tradition, Fitz-enz (2000) argued that two capabilities are needed to convert any human capital planning cycle into a talent management architecture: measuring the impact that human capital (talent as either an individual elite or seen as a collective of particular skill groups or otherwise segmented population) has on the ability to execute an organization's business processes through impact on operational outcomes; and the necessary yet dangerous art of the forward-looking skills of trending, forecasting and predicting. In asking the question 'how do you create value from your human capital' Boudreau and Ramstad (2006, 2007) introduced the notion of 'pivotal talent pools' — groupings and clusters of talent (viewed either as people or positions) where human capital investments most improve organizational capabilities, strategic success and competitiveness. Reflecting the strategic portfolio notion, it argues that if investments have to be rationed, they are best differentiated for maximum return. It differs from the positions philosophy through its advocacy of both the use of *metrics*, and a more open form of thinking to identify whole pools of labour of strategic value. The strategic pools philosophy is underwritten by both human capital theory by arguing the costs associated with the development and retention of talent should be viewed as investments on behalf of the firm, and expectancy theory, by arguing people make choices about the investments they make in themselves and only self-invest if there are signals that they are in an area of especial importance to the organization (Boudreau & Ramstad, 2006, 2007).

This philosophy signals theoretical extensions beyond human capital theory. Cappelli (2008) and Keller and Cappelli (2014) argue that supply chain management theory is needed to understand planning in environments characterised by uncertainty in supply and demand and an inability to forecast away uncertainty and plan years into the future. Talent sourcing strategies have to be supported by a complimentary set of organization capabilities to do with knowledge sharing, HR analytics and information management systems. For Bhattacharya and Wright (2005) research ignores the problem that strategic assets (read talent) have associated risks and assets. They used real options theory to think about the capabilities that must be generated by combinations of HR practices. Where the business model is fluid and successful technologies are as yet still to be demonstrated, organizations manage risk by explicitly taking different "talent options" out against the alternative projected developments of their business model in an attempt to "future-proof" their organization.

Reflecting this, Cascio and Boudreau (2010, 2012) address the question of value and human capital by using a risk optimization, management and mitigation framework to look at human resource strategy and strategic workforce planning. Cautioning against the illusion of predictability, they argue that human capital strategies have to be built on the reduction of uncertainty, elimination of bad outcomes, and insurance against bad outcomes, and call for increased precision in predictions about future supply and demand for skills, and the application of quality-control tools to talent management processes to achieve the same "low-defect" rigour seen in engineering and operation processes. Risk-aligned talent strategies have to balance the risks in talent planning, with investments in talent for several future scenarios, according to their relative likelihood and risk. Cascio and Boudreau (2014) use four phenomena: the risk-return tradeoff; behavioural causes of risk-seeking and risk-aversion; consequences of loss aversion; and the consequences of risk seeking, noting that senior leaders are concerned about, but do not really focus on, human capital risk.

Critical comment on the human capital management philosophy notes pragmatic limitations: decisions are typically not based on such frameworks, but driven by the informed preferences or intuitive instincts that senior managers have for the visible talent within their organization (Boudreau & Jesuthasan, 2011); even when informed by data provided by HR functions, organizations lack synthesis, provision of usable metrics and analysis, or explanation of important nuances (Vaiman, Scullion, & Collings, 2012); and decisions are bounded by the cognitive limits of managers who have neither the time, capability nor inclination to access data and an inclination to select those who are "good enough" based on their previous experiences and beliefs about talent (Mäkela, Björkman, & Ehrnrooth, 2010).

This strategic pools and strategic workforce planning philosophy, then, makes a number of claims leading to a more nuanced and differentiated understanding of value. From human capital theory we see claims that measurement of the impact that human capital (talent seen as either an individual elite or as a collective of particular skill groups or otherwise segmented employee populations) on operational outcomes. It signals potential mechanisms involved in the creation of value which must involve: identification and translation of the organizational capabilities articulated in the strategy and translation into specifications for talent; insight into the relative value of specific talent to the execution of strategy; assessment of the consequences or feasibility of build or buy talent strategies; use of frameworks to segment existing or target talent populations against strategic considerations (either on the basis of the centrality of the roles to the strategy, or through the application of marketing and consumer thinking and treating talent segments on the basis of their expectations of the organization).

This collection of necessary skills moves beyond the traditional HR analytic skillset, and human capital theory, by arguing that researchers broaden out the assessment of value, and bring in ideas, models and frameworks from the fields of risk management, optimization and mitigation disciplines, or supply chain management under conditions of uncertainty. It introduces broader concerns about the investments and actions necessary to avoid any loss of value, and the leveraging of value through the scaling up of HRM investments.

3. Four value-driven processes needed within a talent management architecture

Our analysis so far shows that whilst various talent philosophies exist, they should not be seen as competing and alternative approaches. They reflect different and alternative dimensions of a more strategic approach to talent management. Each philosophy makes different contributions to the potential study of the value of talent management, but leaves the question as to how the balance of activities across these philosophies should best be reconciled. We now lay out what a broader theory of value that addresses the more nuanced view of value that results from an analysis of talent management philosophies.

Bowman and Ambrosini (2000) were the first to argue strategic management needs a theory of value. Much research assumes that strategic assets are valuable, but too quickly assumes that firms must avoid others imitating these assets. We must first ask the more important question — what makes particular assets and resources valuable in the first place?

We outline four crucial value-driven processes — all of which must be managed within a single talent management architecture. We explain how such processes should be assumed to operate, and suggest 14 research propositions that would sharpen future research in the field.

3.1. Talent management and value creation

To understand the strategic value of assets we must first ask what is value, how is it created and who captures it. Whilst there remains disagreement about what value creation actually is within the general management literature (Lepak, Smith, & Taylor, 2007) we can think about the question of value in three ways: looking at its content (what is valuable, who values what and where value resides); thinking about the different targets for whom value is being created (for the management of talent we might suggest business owners, organizations, stakeholders such as society or nation states, customers, employees, or important employee segments); or looking at the processes by which it is created or generated (the mechanisms within a talent management architecture that allow value once created to actually be captured and exploited). They also differentiate between the definition of *valuable talent*, and value in the *process of creating such value through talent management architectures*.

Seen through the resource-based view of the firm (RBV), human capital resources are represented by the knowledge, skills, capabilities, intelligence, relationships and experience of the firm's employees (Barney, 1991). The use of such resources must be dictated by a value-creating strategy, and to be a source of competitive advantage, these resources must be heterogeneous (i.e., varying across competing firms) and immobile (i.e., difficult to transfer from one firm to another), hence the mantra that they must be valuable, rare, imperfectly imitable and non-substitutable. For Dries (2013, p. 276), in an HRM context "value refers to the potential of the human capital at hand to contribute to its organization's core competence and enhance its competitive advantage". This begs the question of whether such capital is best understood as elite pools of employees or as the broader collective capital, although implicitly from an RBV perspective the latter can be inferred, as noted later. RBV argues (Barney & Clark, 2007) that talent resources are strategic assets that have the potential to create and capture value and execute business strategies. Organizations must have organized their internal processes, policies and procedures (i.e., the broader talent management architecture) to exploit the potential of its resources (be that elite or collective capital) if they are to sustain competitive advantage.

Individuals can be value-creating: "by acting creatively to make their job/service more novel and appropriate in the eyes of their employer or some other end user in a particular context" Lepak et al. (2007, p.184). This introduces the notion that, even *within* selected talent pools (we shall henceforth call this population general talent), there can be a very small elite – "star talent" – who truly have significant value-creating potential (one might think of a Steve Jobs-type individual). Aguinis and O'Boyle (2014) argue that the distribution of talent is not normal and that modern industrial structures have created conditions where a small elite of talent can have a disproportionate effect on organizational performance, citing research on academics, scientists, innovators, and entrepreneurs that evidences distortions to a normal distribution. This impact is in terms of output, rather than any special input of any bundle of traits, abilities and motivation. They define a star talent on the basis of "… a relative position and their identification is only possible by viewing them in relation to the productivity of others…identified by their exceptional output over time" (Aguinis & O'Boyle, 2014, p. 315) i.e., capable of delivering the performance within a minimum time span of discretion. From an economic perspective, star talent are actors who perceive themselves, and are perceived by the organization, to have "…value creating advantages, capabilities and action potential [that] can motivate the emergence of organizations and their strategies and actions intended to capture… co-created value" (Pitelis, 2009, p. 1115). On the surface, if star talent indeed has insight into the new possibilities that might derive from changes to the business model, then such individuals, and the attraction of them, could be seen to create value.

To others, even the possibility of an elite-within-an-elite with such value-creating insights is problematic. This is the *myth of talent* critique, seen within both within RBV (Bowman & Hird, 2014) and dynamic capability theory (Linden & Teece, 2014). This argues that even industry-defining insights and knowledge amongst star talent represents only the starting point. A deeper organizational capability (and hence value) is only created once this knowledge has been internalised into the organization and supported by all of the supporting systems, structures, and processes — the result more of the collective interactions and interconnections between talent than any individuals and more easily built rather than bought. Such insight is much more difficult to export or recreate from one organization to another. Therefore the apparent advantage even of "star" (elite-within-an-elite) talent — their intellective capacity and insight into new value-creating possibilities — actually presents a danger and a risk. In practice, "star" talent is only really likely to be able to add value when the level of flux in business models is low – there is strategic stability – and the links between component and architectural knowledge are more understandable and codifiable. Only then does it become easier to predict who will be successful and what constitutes being talented (to pursue a people philosophy with any degree of validity) and to hone and improve specific talent practices that form part of the talent system (a practices philosophy). For truly industry-redefining insights it is impossible to assess whether the validity of individual insights without extrapolating from previous success. The organization has taken out a real option on the potential for radical transformation, the value of which can only be judged with hindsight.

To sharpen thinking about the creation of value by individual talent at the organizational level of analysis (be it general or star talent) Bowman and Ambrosini (2000) argue we must differentiate, demonstrate and manage (via a robust talent management architecture) two types of value: *use value* and *exchange value*. Use value refers to the specific quality of a new job, task, product, or service as perceived by users in relation to their needs. Exchange value refers to either the monetary amount realized at a certain point in time when the exchange of the new task, good, service, or product takes place, or the amount paid by the user to the seller for the use value of this. Bowman and Ambrosini (2000) idea of *use value* applies to the procurement of general talent, an elite-within-an-elite (star) talent, or the ability of the talent management architecture to generate value. In terms of the latter, the perceived use value of talent management is directly related to senior executives' perceptions of the value they expect to create by devising talent management strategies, which varies from one organization to another. In terms of the procurement of star talent, two pre-conditions must be established before *exchange value* can be created. Monetary amount exchanged must exceed the producer's costs (costs may be in terms of money, time, effort, or joy) and the perceived performance difference must be between the new value that is created, and the closest alternative (the current task, product or service). Building on Boxall's (2013) work on alignment in HR systems, Collings (2014) positioned also makes this point, and introduces the idea of alignment in terms of capability, commitment and contribution. Applying such thinking to the issue of talent management leads to the first two of our research propositions.

> RP1: Additional value is created by either general talent or 'star talent' if it outweighs the value that is shared with them (salaries, bonuses, share rights), provides sustainable gains over time, and outweighs the efforts to manage such talent or lost productivity (through lost effort) of the alternative people who might otherwise have been invested in.

> RP2: Individual talent (general or star) create value through their individual creativity i.e., to the extent to which they can create novel tasks, services, business models that could not have been arrived at through alternative investments. The investment in talent has to outperform similar investment in existing resources and skillbase.

However, value creation is a subjective assessment, which becomes clear when we think about the notion of *use value*, which requires an assessment of the novelty and usefulness of talent, which assumes that users of the talent possess sufficient specialized knowledge to evaluate the knowledge of new talent. Valuable talent acquired externally should only be expected to create an initial use value when the procuring agent has a belief that the procured resource contributes to the profitability of the firm. Such a belief is rooted in a wider set of beliefs about how the firm competes, in turn bounded by an industry recipe (Bowman & Ambrosini, 2000). The monetarisation of this perceived "use value", determined mainly at the point of purchase, reflects the price the customer (purchasing organization) is willing to pay for such talent, minus the opportunity costs (Helfat et al., 2007; Peteraf & Barney, 2003; Pitelis, 2009). This leads to the third research proposition:

> RP3: The greater the gap between the price the customer is willing to pay, and the price the supplier (star talent) has the power to extract (i.e., the less monopoly power the supplier has), the higher the perceived "value for money" (use value).

Bowman and Ambrosini (2000) also analysed how value is created when a strategic asset is transferred from organization A to organization B. Use value is created in organization A, that value is exchanged between organization A and B and a monetarised exchange value is realized, then the use value of the asset has to be transformed so that it creates the same or additional use in organization B, the true value of which is only clear once that strategic asset is lost or moved on again voluntarily to organization C. New use value is only "… created by the actions of organizational members, who *combine to transform the use values that the organization has acquired*" (Bowman & Ambrosini, 2000, p. 5). The onus is on the receiving organization to know how to translate the potential use value talent has into useful value in the new organization context — strategists never assume that use value automatically exports. Applying this analysis to talent management, a further research proposition becomes clear:

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RP4: In acquiring a strategic talent asset, value is only created when organizations can put the assumed use value to work, and create "new use value" in a new context, and organizations need "decoding and translating mechanisms" for this "different use value" to yield added exchange value.

However, the literature on business model change and organizational learning (Chesbrough, 2007; Magretta, 2002; Schweizer, 2005; Shafer, Smith, & Linder, 2005; Yip, 2004) suggests that organizations, and their star talent, must have insight into two problems.

- how the organization creates value: by defining of a series of activities (from raw materials through to the final customer) that will yield a new product or service, and explaining how value is added throughout the various activities
- how the organization's strategy captures a portion of that value: by establishing how a unique resource, asset or position within that series of strategic activities can help the organization enjoy a competitive advantage.

Business models articulate the dominant *performance logic* inherent in a strategy and organizations have to seek ways to exploit the knowledge that they (through owned or acquirable organizational capabilities, and the associated talent) have to effect such changes (Johnson, Melin, & Whittington, 2003). This knowledge is of two types (Henderson & Clark, 1990; Kang et al., 2007): component (knowledge of the business model's parts rather than the whole); and architectural (a shared understanding of the interconnection of all the components, or how things must fit together, in order to deliver effective performance). Such knowledge combination is what Zuboff (1988) referred to as an intellective capability. Business model change, then, alters the strategic value attached to the type of knowledge that talent has. This leads to our fifth research proposition:

RP5: The ability of star talent to create new use value is contingent upon the level of business model change and the extent to which their human capital is firm specific rather than general, and highest where there are relatively stable and incremental levels of change in the business model.

3.2. Talent management and value capture

Focusing on value creation is not sufficient. Much of the RBV literature focuses on the concept of value capture rather than value creation (Barney, 1986; Collis & Montgomery, 1995; Makadok & Coff, 2002; Peteraf, 1993). Lepak et al. (2007) argued the source that creates value in some way (be that individual talent or the talent management architecture) may or may not however be able to capture that created value. Artful procurement of talent that has "use value" has to be supplemented with separate processes (called isolating mechanisms) that ensure that value is actually captured. As well as being able to decode and translate the initial use value that talent might bring, organizations also need additional processes to "capture" the transferable "new use value" (Bowman & Ambrosini, 2000; Bowman & Swart, 2007). Those who believe that human capital is central to value generation obscure the importance of the relational nature of knowledge production: "… firms and individual employees co-exist, and it is not only human capital that is critical to the success of knowledge-based firms, but also the capital which is embedded within the relationship between the firm and the individual" (Bowman & Swart, 2007, p. 489). This leads to our next two research propositions:

RP6: In order to capture the value from talent at the individual level, organizations (and their talent management architecture) need decoding and translation (isolating) mechanisms that exploit: the unique position of the individual in a social network; the nature of their relationship with others in the network; and their insights into otherwise tacit knowledge associated with the performance of a new task, service or business model (craft know-how).

RP7: In order to capture the value from talent at the organizational level, organizations (and their talent management architecture) need isolating mechanisms that structures the portfolio of talent resources, bundles these resources together in ways that builds new capabilities, and leverages these new capabilities to exploit market opportunities.

However, the ability of organizations and their talent architectures to capture value is contingent on some important factors. Star talent (or collectives of such, such as an incoming R&D team) whilst having the potential to deliver use value, might chose not to do so. The capture of value is a function of a bargaining process between the actors involved, be they customers, employees or suppliers, and the economic bases of these power relationships is a function of their perceived dependence. Chatain and Zemsky (2011) introduce the economic notion of *frictions* (incomplete linkages between buyers and sellers that limit the abilities of players to find alternatives) into the negotiations between actors in the talent system around value-based strategies. Coalitional game theory (Brandenburger & Nalebuff, 1995; Stirling, 2011) argues that value is only captured through freeform exchanges where the value offered by one coalition partner can only be decoded and captured when the resources and capabilities of the players involved are equal.

Organizations need mechanisms to capture, assimilate, and re-create captured know how – commoditise know-how – if they are not to be overly dependent on the provider of talent. For a talent management architecture to be effective, it has to entice talent to give of their talent, but then reduce the dependence of the organization on such talent (akin to the battles between regulators and investment bankers in the financial services sector). The need for organizations to sell their resources to valuable talent in the hope of capturing value from that talent suggests our eighth research proposition relating to the value capture process:

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RP8: Even where a particular employee or group of employees have exchange value and may be seen as a vital element in a business model once provided with access to the organization's resources, the organization (as sellers of these resources) may only capture minuscule amounts of exchange value where they have weak bargaining power.

3.3. Talent management and value amplification (or leverage)

Leveraging refers to the successful application of a firm's capabilities through processes of mobilisation, co-ordinating and deploying (Sirmon, Hitt, & Ireland, 2007). Insight into the ways in which talent management can have a leveraging impact on value has come from a range of perspectives. Leveraging effects are claimed by studies of:

- Recruitment, selection, training and career development processes that reduce the cost of providing employees with relevant information, assess the "whole person" beyond just immediate task performance needs, or increase the speed to competence (improved efficiency), thereby freeing up existing resources and enabling more to be done for the same spend (O'Leary, Lindholm, Whitford, & Freeman, 2002).
- The U-shaped relationship, and direct and moderating effects, between human capital and performance, where at a certain point the leveraging of human capital has a positive and increasing effect. Organizations typically pay more to employees in their early career (invest in development) on the assumption that they will recoup investment and leverage future productivity (Hitt, Bierman, Shimizu, & Kichhar, 2000).
- Intra-person (within the person) talent management practices that enable an individual to be the best they can, to optimise and amplify their performance, serve the purpose of leveraging the investments necessary to acquire and capture the potential value of either general or star talent (Fernández-Aráoz, Graysberg & Nohria, 2011).
- Mentoring and development of the social capital of young talent through strategically important projects, clients, and talent (Sirmon et al., 2007).
- Activities that enable the organization to build on acquired talent through an understanding of: the organizational capabilities central to the business model; the implications of these capabilities for the knowledge that talent must have; the ways in which talent contributes to the execution of strategic outcomes of innovation, customer centricity, efficiency and effectiveness; and the ability to respond creatively to immediate and sustained talent shortages (Sparrow et al., 2010).

From an RBV perspective, the process of combining individual skills with tacit organizational knowledge in ways that leads to novel and valuable outcomes or creates greater human capital for the serving of customers, is a leveraging mechanism. Effective leveraging is also seen to create dynamic capabilities, whereby organizations can renew, augment and adapt their current capabilities, internalising the need to serve changing needs, by bundling complementary resources and creating efficiencies in addition to the transfer of knowledge. This suggests our ninth research proposition relating to the value leverage process:

RP9: In order for organizations to renew, augment and adapt their current capabilities, they need to build processes into their talent management architecture that combine individual skills with tacit organizational knowledge in ways that leads to novel and valuable outcomes.

Research on the role of intellectual capital argues that organizations need to extract the value components and drivers (such as customers, competitors, employees, information, partners, processes, services, technology) associated with their strategy and identify the performance-based activities that leverage these drivers (Andreou, Green, & Stankowsky, 2007). Accounting, marketing, operations, economics, strategy, information technology and human resources literatures also give attention to intangible value drivers that leverage firm and market-level financial outcomes (Ashton, 2005). These give attention to leveraging activities that improve the efficiency and effectiveness of existing value creation activity. These include:

- the generation of new ideas that improve skills and services; the structuring of resources used to capture, transfer and share knowledge; the establishment of interactions between such resources; and the cultural reinforcers of collaboration, creativity, communication and trust.
- practices and management activities associated with customer satisfaction, brand equity, patents, quality, and human resource systems, such as total quality management, business process engineering customer relationship management, and teamworking.

This leads to our tenth research proposition:

RP10: A series of talent management activities and practices are capable of being structured in ways that will leverage value by improving the efficiency and effectiveness of strategic execution, through motivating, learning and supporting effects.

A final leverage perspective comes from IHRM research that positions talent management as part of a capabilities building and transfer strategy (Adenfelt & Lagerström, 2008; Meyskens, Von Glinow, Werther, & Clarke, 2009; Michailova & Mustaffa, 2011; Minbaeva, Foss, & Snell, 2009; Sparrow, 2006; Sparrow, Scullion, & Farndale, 2011).

Again, the RBV perspective argues that although resources can provide a global advantage to the MNE as a whole, the value is only realized *if* the knowledge, skills, and capabilities possessed by these resources can be leveraged appropriately. Once collective processes of knowledge generation become involved in the creation of value (Teece, Pisano, & Shuen, 1997), then any value created becomes a function of other practices (such as knowledge sharing and management, the ability of social networks to conduct conversations and dialogue, the organizational capacity to combine and exchange knowledge, cultures that convert routines into managerial capability,

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and dynamic capabilities associated with the acquisition, integration and reconfiguration of these routines). The *capability-recognizing* perspective argues that unique knowledge-based resources belonging to central corporate functions and top teams may need to be transferred and disseminated on a need-to-know basis (for example through the strategic use of expatriates international assignments), whilst the *capability-driven* perspective deals with the wider process of building, protecting and exploiting *mutual* capabilities across geographies (between a corporate HQ and local operations), through an HR architecture that manages multi-direction knowledge flows through co-ordination of the relational aspects of knowledge management, the role of social capital, and the flow of tacit knowledge across subsidiaries (Sparrow, 2006).

From a knowledge management perspective investments in talent must be leveraged through the management of a series of knowledge integration mechanisms, including centres of excellence, expatriate advice networks and transnational teams, the role of international mobility functions in creating social capital; and global expertise networks based on communities of practice and social communities. This suggests our eleventh research proposition:

> RP11: In order to leverage investments in talent management, organizations need to position talent management as part of a broader knowledge and capability strategy, and build a distributed capability system that combines the acquisition, creation, capture, and storage of knowledge, through activities that ensure its subsequent flow, transfer and diffusion.

3.4. Talent management and value protection (retention and preservation)

Finally, we consider the fourth value adding process, that of retention, protection and preservation. Rumelt (1984) expressed the idea that an organization can only preserve value – stop it from being captured by others – through a series of "isolating mechanisms" (discussed earlier) that stop rival firms from acquiring or replicating a desired bundle of resources. Earlier in the paper we noted how the HRM literature has argued the importance of ensuring that value once created and captured is not lost. From this comes our twelfth research proposition:

> RP12: The protection of prior talent investments requires a talent management architecture built around processes of: design and maintenance of effective governance of talent; the use of risk optimization, management and mitigation frameworks; constructive surfacing of risks in business models; consideration of reputational issues.

From an RBV perspective, it is those portions of the firm's rents that talent creates from its superior management skills (firm-specific skills in the form of developed knowledge and relationships with customers, suppliers, and critical employees, and a deep understanding of internal technologies) that creates a valuable managerial rent (Castanias & Helfat, 2001).

A number of perspectives help articulate what is involved in our final value-generating (more accurately preserving) process. As noted in the discussion of the human capital metrics tradition, studies have long looked at the value and utility of human resource interventions (Sturman, 2000), such as salary growth and promotions on job turnover (Trevor, Gerhart, & Boubreau, 1997), avoiding dysfunctional high performance employee turnover and the role of organizational practices in influencing the performance distribution of leavers (Sturman, Trevor, Boudreau, & Gerhart, 2003), or the organizational benefits of retaining top talent by empirically demonstrating that top talent produces a disproportionately large amount of output (O'Boyle & Aguinis, 2012). Attention has also been given to the retention of top managers with value-creating human capital in mergers based on the creation of governance arrangements that provide credible commitments to the maintenance of managerial discretion (Bargeron, Schlingemann, Stulz, & Zutter, 2009; Wulf & Singh, 2011).

However, the language of value protection is also found in research on intellectual property rights. Such research identifies a "value chain" of generation, protection and utilization (Reitzig, 2004; Reitzig & Puranam, 2009) and considers the notion of "value appropriation", seen as the ability to capture but then also protect the returns to value creation from the forces of competition. It considers processes that guard against the threats of "value leakage" caused by the spread of competitive intelligence incursions – more knowledge, in more heads, under less control – and the passing of information through a supply chain of knowledge sharing networks (Erickson, Rothberg, & Carr, 2003). This leads to our penultimate research proposition:

> RP13: Talent architectures need to include processes that enable the modeling and retention of the best capabilities by limiting levels of value appropriation or leakage to competitors.

A final dimension to value preservation is the notion that it erodes over time, and across a life time of relationships. By analogy, the strategy and marketing literatures give attention to the question of customer value (Khalifa, 2004). Models of customer value focus on value creation. They do this by specifying value components models (the components and perceptions needed in order for a customer to buy, such as their wants or esteem value, worth or exchange value, and needs or utility value); and benefits–costs ratio models (the perceptions of customer value based on the benefits received versus sacrifices incurred). Such judgements of course map over into our analysis of the value of talent and talent management architectures. Whilst marketing research gives attention to customer acquisition (for us acquiring and creating value through talent), and customer expansion through cross-selling (for us leveraging or amplifying talent), at the heart of these two processes, is the issue of customer retention and the subsequent development of customer lifetime value (Gupta et al., 2006). Value exists in the (customer) relationships over their whole life cycle (value defined as the present value of all future profits obtained from a customer over the life of their relationship with the organization). Small increases in customer retention, and the avoidance of customer defections to competitors, under certain conditions can lead to large increases in net present value profits.

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Given the curvilinear relationship between human capital and return on investment mentioned noted earlier, talent likely operates on the same basis as customers, with increases in retention having considerable benefit. Talent management architectures need to preserve and protect prior investments in talent by giving value to the intensity or longevity of the relationship that exists. Customer retention models estimate the value of a range of outcomes: lost for good and brand-switching customers (talent that leaves), customer loyalty, remaining alive and repeat buying (talent being engaged or disengaged), and the cost of accelerated failure of a relationship, or the proportional risks or hazards of such. These constructs can be mapped over to the consequences of talent management architectures. This leads to our final research proposition:

> RP14: The utility of talent protection strategies may captured through estimates of talent lifetime value, which includes the proportional risks, hazards and costs of lost for good talent, the accelerated failure of talent relationships, and talent disengagement.

4. Discussion

We now discuss why our set of propositions and argument that a theory of value to think about talent management is of use to HR researchers, what researchers might overlook if they do not address these issues, and the implications for a talent management architecture. In relation to how individual talent, and the talent management architecture that manages talent, should be seen as creating value, both RP1 and RP2 argue value creation is a relative process, and in order to evaluate any "value claim" individual talent might forward, organizations need more detailed insight into the total system impacts of such talent. HR functions (if they are the ones to manage talent) need data on the impact of focusing resources on a smaller group of talent in relation to the costs and value of the non-talent workforce, how the cost of any talent investments might otherwise be spent, and with what impacts on value. Investments in individual talent can only be evaluated through comparison to investment in alternative arrangements such as shadowing or L&D for non-talent. RP3 and RP4 draw attention to the role of monopoly power in the management of talent, and the line of sight or diagnostic ability of those within acquiring organizations to the value claims made by talent. For there to be greater regulation of the valuation of talent claims, the assessment must be the intellectual capital or business model capital of talent rather then just their reputational capital. RP5 argues such regulation and assessment becomes more critical in the context of high business model change. Is such a skill, business insight, and understanding of the fluidity of human capital something that HR functions are ever likely to possess? But if not them, then who?

In relation to our propositions on value capture, then RP6, and our notion of separate decoding and isolating mechanisms needed to capture and internalise any (potential) value that exists in skilfully acquired talent, shifts the emphasis of talent systems from a focus on the value of human capital, to the value of social capital, and in particular the value of collective and freeform exchanges and challenges to the value claims of individual talent. The management of talent is as much about the conversations of talent-to-talent as it is about the acquisition of "unchallenged" talent. RP7 similarly draws attention to the power of social network management as a source and activity of talent management functions, whilst RP8 reminds us that talent systems are power systems, and a talent management architecture must include practices that "de-value" and weaken the monopoly power of talent if they are to be of value to the organization at large. In theoretical terms, we need a more sophisticated understanding of the relative value of capital components i.e., the human, social, political/reputational, and intellectual/business model capital, as well as ways in which such capital can be isolated from individuals and captured more collectively.

Our value leverage propositions talk to the alignment of talent management and learning and development functions, but also draw attention to the "amplification" effects that must be managed alongside individual talent. RP9, RP10 and RP11 demonstrate the need to overlap knowledge management, capability management and talent management functions. This knowledge–capability–talent axis is generally understated within the literature. It is more obvious to the global talent management researchers who look at the role of individual talent in the form of expatriates in the context of both other forms of international workers and other systems that might also help build capability at a country level. Once we understand that a focus on the management of talent also requires that we incorporate ideas and practices more to do with knowledge management, we also understand the implications of creating more broadly defined and enabled talent management functions. The notion of talent as distributed capability systems, and the need for active management of knowledge stores also brings in academic perspectives from the fields of management cognition, organization memory and the psychology of strategic management. In short, it demonstrates the weakness of trying to shoehorn talent management into a human capital straightjacket.

Finally, our value preservation propositions open up the type of research that needs to be done. The traditional human capital perspective on the retention and cost of talent loss, and utility analysis of decisions made in various HR processes such as recruitment and reward that lead onto exit behaviours, likely understates the value of talent management. Our propositions show that talent management research should be informed by broader models. RP12 shows the potential for loss of talent (be that physical loss of talent, or loss of their engagement, or leakage of their know-how beyond the organization in ways that can be replicated) is in essence a problem of risk management. Again, a new research bridge needs to be better understood – the links between risk management and talent management – and the incorporation of the proportionate hazards of such risks into thinking about the value of talent management. RP13 shows that business intelligence – its appropriation and its protection – is as much a question about the protection of talent as intellectual property. RP14 demonstrates that researchers need to think about the value of talent through the lens of life cycle models – the costs associated with the engagement or disengagement of talent over time – and the value of relationships and not just of individuals.

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5. Conclusion

The paper shows that before we can argue the value of talent management, we need first to deconstruct the implicit value claims within the literature. Our analysis of the assumptions made by four different talent management philosophies shows that each makes a series of implicit value claims. These claims, however, remain in the main untested. The use of dominant talent management philosophies signals a number of important literatures. It also demonstrates that the human capital perspective can capture some, but not all, of the question of value. Human capital thinking helps explain how the informating of work has changed the potential value of talent and increased the level of power, business and social opportunity open to those with intellective skills. It can also accommodate a distinction between general talent (itself a small and exclusive sub set of the broader workforce) and star talent, who generate value for an organization in a disproportionate manner. The practices philosophy also adopts much human capital thinking — drawing upon assumptions from the high performance HRM and bundles of practices literature and suggesting that value is only created if the whole bundle is in operation.

However, human capital theory has been less concerned about the true locus of organizational effectiveness, and how the different levels of talent interface with the more systemic sources of organizational performance (for example its production systems, or broader organizational capabilities in operation). Human capital thinking is not dominant in considerations of the cognitive limitations of strategic actors, nor how insights of human capital as a "collective" may be leveraged through knowledge transfer. Yet, we need to understand how star talent are embedded in a broader capability system i.e., see talent management as one (and only one) mechanism for building and distributing broader capability around the organization. From within a practices philosophy, human capital thinking does not address the additional complexities that arise as organizations align their whole talent architecture towards whatever are their important strategic outcomes (such as competition in terms of innovation, quality, efficiency and effectiveness) nor does it address the value of many of the emerging practices around cognate functions such as employer branding or strategic workforce planning.

From within a positions philosophy, human capital theory is not equipped to deal with the systematic identification of critical positions nor how they differentially contribute to the organization's sustainable competitive advantage to become an important contributor to the efficiency of the organization in terms of the quality and speed of strategic execution. This invokes academic perspectives that focus on organization design, control and co-ordination, broadening the scope of the field of talent management to an important axis between business model insight, theories of organization design, information and knowledge markets, and the subsequent extraction of value from talent through effective knowledge management.

Finally, the strategic pools talent management philosophy, whilst strongly embedded in human capital thinking, is now broadening out its assessment of value by bringing in ideas, models and frameworks from the fields of risk management, optimization and mitigation, or supply chain management under conditions of uncertainty.

Our analysis of the various talent management philosophies in the first part of the paper shows we need to adopt a broader set of theoretical frames in order to consider how individual talent, or the broader talent management architecture, is of value to the organization. The second part of the paper then argued this broadened set of issues can be synthesised back into a simpler, but analytically important, theory of value. By thinking more about *what it is that talent is supposed to be doing*, and laying out the potential value of this activity and its contribution to the underlying strategic purpose of the organization, we identified four processes of value creation, value capture, value leverage and value protection,

In relation to these processes, the paper suggests a number of interesting avenues for future research, and for the methodologies that such research might use. Once we shift attention to the management of talent, and not just talent management, there is considerable life yet for the field. We need to discount claims by papers that cannot really disentangle the following complex performance effects. RP1 and RP2 argue that research designs that compare performance of organizations or business units pre- and post- the arrival or contribution of talent are flawed. The most appropriate baseline is not one of comparing non-new talent versus new talent units. Designs require the controlled comparison of a third alternative investment condition. Whilst a difficult design, it could be used to study the contribution that particular talent has in team settings. There are many interventions in organizations where "like" teams pursue, or are subjected to alternative investments, for example creativity techniques to exploit the knowhow of existing talent in one, injection of new talent and thought leaders in others. Such comparisons could be evaluated. Evaluations of the value of talent also need to be longitudinal. RP3 argues assessments of the value of talent need to use multiple and broader constituencies or assessors, as the perception of value is subjective and might reflect perceptions of over- or under-valuation based on the potential for monopoly power. Investigation the subjective assessments used to evidence the presence of monopoly over talent market would enable remunerations committees, for example, to subject their decisions to broader scrutiny. RP4, underwritten by notions of new use value, calls for researchers to identify the impacts that incoming talent has on a receiving unit. Consider the analogy of a super goal scoring soccer star has for a purchasing team. It is not just the number of goals they score for their new team that represents their added value — many of these goals might have been scored via the team's system through some other play. It is the additional goals that would only have been scored by the capabilities of that player being successfully transferred to the new team, in ways that augment the whole system. RP5 argues we need comparative studies of the value of talent. Where we have data within a single sector, separate analyses should be conducted dependent upon important contingent factors or characteristics of the organization. We argue for a contextual variable of the extent of business model change — we might re-examine data on business performance improvements by recoding organizations on such a measure in order to test whether organizations in low business model change settings can make lower financial investment in talent and whether commoditised business recipes devalue the additional value of talent.

The value capture propositions, RP6, RP7 and RP8, suggest we should link the use of social network analysis, and the position of talent within key positions in such networks, to the question of value. Does, for example, placing an individual in a brokering position across a structural hole within a network increase their short term or long term value? This calls for comparative studies that demonstrate improvements to talent achieved through the use of additional relationship-building aspects of HRM, longitudinal research designs, and broader assessments of the type of capital (human, social, political and/or intellectual capital) that becomes important within a talent management architecture. How do the designers of talent systems build in capture for each different form of capital and with what assumptions about return on investment? Such assessments could be made at various points of entry into and progress through a talent system (incoming graduates, or people moving into and out of high potential schemes). Time-phased assessments of change in their capital could be introduced, enabling tests of whether surrounding talent by coaches, mentors, or exposure to key positions within a network, leads to significant gain. This would enable the comparison of value capture mechanisms to swim-for-yourself or craft-your-own job approaches to talent management.

The value leverage propositions argue the need for studies that look at the contribution of individual talent, and broader talent management architectures, to changes to the relative capital of individuals and teams within a frame of knowledge management. RP9 argues we look at the indirect benefits that talent can bring to a receiving unit, such as exploitation and creation of new tacit knowledge, or at how tacit understandings of a receiving unit serve to reframe and develop the insight of incoming talent. The field of global talent management is a likely candidate for such studies, for example looking at the interplay between incoming expatriates, local teams they manage, and transfers of understanding across the different types of capital. RP10 argues for examination of tacit benefits that arise from the behaviour of talent — for example how talent impact the efficiency and effectiveness of others through motivational, learning and supporting effects. We often assume negative and de-motivating effects of talent on the non-talent populations, but the right talent can have create capability building effects. Does the price paid for talent have subsequent impacts on the transfer of improvements to the effectiveness of others? RP11 will likely only be evidenced through case studies conducted in contexts where the activities associated with knowledge management and transfer can be separated out from the contributions of individual talent, but this is possible. Studies might look at the relative impacts that expatriates can have on an operation through matched comparison to alternative strategies, such as use of global expertise networks and teams, or use of knowledge resources.

Finally, the value protection propositions call for broadened assessment of the value of talent, and important practices within a talent architecture, by looking at the impact of poor decisions over talent, and of the impact of talent over time. RP12 calls for study of how talent practices or adjustments to talent processes are risk-dependent and how risk mitigation strategies impact the eventual performance of pools of talent — for example the use of career derailment techniques, or processes that subject the strategies of lead talent to the modification of group (peer talent) assessment resulting in fewer errors, or faster execution of projects. RP13 argues that as the value of talent erodes over time – either intentionally or through leakage – we should study the interplay between talent giving of their knowledge and competitive advantage freely, or protecting their intellectual capital and property more closely, and the ways in which a talent management architecture can create the most mutually beneficial exchange. Finally, RP14 argues we need to think more clearly about the life cycle of talent, how the value of talent waxes and wanes over time, the costs of talent failures through assessment of the lifetime value of talent, and the connections between talent management and engagement.

In conclusion, our analysis makes three contributions to the literature. First, it enables the identification of different types of value that theoretically should be provided by either individual talent, and managed by the broader talent architecture. The incorporation of broader literatures into our framework helps identify the *series of processes* that become important, which we call value creation; value capture; value leverage (or amplification), and value protection (retention and preservation). Second, the paper generates a series of research propositions that if tested could explain how each type of value is delivered in general terms, and what the contribution and scope of a talent management architecture should be. Third, the paper helps us organize, link and position many of the sub-debates within the talent management field. Once we understand that value creation is not just driven by the individual creativity of star talent, but also by collective exchanges of surrounding talent and the ability of organizations to develop mechanisms that isolate and extract valuable insight, then the egalitarian versus elite talent debate is contextualised — both systems are necessary but both are more collective than practice tends to allow for. Subsuming the management of talent into a broader theory of value enables the development of a more inclusive field by linking together the interests of a diverse family of researchers. But to do this researchers must now build an important series of important bridges, notably between research on talent, knowledge, and risk management. The management of talent field need not become dispersed through its examination of new and unique contexts. The language of value creation, capture, leverage and protection, and the processes can be applied to very different organizational settings. It can accommodate the reality that such processes operate differently, and explain different talent practices, in organizations as diverse as MNEs, public sector, small and medium-sized enterprises, charities, or whatever organizational form the new talent research settings might move into. Research on the management of talent in one setting can be linked to that of others through redress to the underlying issues of value.

Finally, the paper shows that we should avoid over-simplification of research through reliance on meta-theories. It demonstrates the weakness of trying to shoehorn talent management into a human capital straightjacket, and the potential blindness of such an approach to important phenomena. We now need to augment our use of human capital theory, an approach which has served the field well to date, with additional insights from other models and ideas from general management. In addition to bridges to risk and knowledge management — and better understanding of the theories that underpin some of the techniques being used (such as marketing insights into branding or supply chain insights into talent pipelines) we might also import useful and novel ideas from studies into parallel issues, such as customer life cycle, or intellectual property rights. This suggests both a need for considerable reskilling of those who manage talent or design the talent management architectures. But it also suggests that there is potential for a vibrant field ahead.

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