Activate Talent:
Capture the full potential towards common goals

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ABSTRACT

This conceptual paper articulates talent management as a strategic mindset. It presents an innovative and original perspective on the talent loop which is known as the talent value chain. Our findings suggest that the context in which talent is activated transforms talent in three stages: 1) talent as human resources, 2) human capital, and 3) human assets.

We state that leadership matters as contextual factor of the optimization process of the talent value chain. We conclude that leaders' signatures take root in which and how people are selected as human resources, how they are deployed as human capital, and how they are valued as human assets.

Conceptualization of talent as a construct is a main part of this paper. The insights discussed can be a contemporary guide for effective policies and efficient practices that lead to the recruitment, selection, development, growth and retention of employees and that transform talent into value.

Furthermore, this article guides executives, managers, and HR professionals on their way forward to carry organizations into the future. The presented five-stage approach offers an umbrella from an integral perspective. It makes clear that managing talent has different phases and includes several kinds of responsibilities and goals. Organizations that optimize the whole chain or some parts of the chain will beat the competition, create employment, and contribute value to society.

Introduciton

Heal the world
Make it a better place
For you and for me

- Michael Jackson,' Heal the World'.

In a world where we have to take responsibility for ourselves and the future of our planet, our actions are embedded in what we have and who we are. Our parents, children, and other family members, as well as our gifts, qualities, health, wealth, and strengths are the fuel of what we do.

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We are called to serve the world with that fuel. For this purpose, people build communities and companies based on many different ideas, driven by all kinds of motives, and managed in many different ways. What are the success factors of those communities and companies? Many successful companies have highly developed human resource departments, where hiring is carried out on the basis of 'scientific ' assessments including batteries of psychometric tests and rigorous multi-stage hiring panels, and where every staff member has a multi-faceted, multi-year development plan. In other, equally competitive corporations, new employees may be brought onboard through connections with the founding family, or a short interview with the CEO, who relies entirely on intuition in making hiring decisions.

What does this mean for managers? Firstly, it is extremely important to know that there is no single, effective way of selecting the right people for the organization. Managers should be able to stand back, take stock, and be self-reflective (Daft, Murphy, and Willmott, 2017) in order to gain insight in the contingencies of the best management practices, knowing that every situation is distinctive and dynamic. Secondly, it points to the importance of developing an ability to understand more intuitively and respond more skillfully to development and change. This ability is similar to the so-called '*quantimental*' approach in financial asset management which reflects the analyses of data (quantitative) to support decisions of more traditional intuitive (fundamental) decision makers. Quantimentals do have the ability to switch between ratio and emotion, thinking and feeling. In our increasingly divided world, in which global growing inequality is a ticking time bomb (Muhammad Yunus, Nobel Peace laureate) and the social contracts that bind us are fraying, this ability is worth its weight in gold.

Managers are the linking pin between the meso-level with the community or organization as social entity and the micro-level with individuals as the microfoundations of the organization. That position gives them the power as well as the responsibility to capture the full potential of the human capital towards the mission of the organization. They should communicate that the interacting people, empowered employees, and shared-orientations within the organization have to contribute to common goals. People are hired to cooperate and connect with conjunction in mind. Managers need to activate those connected microfoundations to achieve that conjunction with an orientation towards the organizational purpose.

Ultimately, managers are hired to do mainly two things. First, they should analyze which employees and teams create value and which employees and teams do not. Secondly, they should act based on their analyses in order to make all employees and teams valuable for the organization. However, they are human beings with a heart and soul so their analyses are colored by their own priorities and preferences anyway. This means that whatever they analyze as value, it will reflect their own signature. This makes them even more responsible for their valuations and related actions in the direction of higher returns on the investment in talent.

This introduction raises the question how managers could take that responsibility, based on the notions that they should be humble in their valuation and they are accountable but vulnerable in terms of signing assessments reports, performance appraisals, and making career advancement decisions. The following sections will give some support for this.

Theoretical framework

How managers should act, depends on their thinking and images of talent. For example, if they think that they have to manage people and processes as a chief control officer, they will focus on the standardization of internal structures and design and the optimization of internal working processes and value chains. This can be very effective but also quite bureaucratic and dehumanizing. Or, if they think from a more political perspective, they will put energy in group dynamics, conflict management, and power play, and strategic alliances. It is clear that a chief power officer behaves in a different way than a chief control officer. Next to these examples, managers could differ in their actions based on many other images of talent and their perceived role. See Gareth Morgan's notes in his seminal book *Images of Organizations* (1986/2006). He states that our experience and perceived roles are framed by our own perspective on organizations and management. All managers act on the basis of how they conceive of what organizations are. Mindsets in organizations are based on implicit images and associated languages.

If talent is associated with valuable employees and the reason of their value is not specified, it is a nice but an empty expression. In a similar vein, if an employer makes a distinction between employees and talents, we encounter the same problem. Such a distinction is based on preferences, biases, and judgments of the employer and being a talent without specifications and criteria sounds awesome but tells nothing.

This calls for a more sophisticated approach of the search and selection of the resources we have and need. This paper tries to pave the path in that direction.

To make sense of people in organizations as valuable resources, managers should become aware of their implicit images and mindsets. How do they perceive their role? What signature do they leave behind when making up assessment reports, performance appraisals and taking hiring and firing decisions?

Nicolai Foss and SiegwartLindenberg (2013) analyzed management perspectives on the drivers of value creation in organizations. Their findings suggest that talent is a multidimensional concept and that talent valuation is in the eye of the beholder. Some managers valuate employees because of the knowledge, skills and abilities and others base their valuation more on attitude, behavior and performance. Next to these, they found many mixed unconscious sets of valuation criteria (Foss and Lindenberg, 2013 -AMP). Furthermore, this study suggests that employees are mostly being kept in the dark and that this drains the capturing of talent potential in organizations. If managers make more explicit how they indicate someone's value for the organization, this could elucidated the normative goals of employment contracts and will contribute to the activation of talent.

A given unit of weight

On the micro-level, talent is originally defined as a unit of weight that is given to a person. Having talents means therefore that you posses more than one valuable gifts. Nowadays, this meaning is still in. Talent as a unit that is given to a person or an organization is a common use of the word. In this case, the person is the receiver of talent. The talent is possessed by the individual and refers to a natural aptitude or skill. If the organization is the receiver, the talent is possessed by the organization and refers to individuals given to the organization.

Managers are hired to unlock and capture the talent on the micro-level with an orientation on the mission and goals of the organization.

Talent management

The term talent management follows this discourse. Talent management are policies and practices around employees who are given to the organization as units of weight. This weight is linked to their actual or potential value for the company. Using a metaphor: Talents are like seeds. If the circumstances are right, seeds germinate. Germination is the sprouting of a seedling from a seed. Germination can be thought of as anything expanding into greater being from a small existence or germ. Seed germination depends on both internal and external conditions. The most important external factors include right temperature, water, oxygen or air and sometimes light or darkness. Similarly, people need those conditions to germinate and blossom. Individuals could become talents in organizations if the conditions are in sync with their own conditions. This means that a diverse workforce require tailored talent management approaches. There is no such thing as the best talent approach. In general, a managerial talent approach lead to the engagement of employees fitting the organizational road map of the future based on the dots on the horizon. Managers who could germinate the talent in that way, lead the company into the future.

Theory in practice

What theoretical notions are useful as perspective for leaders of talent? From high level academic literature as published in recent issues of mainly the Academy of Management, a trilogy of three types of talent can be derived. This trilogy is helpful in theorizing talent in organizations.

Theories in human resource management (HRM) and organizational behavior (OB) theorize talent as units of weight, closed to the original meaning of talent. Following these perspectives, talent can have two kinds of talent owners: individuals and organizations. From an OB-perspective, individuals are the owners. They have talents in terms of their knowledge, skills, abilities, and other characteristics. Grounded in HRM, organizations are the owners. They have talent in terms of their human resources and/or human capital.

Differences in ownership seem to be an issue in the theory behind talent management. There are some inconsistencies in the literature in this field. In HRM theories, *human resources* are sometimes defined as the talents of individuals, possessed by the employees, and sometimes as the talents of the organization, with the employer as talent owner. Human capital theories are more consistent. Most of the times, *human capital* is theorized as the talent of the organization, possessed by the organization. However, there are some publications in which human capital refer to individual characteristics like knowledge, skills, and other personal characteristics. Next to all these confusing conceptualizations, there is another talent type in place based on recent strategic organizational behavior theory. This third type of talent is known as *human assets*. Organizations who gain value from their investments in people, talk about talent in terms of their assets as units of weight. From that perspective, employees are a talent if they are worth their price. Here talent equals value with value as the return on investment in human capital. Nevertheless, managers are hired to activate both individual characteristics and individuals as such.

Analysis

If a manager knows the talent perspective of the company and if he or she is aware of his or her own, what should a manager then do to activate talent? The main themes should be addressed: hiring, developing, capturing and retaining talent, i.e. employees that are worth their price.

Analogy

A Gareth Morgan stated, an analogy could help to understand reality in a better way. Growth stages of seeds show what is meant by hiring, developing, capturing or retaining talent. See figure 1 for a visual overview of these stages of talent growth.

Using the metaphor of organizations as organism: Plants grow through phases. These phases reflect the different ways in which talent can transform. As already mentioned, talents are like seeds. The owner or steward of the ground has to fertilize that ground and to look for seeds that will fit and flourish in that ground. Then, if the circumstances are right, the selected seeds will germinate. The fittest seeds show off their power in relation with the environmental circumstances.

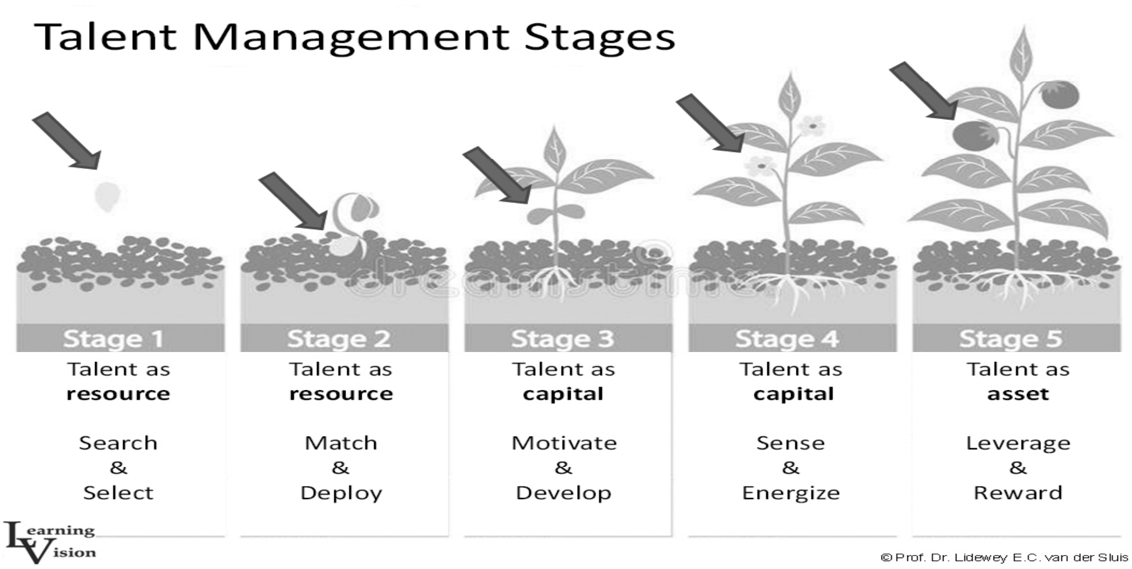

Figure 1. A Five-Stages Approach

As depicted in the figure, talent is seen as input variable in the organizational talent value chain.

Stage 1

In stage 1 and 2, talent has the meaning of being a resource of the organization. This viewpoint centers the knowledge, skills, abilities, and other characteristics of individuals as units of weight. In stage 1 , these resources, also known as KSAOs, are searched and selected. Individuals are assessed based on their quantity and quality of the required KSAO's. The 'best and the brightest' are those who score the highest on these criteria.

Like in the metaphor, an organization searches for the most liked and useful talent in the world. In their own eyes. The organizational utility function regarding talent is leading in this search and selection process. The goal here is to find and identify the talent that they like, appreciate, and recognize as a talent. Like a floriculturist who looks for seed that will blossom and will be bought by clients.

This part of talent management reflects the recruitment and hiring phase. The value of talent is based on the capacity of the individual as well as his or her track record including behaviors and performances in the past. Managers should focus on these aspects of the individual.

Stage 2

Stage 2 follows after stage 1 and captures the onboarding and deploying of new talent in the organization. Based on the acquired material, the organization could benefit from seed qualities like educational attainment, work and life experience, networks, etc. In this stage a new hire is matched with work to be done, goals to be attained, and people to work with. Managing the fit between the new hire and the many contextual factors that affect the connection to earth one of the most important but difficult aspects of the talent management process. Organizations that are successful in this kind of matchmaking are able to hire people that fit to their culture, cultivate their open and adaptive culture, embrace new blood, and capture new potential.

This part of talent management echoes the organizational entry phase. The value of talent is based on actual individual behavior and performance. Managers should focus on these actions and outcomes.

Stage 3

In stage 3 and 4 the lens moves even more towards the context of the talent. While in stage 1 and 2 the individual is the vocal point, in stage 3 and 4 the focus lies on taking care of the context and the individual in their symbiotic relationship. This is where human resource management finishes and leadership begins. This shift in perspectives recognizes the facts that employees are first human resources as un-contextualized assets of an organization and become contextual assets when their capabilities are aligned and applied with the business model. Employees as the human capital of the organization depend in their effectiveness, growth, and value on the relationships and resources around them. During these two stages it is assumed that the potential of an employee is strategically allocated to achieve the organizational aims. For this, leaders should provide the architecture of an vivid work context, organizational culture, and business climate that enables and stimulate them to give the max they can.

In stage 3, employees are motivated by their manager to use and show-off their full potential. Colleagues and leaders should promote the in-company engagement, cultivate ambitious mindsets, and offer developmental opportunities.

This part of talent management mirrors the engagement, mentoring, and leadership phase. The value of talent is based on the organizational engagement and attachment of the individual. Managers should focus on these sentimental aspects of the individual.

Stage 4

Stage 4 reflects the stage in which managers activate the lattice of individual performance and development. This stage covers the attention for the heart and soul of behavior and asks for a look behind the scene, covering less observable characteristics of work, performance and value creation, like building and retaining sustainable relationships as pillars of the HR outcomes. Managing talent in stage 4 requests a human or female touch of capital management in organizations.

This part of talent management embodies the inspirational and stewardship phase. The value of talent is based on current growth and productivity of the individual and expected future returns. Managers should focus on these hidden drivers of individual engines.

Stage 5

In stage 5 are the human assets the focal point. According to Russell Coff and Joseph Raffiee, professor respectively lecturer at the University of Wisconsin-Madison, human assets are the source of a firm's advantage. General human capital may not create value; only perceived to be firm-specific capital are critical for competitive advantage. Researchers from the University of South Carolina state that value is created only when the use of human capital increase a firm's revenues and/or decreases a firm's costs. This declares HR to be dead on the micro-level and asks for a lens on the returns on investment in people on the macro-level. Talent as asset reflects the impact of employees on the value creation by the organization.

This part of talent management embodies the harvest phase. The value of talent is based on actual contribution of the individual and value added to the company by the employee. Managers should focus on this output that follows the organizational capacity and culture.

This part also calls attention for the social capital in the company. Social capital describes the value obtained through relationships, or the goodwill others have toward an individual through whom resources, information, influence, and solidarity become available (Adler, & Kwon, 2002; Nahapiet&Ghoshal,

1998). Social capital plays an integral role in determining how well teams in multi-team systems can function, such as how the intersection of human resources, human capital, and social capital can affect unit performance and the organizational competitive advantage.

Results

Integrating scientific rigor, academic knowledge, practical usage and above reflections, it can be stated that talent in organizations is used in terms of three main domains: 1) human resources, 2) human capital, and 3) human assets.

This trilogy is in line with the rigor work that has been done by my colleagues from the University of South Carolina, with professor Robert E. Ployart as leading figure. The three different conceptualization have their own place in the strategic human capital conversation as he described in his thought leading article in 2015.

This brings us by the development of the talent trilogy as underlying structure of talent management processes and talent value chains. The talent trilogy contains three parts: Human Resources, Human Capital, and Human Assets. The three connected parts can be seen either as a single part of talent management or as three different aspects of the same theme.

Human Resources (HR)

Human resources (HR) are the seeds you plant in your organization by recruiting people. HR refer to the knowledge, skills, abilities, and other characteristics of individuals. These resources are also known as KSAOs, which are gained by individuals based on their educational attainment, experience, or other learning paths and activities. People have human resources because of their gifts by nature and because of their qualities by nurture and development.

Human Capital (HC)

Human capital (HC) is the umbrella of topics that relate to social behaviors and work attitudes of employees in the organization. These topics include for example engagement, commitment, motivation, personal and professional leadership, trust, fairness, health and happiness. Organizations have human capital because of their contracts and relationships with employees. HC is needed for the service delivery and/or production of goods of the organization. HC are seen as the input variables in the talent management process.

Human Assets (HA)

Human assets (HA) are the deliverables of the company in terms of their employees. The company is a context in which employees can learn, develop, grow, and blossom. Or not. If the organization works for the talent, this makes the organization an attractive place to be and to work. Then, it breeds value in terms of HA. This output of the talent value chain reflects the use of the human potential as derived from the strategic goals of the company. It also shows that context matters. HA recall the market value of employees, are context-based valued, and weigh firm-specific and generic human characteristics.

Managing the needed human resources in an organization, is the input side of talent management. After organizing this input, the transformation process should take place. HR should become HC and HC should transform into HA. These two phases ask for guidance. Guidance of leaders that attract and activate people to add value to the business. Therefore, where HRM finishes, leadership begins.

Guide for next steps

This article explores contextual aspects that let talent become value. The underlying assumption is that employers want to activate their hires as much as possible and that their flourishment and value are context dependent. More specifically, this paper articulates that leadership matters in the optimization process of the talent value chain. Leaders are accountable for the empowerment of people and should enable employees to grow, shine, and flourish as appreciated by the organization.

Other factors that enhance the transformation of talent into value are not included in our analyses. However, earlier research suggest that cognitive-person variables such as self-efficacy, professional ambitions and personal goals that enable individuals to manage their own career development could moderate and/or mediate this transformation (Lent, Brown, and Hackett, 2000). Also, additional sets of variables—such as physical attributes (e.g., sex and race), features of the environment, particular learning experiences, and personal dyads and networks—are known as influencers of the transformation of talent into value. Future research should draw on general social cognitive theory assumptions (Bandura, 1986), social cognitive career theory (Lent et al. (1994) and modern portfolio theory to open the box of individual flourishments and failures in companies. This asks for testing hypotheses that relate person, environment, and behavior variables to one another through complex, reciprocal linkages and random and organized circumstances.

Conclusion

Individuals cannot flourish without a context. Our findings suggest that the context in which talent is activated transforms talent in three stages: 1) talent as human resources, 2) human capital, and 3) human assets.

We conclude that activating talent from the stage of human resources towards the human assets stage asks for leadership. Organizations that activate their talent by making leaders responsible for the deployment of human capital to reach its fullest potential are the best breeders of talent.

Activating talent cannot be done without conceptualizing talent as a construct. Therefore, we discussed the subjectivity, images, and perishability of talent. We defined talent as a construct and compared it with seeds and plants. Using this as a metaphor, it becomes clear that the term talent can refer to human resources, human capital, and human assets. This clarification can help organization to focus on the real thing, namely the talent they want to manage. Are that qualities in terms of human resources, or employees in terms of human capital, or do they mean those who are paid less than their actual value for the company? The insights discussed here can be a guide for effective policies and efficient practices that lead to the hiring and retention of the –in your eyes- best and brightest.

Furthermore, this article guide executives, managers, and HR professionals on their way forward to carry the organization into the future. The presented five-stage approach offers an umbrella from an integral perspective. It makes clear that managing talent has different phases and includes several kinds of responsibilities and goals. Organizations that optimize the whole chain or some parts of the chain will beat the competition, create employment, and contribute value to society.

There is no war for talent. There is a market for talent. An organization can become an employer of choice for those who feel attracted to the company. This is only possible if the purpose and preferences in working with people are communicated open and frankly. By expressing what talent are looked for and what talent is liked and included, an organization can seamless integrate people and processes. And a seamless and inclusive organizational talent value chain leads to the best outcomes a company can get. In a world where we have to take responsibility for ourselves and the future of our planet, this system of activities can create value for the short, medium, and long term. With managers in the lead.

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