

# Key Research Findings Associated with Identifying High Potential Managers

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## 1.0 Executive Summary

Organisations are now recognising that a greater return on investment can be realised if there is a focus on developing the best staff. However, many organisations experience difficulties in identifying and selecting the high potential managers. This paper will identify a new approach through reviewing: -

- The evolution of approaches used in talent management
- Competency Frameworks as the most prevalent approach
- The latest research into the characteristics of high potential managers

### Evolution in Talent Management

- Competencies first proposed and applied to jobs in 1973
- Generic management and leadership competency models emerged in the late 80's
- Strategically aligned competency frameworks emerged in early 90's.
- 73% of large companies currently use competency frameworks (though many are finding they are not delivering the expected results)
- Management by values being advocated in early 2000's
- Authentic leadership advocated 2003 onwards

### Critique of Competency Frameworks

#### Strengths

- Seen as objective and scientific
- Can create a flexible, mobile and multi-skilled workforce
- Used to improve quality, implement strategy or create change
- Enhances assessment ability of staff

#### Limitations

- Do not identify potential (challenging the view that past performance is an indicator of future performance)
- Link to performance has not been firmly established – due to mediating factors
- Soon become misaligned with the strategy and restrict organisational learning
- Viewed by line managers as being overly simplistic, reductionist, and universalist
- Can take away the uniqueness of an organisation from which it derived its competitive advantage
- Tendency to encourage people to focus on their weaknesses and not capitalise on their strengths
- Ignores the power of interaction from within teams that consist of complimentary skills and strengths

### **Key Characteristics of High Potential as Identified in the Research**

An initial review of the research literature has identified that high potential managers possess a number of key attributes: -

- Cognitive agility
- Emotional intelligence
- Learning ability
- Absence of derailment factors
- Motivation

It is evident that a number of these key attributes are contained within many competency frameworks. However, it would appear that their combination along with other traits, knowledge, skills and behaviour within the competencies is masking their utility in identifying potential.

## **2.0 Purpose of this Paper**

Organisations are now recognising that a greater return on investment can be realised if there is a focus on developing their best staff. This has led to an increase in the use of High Potential Development Programmes. However, many organisations experience difficulties in identifying and selecting the high potential managers to be included on the programmes. This paper will identify an effective approach to identifying high potential managers through reviewing: -

- The evolution of approaches used in talent management
- Competency Frameworks as the most prevalent approach
- The latest research into the characteristics of high potential managers

Following the reviews, this paper will make recommendations as to how high potential managers could be identified and developed.

## **3.0 The Evolution in Talent Management**

### **3.1 The Emergence of Competencies**

In 1973 McClelland published his seminal paper in the American Psychologist and started a powerful 'competency movement' which quickly spread through all industrial nations. Since then competency frameworks have played a crucial role in recruiting, managing and developing employees. Before this time people were selected on the basis of academic qualifications and IQ tests.

### **3.2 Job Competencies**

Organisations have traditionally been built and managed using job-based structures. With this approach, the job description will typically be the foundation for selection, performance management, training, promotion and career management. However, for these human resource management practices to be meaningful and effective there needs to be a degree of stability in the job itself.

### **3.3 Generic Competency Frameworks**

Many researchers have commented that it is no longer possible to have the level of stability required for job based competencies. In the late 1980's and early 1990's there was a view that in order to respond to increasing rate of change within their operating environments organisations needed to be more adaptable with flatter structures. To enable this, a number of generic competency frameworks were developed to enable managers to develop the skills that could be transferred between jobs, departments and organisations. One of the most successful was the Schroder model (1989) which made the distinction between basic and high performance competencies.

### **3.4 Strategic Human Resource Management**

In the early 1990's a rise in the use of human resource practices that were designed to enable the organisation to implement its strategy were observed by a number of researchers. These practices have been termed strategic human resource management (SHRM) and use strategically aligned competencies as the foundation for selection, performance management, development, promotion and career management. This is the most prevalent approach to talent management being used today.

### **3.5 Leadership through Values**

Whilst the majority of organisations still employ the SHRM approach a number have found that it is not producing satisfactory results. By the late 1990's researchers had investigated the SHRM approach and found that the competency frameworks did not adequately equip managers and the organisation to meet new challenges in the operating environment. This evaluation of competency frameworks led to the emergence in the early 2000's of 'values' being used as a framework for aligning leadership with strategy. A number of influential authors have also been advocating an approach based on values, e.g.

- Stephen Covey, *The 8<sup>th</sup> Habit* (2004)
- Richard Barrett, *Liberating the Corporate Soul* (1998) and *Building a Values-Driven Organisation* (2006)

The approaches advocated in these books stress that leadership is associated with determining the vision, and setting in place the values, that align working practices in support of realising the vision. It recognises that people demonstrate the values in different ways according to their personality. Whereas, management is associated with ensuring that people have the competence to deliver the work and reviewing their performance.

### **3.6 Authenticity**

Since 2003 there has growing interest from both researchers and practitioners in a new leadership construct called 'authentic leadership'. This states that leaders need to be true to themselves in order to be successful. Advocates of authentic leadership argue that adherence to competency frameworks combined with social influence and a desire to achieve performance targets can result in a leader losing their sense of self and their moral compass. As a consequence they are more likely to make unethical or immoral decisions for the short-term gain of the organisation which in the long term may lead to corporate scandal and failure. Literature on Emotional Labour also suggests that individuals who define themselves in terms that are discrepant with their organisation's requirements are likely to experience their work behaviour as inauthentic resulting in a negative affect on their well-being and performance.

## 4.0 Review of Competency Framework Research

Through research carried out in 2005 Hewitt Associates found that 73% of large company's used competency frameworks but many found that they fail to deliver their objectives. As the use of competency frameworks are currently most prevalent in talent management it is important to review the available research to determine their appropriateness for identifying high potential managers.

### 4.1 Definition of Competencies

There is a great deal of confusion surrounding the definition of 'competencies'. The definitions fall within two camps; those that focus on behaviour and those that focus on the underlying characteristics of the person that predict performance. Woodruffe (1992) defined competencies as 'a dimension of overt, manifest behaviour that allows a person to perform competently'. Hooghiemstra (1992) proposed that competencies can be motives, traits, self-concepts, attitudes, knowledge, or cognitive and behavioural skills which can be reliably measured and differentiate between average and superior performers.

### 4.2 Strengths and Limitations of Competency Frameworks

An initial literature review has identified a number of articles, papers and books that summarise the key strengths and limitations of using competency frameworks for management and leadership development: -

- 'Reframing Competency in Management Development' by Elena Antonacopoulou and Louise FitzGerald, Warwick Business School. Published in Human Resource Management Journal (1995)
- 'High Flyers: Developing the next generation of leaders' by Morgan McCall, Boston University School of Management (1998).
- 'The face of True Leadership' by Richard Bolden, the Centre for Leadership Studies, University of Exeter. Published in European Business Forum (2005).
- 'Transforming Traditional Competency Models' by James Brook. Published in Selection & Development Review (2006)

#### **Strengths**

- The objectivity and 'scientific' nature of competencies is highly attractive as a means of measuring, assessing, comparing and developing leaders.
- Competencies can enable the development of a multi-skilled, flexible and mobile workforce.
- The competency approach is seen by organisations as a way of focusing and controlling the costs of training by developing the right behaviour for the job, with an eye to contributing to organisational performance.
- Competencies drive towards improvements in assessment and performance management.
- Strategic competency frameworks can provide a common language to communicate between organisational expectations and individuals' needs.
- The strategic competency approach can be used to realise a number of objectives, e.g.
  - Support the implementation of a strategy
  - Generate a change in an organisation
  - Improve competitiveness through reducing costs and improving quality

**Limitations**

- The assessment of a person's current competence does not predict their potential. For example, a person assessed to be at level 3 may have the potential to achieve level 5, whereas a person at level 4 may have already realised their maximum potential. This view challenges David McClelland's (the founder of competencies) assumption that our past behaviour is the best predictor of future behaviour.
- Competency frameworks are static whereas organisations are dynamic. Once created, competencies become out of date, misaligned with the strategic needs, and restrict organisational learning.
- The competency approach is overly reductionist (fragmenting the management role rather than representing it as an integrated whole).
- Competencies oversimplify the complexity of human personality, management and leadership.
- The competency approach is overly universalist (assuming a generic set of capabilities no matter the situation, individuals, or task).
- The use of generic competency frameworks can remove the uniqueness of organisations and their workforce and thus reduce their competitive advantage
- The link between competencies and performance has not been firmly established (the evidence is mixed). A number of researchers point to mediating factors such as changes in emotion and social settings.
- Competency frameworks are viewed as unrealistic requiring managers to be 'ideal' and demonstrate ability across a range of areas.
- Through using competencies to assess people for development there appears to be an emphasis on identifying and closing gaps. This leads to a focus on weaknesses which can help to prevent failure but does not lead to high performance.
- The focus of competency frameworks is on the individual and ignores powerful interaction effects that occur between individuals in a team when complementary strengths and capabilities are harnessed.

## **5.0 Research in the Identification of High Potential Leaders**

An initial review of the research literature has identified that high potential managers possess a number of key attributes: -

- Cognitive agility
- Emotional intelligence
- Learning ability
- Absence of derailment factors
- Motivation

It is evident that a number of these key attributes are contained within many competency frameworks. However, it would appear that their combination along with the other traits, knowledge, skills and behaviour within the competencies is masking their utility in identifying potential.

### **5.1 Cognitive Agility**

Dr Elliot Jaques, through his research into the differences in the nature of work at different levels in the organisation, found that the higher a person progressed in the hierarchy the more uncertain and complex the work became. Through investigating the people who could deal with uncertain and complex work he found that they could process conceptual and abstract information in parallel and converge at a conclusion and were able to deal with differing shades of grey. This differentiated them from those who did not progress through the hierarchy as they tended to process more concrete information in serial and saw things as black and white. This research is published in 'Requisite Organisation' by E. Jaques (1988) and 'Human Capability: A Study of Individual Potential and Its Application' by E. Jaques and K Cason (1994).

### **5.2 Emotional Intelligence**

A number of researchers including Goleman in his book 'Emotional Intelligence: Why can it matter more than IQ' (1996) have found that IQ at best contributes to 20% of factors that determine success in life. It is concluded that leaders tended to be more intelligent than the average group members, but not the most intelligent. A number of researchers have found that the level emotional intelligence is differentiator between the high and average performers. The concept of emotional intelligence is rather nebulous though it is generally viewed to contain elements such as, self awareness, emotion management, and empathy. Research carried out by Dulewicz and Higgs (2000) from Henley Management College has found that Emotional Intelligence contributes to 36% of the factors that determine success.

### **5.3 Learning Ability**

In his book 'High Flyers: Developing the next generation of leaders' (1998) Morgan McCall from the Boston University School of Management brings together his research into the identification and nurturance of executive talent. He concludes that the realisation of executive talent depends on the ability to learn what needs to be learned from key experiences. In his latter book 'Developing global executives: the lessons of international experience' (2002) McCall identifies the attributes that contribute to the ability to learn as:- (1) possessing a sense of adventure; (2) learning more and more quickly; (3) changing as a result of the learning.

### **5.4 Absence of Derailment Factors**

McCall's research identified that those who do not have a strong ability to learn tend to experience derailment in their career. The research identified that often the strengths that enabled the person to achieve early success soon became flaws with the absence of learning. In his books 'Organisations on the Couch' (1991) and 'The Leadership Mystique' (2001) Kets De Vries identifies that mild personality disorders can drive a person to achieve early success but with the absence of learning and self development they may lead to the person developing a dysfunctional leadership style resulting in either derailment or a reduction in organisational performance. Researchers at the Centre for Creative Leadership (1996) have summarised these factors into derailment themes as they manifest within the workplace. :-

- Problems with interpersonal relationships (being insensitive, arrogant, cold, aloof, overly ambitious)
- Failure to meet business objectives (betraying trust, not following through, overly ambitious, poor performance)
- Inability to build a team (poor staffing, unable to build a team)
- Inability to adapt to a transition (not strategic, conflict with upper management)

Hogan and Hogan (2001) have identified the personality traits that correlate with the dysfunctional leadership styles and the derailment factors.

### **5.5 Motivation**

High potential managers need to be self motivated and have a passion for leading people and generating results for the organisation. They also need to demonstrate a motivation for utilising their cognitive, emotional, and learning abilities in their work.