# CHAPTER 1: INTRODUCTION

## 1.0 Chapter Overview

This chapter will focus on the introduction and background of Talent identification in a general sense. Further elaborations will be made on the purpose and research objectives of the study. This will be followed by explanation on the significance of the study.

## 1.1 Background of Study

Employees are often referred to as the backbone of any organisation (Ongori, 2007; Martin, 2005; Tipper, 2004). At the core, an organisation is just a structural mass of people, software and hardware. In corporate events, it is common to see leaders paying tributes to its employees, for without their combined efforts and hard work, success will be hard to come by. As the saying goes, Rome is not built in one day. And so does an organisation. Its ultimate success cannot be just due to one singular person's perseverance, but the result of a team of individuals working in tandem with each other; creating synergistic collaborations on all fronts that deliver success to the very organisation they work for.

It is crucial to define the above phrase of 'team of individuals'. Teamwork is a common word in the workplace, but it is important to know 'who' (i.e. the individual) to be placed as part of the 'team'. Who is the right candidate to be included in an organisation's executive position? Who is the right person with the requisite skill set that deserves to be in the lead position? Who can respond best in a subordinate role? After all, all bosses/key decision makers and no staff make a dysfunctional team. Most importantly, what makes an effective team is collaboration amongst competent, talented individuals.

In other words, who can be identified as a Talent essential to the organisation's growth and advancement? Most importantly, how does one identify a Talent? Only after a Talent is identified, can an organisation practice Talent Management. This study serves to identify a set of criteria or key predictors of potential based on past researches for determining who and what qualifies to be recognised as Talents within an organisation.

The term Talent Management is no longer alien in the field of Human Resource globally. It was originally coined by David Watkins of Softscape in a published article in 1998. Talent Management has been commonly used in reference to methods used by organisations to attract, develop and retain talented employees. Talent Management is mainly driven by the belief that the right people in the right position will give the organisation competitive advantage. These people are rightly placed at positions that empower their positive attributes and put their talents to good use. Organisations are akin to machines that will function well if all its cylinders are firing at an optimal scale.

The process of attracting and retaining talented employees has come to be known as 'The War for Talent'. The term was initially coined by McKinsey & Company in 1997 for its research on Talent Management practices and beliefs. However, the term has resonated throughout the business world, and took on increasing importance ever since.

The War for Talent describes the challenge faced by organisations today. Organisations are engaged in an on-going battle to attract and retain talented employees. This battle takes front seat for many organisations as it is crucial for organisations to have the best people managing it with the best team possible, especially in view of the dynamic and fast-paced business landscape.

However, this is becoming more difficult as demand for Talents is greater than the supply. As markets slowly emerge from recession and the economy slowly heading

to recovery, the employee talent pool is shrinking (Rivers, 2010). When the economy is weak, organisations stop hiring and thus, supply of Talents surpasses demand. On the contrary, when the economy is strong, organisations will resume hiring and as a consequence, the demand for Talents surpasses supply. Hence, the War for Talent has become of strategic importance for organisations who wish to succeed in today's global fast-paced economy.

**1.2 Problem Statement**

Talent Management covers a wide spectrum of factors. Hence, it does not come as a surprise that organisations invest a lot of money in the battle to attract, develop and retain talented employees. But the consequences of identifying non-talents as Talents and foregoing the real Talents far outweigh the associated cost of engaging in the War for Talent.

In today's business scenario, organisations need to find the right person to do the right job. A wrong job assigned to the employee is detrimental to the growth of the individual as well as the organisation (Ramachander, 2007). For example, in a leadership role, if the position is assigned to a non-talent without the right skill sets and experience, the non-talent will not be able to adeptly handle the leadership responsibilities and this could potentially affect team's morale and productivity. Energy and time will be wasted on unnecessary recovery/remedial actions. Michaels, Handfield-Jones and Axelford (2001) argued that misidentification (i.e. placing individuals in roles which they are incapable of handling) can lead to disastrous events such as fall of Enron.

The shortage of Talents to develop innovative thinking and to challenge the status quo can severely limit an organisation's ambitions to grow and advance beyond fierce competitors (Ramachander, 2007). Succession planning is of utmost importance

especially for critical positions within the organisation. For example, if a CEO leaves an organisation and no successor was groomed to replace the CEO, this will cause mayhems within the organisation and the business continuity is also questionable. However, imagine if a non-talent is wrongly identified as Talent to succeed the CEO; this may be even more disruptive. This successor may make bad choices or decision making that will lead the organisation downhill or that may diminish customer or shareholder value.

Also, it could be a painful and costly mistake as not only time and money is wasted on developing non-talents, but the real Talents may be demotivated, disenchanted with the organisation as they do not believe they can progress up the corporate ladder and leave the organisation altogether. This is similar to brain drain of some sort, and worse, the Talents are leaving for rival companies or the competitors, giving them further advantages. If a Talent leaves the organisation, this can mean a loss of continuity and profitability while the organisation recruits new people (Ramachander, 2007).

A study by Ramachander (2007) found that the top 3 reasons for employees leaving are (a) lack of opportunities for personal and career development; (b) lacking sense of belongingness and adaptability to organisation culture; (c) salary and benefits. This further proves that Talents that are not identified and developed are more likely to leave the organisation.

When an organisation fail to identify Talents within the organisation, then the organisation runs the risk of losing the Talents to external scouts. To ensure the right Talent is retained and developed to his/her full potential which ultimately augurs well for the organisation; it is obvious that the more imminent issue is actually on identifying the Talents. To attract, develop and retain talented employees, you must first be able to

differentiate them from non-talented employees. Otherwise, it would seem like trying to locate the proverbial needle in the stack of hay.

Often, Talent Identification process is very much based upon current performance and a gut feeling of the line manager in terms of the individual's potential. McDonnell (2011) stated that "the potential for bias in deciding on who is Talent is high where the individual employee and decision-makers are similar". Therefore a more objective, structured and globally-consistent approach is needed. Without such an approach to identify Talent and to increase leadership pipeline for succession planning, the business is more likely to fail.

## 1.3 Research Objectives and Questions

The objective of this study is as follow:

RO1.   To examine whether Potential comprises Proactive Problem Solving, Personal Growth, Individuality, Organisational Savvy, Adaptability, and Analytical.

RO2.   To examine the relationship between the 6 Predictors of Potential (Proactive Problem Solving, Personal Growth, Individuality, Organisational Savvy, Adaptability, and Analytical) and Talents.

To support these research objectives, the following research questions were developed:

RQ1. Does Potential comprises 6 Predictors (Proactive Problem Solving, Personal Growth, Individuality, Organisational Savvy, Adaptability, and Analytical)?

RQ2. Is there any relationship between 6 Predictors of Potential (Proactive Problem Solving, Personal Growth, Individuality, Organisational Savvy, Adaptability, and Analytical) and Talents?

## 1.4 Significance of Research

This research seeks to determine if Proactive Problem Solving, Personal Growth, Individuality, Organisational Savvy, Adaptability, and Analytical are accurate predictors of Potential. This research will also determine if Potential can accurately identify Talents. If the suggested model is proven valid, this will serve as a guideline for other organisations when identifying Talents. The suggested model will enable organisations to have a more objective and structured approach in the Talent Identification process. And by adopting the suggested model, organisations will be able to reduce cost and time, not only those associated with the Talent Identification process, but also for attracting, developing and retaining talented employees.

By injecting objectivity into the Talent Identification process, it reduces the "gut feeling" factor and creates less conflict among the pool of employees. Favouritism ideally, can be taken out of the equation using a structured and objective process that is also consistent with global practice. Succession plans can be more effectively looked into, by ensuring the right person is there to take over the reins when the right time comes.

In the past, it has been argued that age will affect a person's job performance. Although much research has found no relationship between age and job performance, many employers are still sceptic. Therefore, this research also seeks to clarify if age will indeed have an impact on Talent identification. This will help give the employer's a peace of mind when they are recruiting of identifying Talents.

## 1.5 Overview of Chapters

In the Literature Review the definition and concepts about Talent, High-Performers and High-Potentials will be discussed. Reviews on past research findings on the predictors of High-Potentials and High-Potential Identification Models will also be deliberated. The finding of past research regarding the relation between age and job performance will also be reviewed. In short, review of existing literatures to support the entire study will be discussed.

This will be followed by the Research Methodology. This chapter will discuss the research model, research design as well as the methodology adopted to conduct the research. The hypotheses of this study will also discussed, including the research instrument, sampling design, data collection procedure and data analysis methods.

The next chapter will be the Research Results. This chapter presents the result of the survey conducted among the respondents in Malaysia. Upon completing data collection, the normality of the data collected was tested. This was followed by computing the questionnaire's reliability coefficient using Cronbach's alpha. Next, the questionnaire was subjected to factor analysis to determine if Potential comprise of 6 Predictors (Proactive Problem Solving, Personal Growth, Individuality, Organisational Savvy, Adaptability, and Analytical). Subsequently, the basic characteristics of the data collected were described. The relationship between the 6 Predictors of Potential and Talents was determined using Pearson's correlation analyses and Potential's predictive power was determined using multiple regression. The result of the study will be discussed in accordance to the research objective and the hypotheses of the study.

Lastly, the Conclusion and Recommendation will summarise the discussion and conclusion of this study. Moreover, from the research results, further recommendations on the study will be proposed. And the implications of the findings conduct will be deliberated.

## CHAPTER 2: LITERATURE REVIEW

### 2.0 Chapter Overview

This chapter reviews the definition and notions about Talent, High-Performers and High-Potentials. Reviews on previous research studies on the predictors of High-Potentials, High-Potential Identification Models and the impact of age on job performance will also be highlighted. In short, review of existing literatures to support the entire study will be deliberated.

### 2.1 Talents

The term Talent dates back to ancient Greek, which initially meant unit of weight. In the late 14th century, it was used as a unit of money. Only in the early 15th century was the term used for aptitude and ability. The term now is widely used and as defined by Michaels et al. (2001, p. xii):

"In the most general sense, Talent is the sum of a person's abilities – his or her intrinsic gifts, skills, knowledge, experience, intelligence judgment, attitude, character and drive. It includes the person's ability to learn and grow."

According to Silzer and Dowell (2010), Talent in organisations can denote a person's knowledge, skills, and abilities; a specific individual; or a group in an organisation. Silzer and Dowell (2010) further explained that Talent in groups can represent a pool of employees with outstanding knowledge, skills, and abilities in a particular technical area or a competency or a more common area. Sears (2003) however, suggested that Talent is knowledge and is formed by what customers' value. Therefore, Talent can be viewed as one of the fundamentals of competitive edge for an organisation. Silzer and Dowell (2010) further stated that "when an organisation has highly talented individuals in strategically critical positions this Talent becomes a

source of competitive advantage that is one of the most difficult to replicate by competitors."

Hansen (2007) defined Talents as main employees and leaders who are capable to steer the organisation towards greater advancement. A Talent is someone whose contribution is critical to the organisation's success (Tulgan, 2002) and is therefore the core competency of the organisation (Berger & Berger, 2004). A Talent can be from both the executive or managerial level (Michaels et al., 2001). Most importantly, Talents are top achievers (Berger & Berger, 2004) but at the same time also demonstrate the highest levels of potential (Chartered Institute of Personnel and Development). In another word, a Talent is a combination of high-performance and high-potential (Lewis & Heckman, 2006; Ashton & Morton, 2005); with performance representing the past and present and potential representing the future (Ashton & Morton, 2005).

## 2.2 Performance vs. Potential

Highly admired companies like General Electric, Microsoft, Cisco Systems, Hewlett Packard, and Sun Microsystems use a forced ranking system to categorize employees based on past performance and leadership potential (Grote, 2002). According to Serrat (2010), employees are ranked into three categories:

"The top 20% are "A" players who are expected to lead the organisation in the future; the middle 70% are "B" players who are encouraged to improve; and the bottom 10% are "C" players who are either offered training, encouraged to move elsewhere, or dismissed."

Grote (2005) highlighted that the forced ranking system leads managers to assess employees based on their performance against other employees. Furthermore, the potential element tends to be ignored. An example of the bell curve distribution for forced ranking is shown in Figure 2.1.
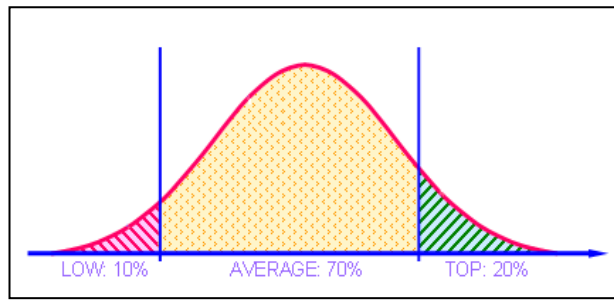
*Figure 2.1:* Bell curve distribution for forced ranking
Source: Belludi (2006)

In the late 1960s, McKinsey developed a nine-box performance and potential matrix to identify Talents (Arthur, 2011). By differentiating employee's capabilities, companies are able to separate the "A" players from the "B" and "C" players (Robinson, Fetters, Riester, & Bracco, 2009). General Electric is the first to use the nine-box grid as part of its Talent Management approach (Cross, 2007). Bank of America also uses a similar matrix to evaluate employees (Conger & Fulmer, 2003). Employees are arranged into one of the nine cells based on their performance and potential (Arthur, 2011). Those in the top right cell are the "A" players or "Stars" while those in the bottom left cell are the "C" players or "Detractors". An example of the nine-box matrix is shown in Figure 2.2.
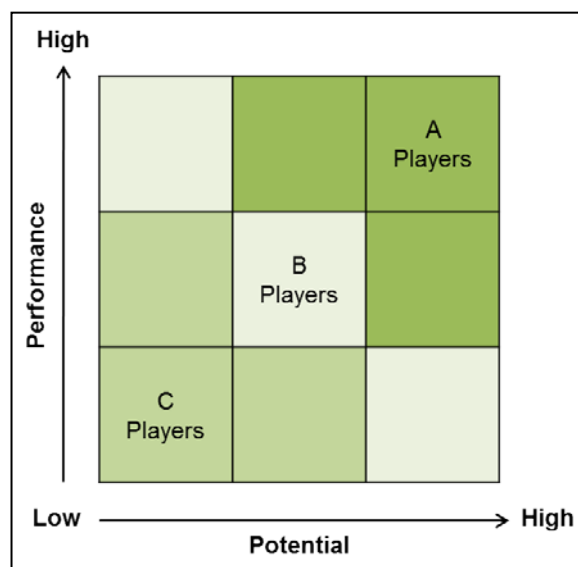


*Figure 2.2:* Nine-box performance and potential matrix
Source: Corporate Leadership Council (2005)

Nevertheless, there is one fundamental problem with the forced nine-box performance and potential matrix which is to separate performance from potential (Robinson et al., 2009). Although the purpose of the matrix is to differentiate between performance and potential, but in practice, the lines are often unclear (Silzer & Church, 2009). Performance and potential are not independent and distinct variables (Robinson et al., 2009).

Although performance is a crucial aspect to consider when identifying and deciding on who can be considered as Talent, often times, managers are confounded the evaluation of potential with the evaluation of performance (Silzer & Church, 2009; Rogers & Smith, 2007). Companies tend to assume that strong past performance is equivalent to high potential for the future (Arthur, 2011; Silzer & Church, 2009). The performance–potential paradox happens when current performance is used to assess potential (Church & Waclawski, 2010). Performance is an essential but inadequate predictor of potential (Silzer & Church, 2009; Robinson et al., 2009). In 2005, Corporate Leadership Council conducted a study on 11,000 managers and employees and found that 93% of high-potentials were also high performers but only 29% of high performers had potential.

High-performance employee does their job very well and has a good-fit with their current job but they may not necessarily be ready for promotion. If they are promoted to positions they are not ready for, they will find it challenging to survive, becomes anxious and may eventually fail. They may also leave the organisation altogether (McKenna, 2007). High-potential employees, on the other hand, possess characteristics that go beyond high-performance (Corporate Leadership Council, 2008). North Carolina Office of State Personnel stated that:

"High-potential Talents are typically those who demonstrate high-level contributions, organisational values, potential to move up to an identified

position within a given time frame, and potential to assume greater responsibility".

Therefore, performance should only be used as a preliminary criteria or prerequisite to distil high-talent potential but should never be considered as the only main predictor (Rogers & Smith, 2007).

## 2.3 Potential and Talents

The term potential can either be an adjective or a noun. As an adjective, potential is defined as "existing in possibility, capable of development in actuality'' (Merriam-Webster dictionary). Meanwhile, as a noun, potential is defined as "something that can be developed or become actual" (Merriam-Webster dictionary). Both definitions imply that potential can be developed.

In many organisations, potential is defined as a success profile with several competencies that executives currently possess or should possess in the future (Lombardo & Eichinger, 2000). Rowe (2007) argued that potential is a set of psychological characteristics needed by individuals to succeed. These characteristics are traits that underlie management competencies; not the management competencies per se.

Silzer and Church (2009) further stated that potential in work situations is not commonly used in relation to existing work performance; instead, it is usually used to suggest an individual with the characteristics, motivation, skills, abilities, and experiences to perform and contribute in wider or diverse roles in the future. Adams (2011) reinforce that potential is future-oriented and goal-focused.

In 2008, Silzer and Church conducted a survey among 20 organisations to understand current Talent Management practices in the organisations (Silzer & Church, 2010). The survey identified several different definitions of high-potential:

(a) by role (potential to move up to top or senior management role)

(b) by level (ability to move up and perform two levels above current role)

(c) by breadth (capability to take on wider scope and a leadership role)

(d) by record (consistent track record of outstanding performance)

(e) by strategic position (ability to effectively perform in specific critical positions)

(f) by strategic area (capability to perform in specific function, business units or geographic areas)

However, some organisations may have more than one definition of potential (Silzer & Church, 2010). For the purpose of this study, Talents is defined as individuals with potential to achieve executive success.

## 2.4 Predictors of High-Potential

Organisations are generally good in assessing performance but face challenges to accurately assess potential (Arthur, 2011). Researches in the past have highlighted different predictors of high-potential. These predictors can be categorized into the six main predictors.

### 2.4.1 Proactive Problem Solving

Proactive problem solving refers to taking action to solve problem without being prompted by others. Proactivity is another core feature of high achieving individuals. Being proactive is the first habit of Covey's (2004) seven habits of highly effective people and he describes it as "the ability to control one's environment, rather than have it control you". Covey (2004) sees proactivity as "self-determination, choice, and the power to decide response to stimulus, conditions and circumstances".

McClelland (1961) firmly believed that achievement-motivated people are typically those who take action, create and deliver results; again they were being proactive. McClelland (1961) considered that this proactivity extended to attainment of results through managing other people and resources. McClelland (1961) also suggested that "achievement-motivated people constantly seek improvements and ways of doing things better", which is clearly linked to the business proactivity facet of promoting and initiating change in order to drive the business forward.

Proactivity also emerges as contributing to organisations which are responsive and competitive in the marketplace. Dyer and Shafer (2003) used the term marketplace agility to describe this characteristic of organisations and stated that such marketplace agility required that "employees at all levels engage in proactive and adaptive behaviours". It is interesting to note that Griffin, Parker and Mason (2010) found that leaders can motivate more proactivity and adaptivity in others by providing clear and inspiring perspective of the future. Their ability to envisage possible positive future promotes an increase in proactivity for those who believe they can make a difference in their work role. This is seen in the Business Proactivity aspect of inspiring others to meet or exceed goals and objectives.

In today's fast paced environment, the ability to solve problem is not enough. Coming out with new and innovative solutions to problems are the key to success. In other word, creativity is crucial. The capability of creative problem solving has long been regarded as the power of talented people and the source of innovation. In 1995, Hunt highlighted that sophisticated machinery, instant global communication, and continuous reorganisation in the workplace would require employees to adapt quickly to new trends, and take a creative approach to problem solving. He questioned whether the workforce would be equipped to meet the difficult, unprecedented challenges of tomorrow's workplace.

As early as the 1950s, Peter Drucker wrote over 30 books and articles about innovation, entrepreneurship and strategies for dealing with a changing world. He was succinct in highlighting the value of creative problem solving or innovation for successful organisations. Drucker's (1955) view was that the purpose of business was to create and retain customers, so the business has only two basic functions which are marketing and innovation. It is marketing and innovation that produce results (Drucker, 1955).

Facilitating the development of creative problem solving skills came as a striking trend based on a considerable number of researches. For example Parnes (1992) developed a six-step method which alternated between convergent and divergent thinking phases. This was known as the *Creative Problem Solving Process*. Whilst this approach is formulated to promote the design and development of patentable inventions, it is also valuable for creating non-tangible solutions. Buzan and Buzan's (1994) mind mapping is another technique that can be used to reframe a situation and foster creativity. De Bono (1970) has also been active in this field as his lateral thinking is a specific approach to creative problem solving and creative thinking.

However, basic knowledge of the business and specific abilities are fundamental requirements for problem solving. Spreitzer, McCall and Mahoney (1997) identified Business knowledge as one of the competencies for early identification of executive potential. Business knowledge incorporates concepts of broad industry and company knowledge (Kotter, 1988), breadth of awareness (Woodruffe, 1993), basic knowledge of the company's products, markets, and policies, and basic technical competence (Spreitzer et al., 1997). Business knowledge through job experience and job knowledge was found to affect performance (Borman, Hanson, Oppler, Pulakos, & White, 1993) and the individual's ability to solve problems.

A survey conducted among 20 organisations in 2008 found that specific abilities were one of the factors that organisations used to identify high-potential individuals (Silzer & Church, 2010). Specific abilities include technical, business, or functional expertise and individual capabilities is required to achieve future business strategies. Some organisations that have functional talent pools will look for individuals with specialized abilities to progress in that function (Silzer & Church, 2010) which will improve and individual's problem solving capability.

### 2.4.2   Personal Growth

Personal Growth encompasses an individual's learning agility, motivation and achievement orientation. Learning agility refers to the ability to learn from experience, to pursue opportunities for self-development, to reflect on the learning and to actively seek for feedback on performance. Learning agility has made a mark as a key predictor of high-potential (Eichinger & Lombardo, 2004; Spreitzer et al., 1997). The survey by Silzer and Church in 2008 found learning agility that has been increasingly used as a factor to identify high-potential individuals by many organisations (Silzer & Church, 2010). McCall, Lombardo, and Morrison (1988) found that many managers who produce strong results based on their existing technical skills do not perform well when promoted. Many fail in their new roles because they depend on the skills which got them promoted, rather than learning new ones. In contrast, the successful ones (the high-potentials) are more prone to embrace variety, challenging and unfamiliar situations. Past researches have over and over again shown that the ability to learn from experience is the differentiating factor between successful and unsuccessful executives, and between average and superior performance (Charan, Drotter, & Noel, 2001). Walumbwa, Cropanzano and Hartnell (2009) found that effective learning behaviour

improves job performance and furthermore, when individuals identify with their employer, they will be more inclined to pursue learning activities.

Dewey (1938, as cited in Dean & Shanley, 2006) highlighted importance of reflection in learning. According to him, "Experience plus Reflection equals Learning". Dean & Shanley (2006) believes that following this sequence will lead to effective learning and executive development over time. In order for experience to take place, experience together with reflection on that experience is required (Gandz, 2003). Reflection has also been found to enhance task performance when combined with feedback (Anseel, Lievens, & Schollaert, 2009).

Furthermore, learning agility is closely linked to an individual's motivation. Motivation is the driving force for humans to advance and to learn new things. Motivation is said to be intrinsic (i.e. from within the individual) or extrinsic (i.e. the result of factors in the external environment) (Gardner & Lambert, 1972). Both are important and numerous psychological theories, such as Equity Theory, Expectancy Theory, and Goal-Setting Theory, seek to explain the interactions of the two that result in motivation. Nevertheless high achievers are generally capable of significant achievement across a wide variety of work situations; in other words they tend to show strong intrinsic motivation.

One important aspects of this is *Achievement Motivation*. '*Achievement Motivation* is defined as "seeking attainment of realistic but challenging goals and advancement in the job" (McClelland, 1961). An individual's *Achievement Motivation* is reflected in the individual's (a) work effort above what is expected; (b) commitment to do what it takes for career advancement; (c) high energy level; (d) career interest and aspirations (Silzer & Church, 2010). There is also a strong need for feedback from colleagues, and a need for a sense of accomplishment. *Achievement Motivation* is linked to potential as this characteristic is associated with initiative, setting ambitious goals,

and mastering new skills and areas of the business. It has been found that *Achievement Motivation* is strongly linked to successful performance of entrepreneurs (Collins, Hanges & Locke, 2004).

### 2.4.3 Individuality

Key elements of high-potential's individuality include drive and persistence and high level of self-assurance (Rowe, 2007). Drive and persistence refers to resilience and to never give up even when the going gets though. Resilience can be thought of as "the ability to rebound, or bounce back, from adversity" (Kaminsky, McCabe & Langlieb, 2007). People, who have a positive outlook and the ability to express positive emotions when faced with adverse situations, have been found to have greater job satisfaction and are seen to do their jobs better (Everly, Smith & Welzant, 2008). Also, resilience appears to be a key characteristic associated with stress tolerance and successful performance in highly arduous professions (Bartone, Roland, Picano & Williams, 2008).

Drive and persistence is also liked to commitment. Commitment include personal drive and goal (Woodruffe, 1993), and perseverance (Spreitzer et al., 1997). A strong commitment to the success of the job or organisation is crucial for executive success (McCall, 1994). Commitment was found to be related to willingness to share and make sacrifices for the organisation (Randall, Fedor, & Longenecker, 1990), reduced turnover (Lee, Ashford, Walsh, & Mowday, 1992) and highly successful careers (Romzek, 1989).

Self-assurance refers to courage and self-confidence. The courage to take action or to make things happen is equally important for executive success (McCall, 1994). Courage includes a strong sense of self-confidence but not arrogance (Woodruffe,

1993). High performance requires self-efficacy or confidence in one's capabilities (Eyring, Johnson & Francis, 1993).

On the other hand, self-confidence has been shown to be important for high performers. For example, Barrick and Zimmerman (2009) found that those who were confident in themselves and their decision making were less likely to leave the organisation and had higher performance within half a year after recruitment. Fletcher (1995) linked optimism with higher ratings on performance appraisals across important aspects of people's roles. Luthans and colleagues have also conducted considerable research in this area, confirming that high levels of resilience and optimism can predict better work performance, along with increased job satisfaction (Youssef & Luthans, 2007; Luthans, Avolio, Avey & Norman, 2007). They suggested that employees who demonstrate such characteristics had higher probability to succeed in the type of dynamic, global contexts faced by most organisations today compared to their counterparts with lower levels of such qualities. Furthermore, Zhong (2007) grouped together measures of hope, confidence, optimism and resilience and found that these were linked consistently with better job performance across a variety of different cultures and work groups.

### 2.4.4   Organisational Savvy

Organisational Savvy refers to the awareness and understanding of the structure, politics and objectives of the organisation, and involves elements of emotional intelligence and cultural intelligence. For success in business life, it is critical to understand the territory of the organisation in which one is operating including (a) the bigger picture of what senior decision makers are seeking to achieve; (b) the 'unwritten rules' of the organisation – how things really get done, who the important stakeholders are and how to influence them effectively; (c) how what one does is perceived by those

groups (e.g. subordinates) whose support one needs. Much of this is encapsulated in Brandon and Seldman's (2004) notion of *Organisational Savvy*. Their theory describes "how various issues including politics, perception, ego, hidden agenda, self-promotion, 'managing the airwaves', and trust all play out at the higher levels of organisations in either productive or destructive ways". According to their theory "the savvy executive must combine integrity and solid values with a keen awareness of people and politics".

Organisational Savvy also involves 'Emotional Intelligence' (EI), a key element of which is understanding others and their feelings. Daniel Goleman, a thought-leader in EI has, in his most recent evolution of the theory, specifically detailed 'Organisational Awareness' as one of the key component competencies of EI (Goleman, Boyatzis & McKee, 2002). EI competencies have been found to be related to success in a wide range of business contexts (Cherniss, 1999).

A different but partly related concept is 'Cultural Intelligence' (CQ). CQ involves distinguishing behaviours driven by culture from those specific to an individual, the principle being that allowing knowledge and appreciation of cultural differences to guide one's behaviours results in better business practice (Earley & Ang, 2003). Furthermore, cross-cultural competencies have become more and more crucial for executive success in the global context (McCall, 1994). Studies have found that cross-cultural sensitivity, openness, adaptability, cultural familiarity, and language fluency are important for executives working in a global context (Barham & Gates, 1991; Woodruffe, 1993). At the same time, cultural fit is equally important. Every organisation has its own unique culture, value and norms. Employees of the organisation are expected to behave in a manner that is in line with these culture, value and norms. High-potential individuals in particular are expected to support and act as role models of the existing culture, value and norms (Silzer & Church, 2010).

### 2.4.5 Adaptability

Adaptability refers to the ability to adapt to changes and to tolerate uncertainty. Constant change is accepted as a feature of modern life and especially of working life. Managing change has prompted much research and many theories regarding how best to encourage and implement change. It is reassuring then that the personal characteristics of being open to change and tolerating ambiguity have been found to be critical for high achievement and work success. Fugate and Kinicki (2008) considered that openness to change was a fundamental attribute of employability. Their view was that openness to change and new experiences supported continuous learning and enabled individuals to identify and realise career opportunities, thereby improving the individuals'personal adaptability.  McCartt and Rohrbaugh (1995) found that "open people are likely to perceive change as a challenge rather than a threat and be receptive to new technologies and processes". Therefore, overall, people who are open to new experiences and change are adaptable to ever-changing job demands, making them ultimately more employable. This supports the aspects of tolerance for ambiguity and change which indicate that talented individuals are positive towards change and adapt easily to new situations.

The importance of tolerating ambiguity and change for success in the workplace is such that there are many models illustrating how individuals respond to personal change. One such theory is provided by Fisher's (2005) model of personal change, *The Transition Curve*, which is an excellent analysis of how individuals deal with personal change. This model gives insights about how individuals deal with personal change and is also useful for managers and organisations who are assisting their employees to deal with personal change.

Furthermore, Silzer and Church (2010) found that adaptability in the form of flexibility, mobility and fungibility are factors used by organisations to identify high-potential. Flexibility is an individual's mental and behavioural openness and willingness

to consider and try different ideas and approaches. Flexibility has emerged as another underlying theme for executive success (Spreitzer et al., 1997). Mobility reflects the individual's willingness and ability to move to new locations for career opportunities while fungibility is used to describe "individuals who can be effective in a broad range of roles and can be interchangeable with others at the same level in other functions" (Silzer & Church, 2010).

### 2.4.6 Analytical

Decision making in organisations can be either analytical or intuitive (Brunswick, 1956) and research suggested that the systematic nature of analytical decision making is superior to gut instinct (Baron, 1998). Buchanan and O'Connell (2006) have stated that "To make good choices, companies must be able to calculate and manage the attendant risks" (p. 34). It is the cost-benefit decision making based upon a combination of intellectual capability, hindsight and foresight in analytical thinkers which enables rational judgements to be made.

High achieving individuals demonstrate a strong aptitude for seeking out, absorbing and synthesising information in order to make logical judgements in the workplace. Even basic managerial tasks such as organising teams and setting objectives rely on analytical proficiency (Drucker, 1955) since they require decisions to be made based upon past experience and anticipation of future organisational needs. A major theory of human intelligence, highlighted analytical ability, as a key component of intelligence (Sternberg, 1985) which enables individuals to evaluate, critique and utilise information effectively to achieve key business goals.

Rowe (2007) further reiterated that the thinking style of an individual will determine the quality of judgements. Key elements of high-potential's intellect include (a) high level of analytical rigour which is needed to get to the root of a problem; (b)

ability to make effective decisions; (c) ability to spot key issues; (d) early identification of shift in data patterns; (e) ability to reframe issues to an easily understandable manner (Rowe, 2007).

Schmidt and Hunter (2003) asserted that "intelligence is the major determinant of job performance" (p. 3) and the use of general and specific mental ability tests continues to be highly popular in the assessment and selection of high-potential individuals (Bertua, Anderson, & Salgado, 2005). Such tests comprise tasks which require analytical problem solving and decision-making processes that are inherent in managerial roles and measure general mental ability, which extensive research suggested is a valid predictor of future job performance (Bertua et al., 2005; Salgado, Anderson, Moscoso, Bertua, & Fruyt, 2003; Schmidt & Hunter, 1998). Indeed, tests of general mental ability have been identified as the single best predictor of job performance (Schmidt & Hunter, 1998).

Intelligence or analytical agility has also been identified as a key distinguishing factor of successful executives (Kotter, 1988). Successful executives need intellectual competencies such as conceptualization, visionary thinking, incisiveness, and reasoning (Woodruffe, 1993). Borman et al. (1993) found that cognitive ability is important for performance in first-line supervisors, while Dreher and Bretz (1991) found general cognitive ability as a predictor of later career advancement.

## 2.5 High-Potential Identification Models

Researchers and consulting firms have developed models to identify high-potentials. The main purpose all these models are trying to achieve is to be able to accurately identify high-potentials using one model across different roles and job functions. Below are a few well-known models that have been developed over the years.

Table 2.1: *Integrated Model of Potential*

**Foundational dimensions**—consistent and stable, unlikely to develop or change

Cognitive
- Conceptual or strategic thinking
- Cognitive abilities
- Dealing with complexity

Personality
- Interpersonal skills, sociability
- Dominance
- Emotional stability, resilience

**Growth dimensions**—facilitate or hinder growth and development in other areas

Learning
- Adaptability
- Learning orientation
- Open to feedback

Motivation
- Drive, energy, achievement orientation
- Career ambition
- Risk taking, results orientation

**Career dimensions**—early indicators of later career skills

Leadership
- Leadership capabilities, managing people (general)
- Developing others
- Influencing, challenging status quo, change management

Performance
- Performance record—career relevant
- Career experiences

Knowledge, values
- Technical/functional skills and knowledge
- Cultural fit—career relevant values and norms

Source: Silzer & Church (2009)

Silzer and Church (2009) had developed the *Integrated Model of Potential* based on their review of nine models of potential and two corporate surveys. Table 2.1 shows the components of the *Integrated Model of Potential*. In the *Integrated Model of Potential*, there are three types of potential dimensions: Foundational Dimensions, Growth Dimensions, and Career Dimensions. Foundational Dimensions are consistent and hard to change, and relatively stable across situations, experiences, and time such as cognitive abilities and personality variables. Growth dimensions are fairly consistent and stable across situations but might strengthen when a person has strong personal interests, opportunity to learn, and supportive environment including learning

orientation and motivation. Career dimensions can be learned and developed such as leadership competencies, performance, knowledge and values.

Based on Silzer and Church's study, Robinson et al. (2009) developed the *Potential Pyramid*. The fundamental principle of the *Potential Pyramid* is that performance is treated as one aspect of potential. The *Potential Pyramid* it helps managers make decisions based on a number of steps that go beyond performance, guiding more robust and useful discussions about promotional decision making (Robinson et al., 2009). The *Potential Pyramid* is illustrated in Figure 2.3. There are four steps in the *Potential Pyramid* starting from organisational value to performance to behaviour and lastly, confirmation as High-Potential. When using the *Potential Pyramid*, an employee must meet or exceed the criteria at one step before they can be considered for the next step. If an employee does not meet the step's requirements, suggestions are made to help them improve in that step (Robinson et al., 2009).
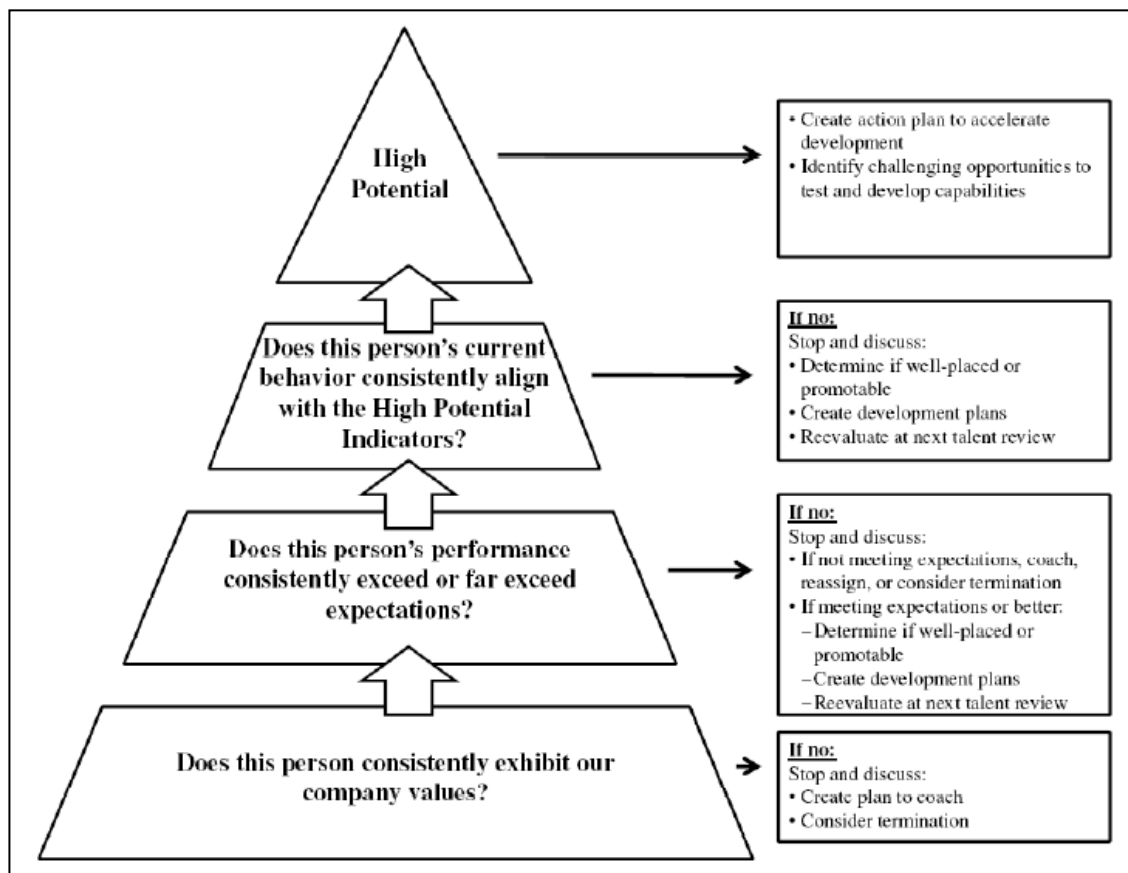


*Figure 2.3:* Potential Pyramid
Source: Robinson et al. (2009)

Corporate Leadership Council's (2005) *Model of Employee Potential* defines high-potential Talents as individuals with the Ability, Engagement, and Aspiration to rise to and succeed in more senior, critical positions. In the *Model of Employee Potential,* Ability is defined as a combination of the innate characteristics and learned skills that an employee uses to carry out their day-to-day work. Aspiration describes the employee's desire for prestige, recognition, advancement, influence, financial rewards, work-life balance, and overall job enjoyment. Engagement consists of emotional commitment, rational commitment, discretionary effort, and intent to stay.



The High Potential Employee

Aspiration

Ability

Engagement
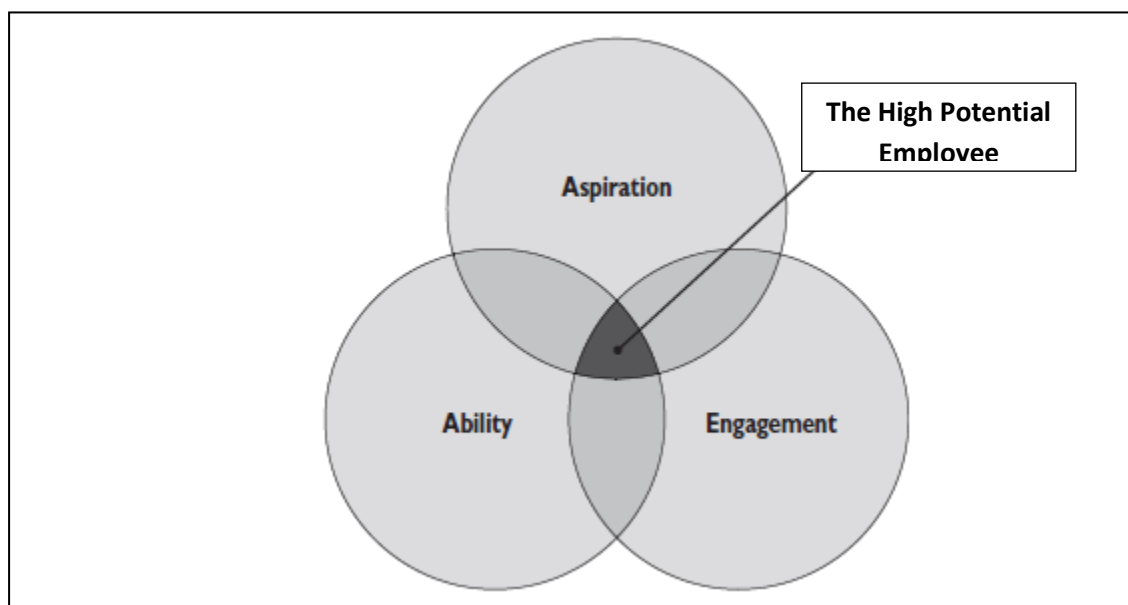
*Figure 2.4:* Model of Employee Potential
Source: Corporate Leadership Council (2005)

Based on extensive research in leadership competencies, Development Dimensions International (DDI) developed the *Leadership Blueprint* (Rogers & Smith, 2007). In this model performance is a prerequisite, not an indicator of potential. The *Leadership Blueprint* tracks the four cornerstones of leadership potential: Leadership Promise, Personal Development Orientation, Mastery of Complexity, and Balance of Values and Results. Leadership Promise broadly defines an individual who shows certain inherent abilities to lead others such as an individual's propensity to lead, ability to bring out the best in people and their authenticity. Personal Development Orientation

defines an individual who continuously strives to be better including receptivity to feedback and learning agility. Mastery of Complexity defines an individual's ability to excel in continuously changing working environment such as adaptability, conceptual thinking, and navigating ambiguity. Balance of Values and Results defines the individual's ability to work within an organisation's culture and still get the desired results. This can be reflected in the individual's culture fit and passion for results.

Based on Lombardo's and Eichinger's (2000) empirical studies in the area of learning agility, Lominger Limited / Korn Ferry International identified 4 learning agility dimensions (De Meuse, Tang, & Dai, 2007). These dimensions have been found to be significantly related to individuals being classified as a high-potential and staying out of trouble (Lombardo & Eichinger, 2000). However, these dimensions are not correlated with IQ test scores and personality (De Meuse, Tang, & Dai, 2007). These four dimensions are: Mental Agility, People Agility, Change Agility, and Results Agility. Mental Agility describes individuals who examine problems from a fresh point of view and are comfortable with complexity, ambiguity and explaining their thinking to others (De Meuse, 2008). People Agility describes individuals who know themselves well, learn from experience, treat others constructively, and are cool and resilient under the pressures of change while Change Agility describes individuals who are curious, have a passion for ideas, like to experiment with test cases, and engage in skill building activities (De Meuse, 2008). Results Agility describes individuals who deliver results under tough conditions, inspires others to outperform, and exhibit the sort of presence that builds confidence in others (De Meuse, 2008).

The models explained above are just a few more well-known examples of Talent Identification Models. There are numerous other models that have been developed by consulting firms to identify high-potential Talents. Most of these models have similar

Talent predictors as those mentioned above. However, these models may not be supported by empirical research and still need to be further validated.

**2.6 Age and Talents**

Over the years, there are many arguments regarding age as a factor that affects an individual's performance and potential. Researches in the past have produced mixed results regarding the relationship between age and job performance; some indicating positive relationship between age and job performance and others found age to be unrelated to performance (Ng & Feldman, 2008).

Avolio and Waldman (1994) found that age was negatively related to general intelligence, verbal aptitude, numerical aptitude, spatial aptitude, form perception, clerical perception, motor coordination, finger dexterity, and manual dexterity. This indicated that the higher the age, the lower the individual's analytical ability. Furthermore, Rhodes (2004) found that older individuals may have more difficulties with complicated tasks that need a high level of executive functioning (monitoring and controlling attention, suppressing irrelevant information, utilizing analytical reasoning, and updating information in working memory). Past researches have also found a significant negative relationship between age and memory (La Voie & Light, 1994; Spencer & Raz, 1995; Verhaeghen, Marcoen, & Goosens, 1993). In addition, Rhodes (1983) found that older individuals may have less intense work motivation. Ebner, Freund, and Baltes (2006) also found that younger individuals' goal orientations are more likely in terms of striving for gains while older individuals' goal orientation are more likely around maintaining the status quo or preventing loss.

On the other hand, Greller and Simpson (1999) argued that older workers may show at least the same, if not greater, job performance as the younger workers. Baltes, Staudinger, Maercker, and Smith (1995) stated that the older worker's accumulated

experience, wisdom and expertise may be sufficient to compensate for lower productivity due to any changes in cognitive and physical abilities. Artistico, Cervone, and Pezzuti (2003) found that older individuals' performance in problem solving surpasses that of younger individuals when the problems were familiar and repetitive. Furthermore, past researches have also found that professional expertise accumulated over the years can undermine potential negative relationships between age and job performance (Hess & Auman, 2001; Thornton & Dumke, 2005; Wilson, Li, Bienias, & Bennett, 2006). Masunaga and Horn (2001) stated that although fluid intelligence, short-term working memory, and cognitive speed may decrease with age, deductive reasoning and professional expertise are likely to increase.

Yet, companies remain sceptic and are still continuously using age as a predictor or qualifier of Talent identification and long term succession planning (Silzer & Church, 2010). Although organizations fully support the laws associated with anti-discrimination practices, there is a legitimate issue associated with getting high-potential leadership Talent lower in the organisation ready in time for top management positions. For example, if an individual in the middle management is 5 years away from retirement, it is highly unlikely that he will be identified as the successor for the CEO position. This is because it might take 10-15 years to prepare that individual for the role. These are subtle issues that must be managed with paramount integrity and legality yet they still remain as issues for future planning.