ART OF IDENTIFYING POTENTIAL TALENT AND LEADERSHIP - THE KEY TO COMPETITIVE ADVANTAGE

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ABSTRACT

The need of the hour in most organizations is focusing on identifying talent as a competitive advantage and in many instances nurturing it for ‘growing their own leaders’ for achieving business success. India is facing tough competition from multinational companies in its own home ground. Most companies have to think of global expansion and for that identifying potential talent is important. This has resulted in many big organizations recognizing the need for formally defining potential talent as a first step and secondly, in some cases, creating an environment for growth of leadership. However there is no generally agreed upon unanimity on the definition and components of the concept of potential. Most definitions and models of potential are focused on only a few select factors and ignore others. This paper reflects upon the different models of potential from previous literature and discusses how a leadership model integrates most of the constructs from them into its model. It discusses how talent can be nurtured at each stage internally in the organization which ultimately will have favourable impact on the organizational effectiveness. The purpose of this article is to explore the construct of potential and to delineate and then integrate many of the key components that different organizations, researchers, management gurus, and consulting firms have identified in their efforts in this area. The article will close with a summary of key issues of identifying potential talent and how they can be integrated into the leadership models.

Key words – nurturing talent, employer of choice, construct, potential, metrics.

1. Introduction

Today in many organizations, there is a growing awareness of becoming an "employer of choice." Most organizations use this phrase to demonstrate their willingness to attract great talent and retain current

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talent. This can then be integrated into leadership models for organizational effectiveness. The outlook to Human Resource Management in India has witnessed a sea change in the last two decades. Economic liberalization in 1991 has created a hyper competitive environment. As international firms have entered the Indian market bringing with them innovative and fierce competitiveness, Indian companies are forced to revisit their HR practices. Increasing demand for high performance has resulted in scouting for high potential performers, attracting them and retaining them, sometimes leading to leadership and succession is planning.

2. Evolution and Definition Of Potential Talent

The term talent dates back to ancient Greeks and Biblical times, starting out as a measure of weight, then becoming a unit of money, and later meaning a person's value or natural abilities (Michaels et al., 2001). The war for talent refers to an increasingly competitive landscape for identifying, potential talent, recruiting and retaining talented employees. In the book, Michaels, et al., describe not a set of superior Human Resources processes, but a mindset that emphasizes the importance of talent to the success of organizations. Some individuals have natural abilities in an area (whom some might called gifted) and some have learned their skills and knowledge. People are a mix of both natural abilities and learned skills. Their natural abilities expand and bloom by what individuals learn and when the abilities are given an opportunity to be nurtured and expressed they become leaders or experts in their domain. There is some debate on the matter of whether leadership is natural or learned but as with many psychological constructs (e.g., leadership), this ongoing debate has now also been applied to the idea of talent and potential. Over the years, the nature of organizational talent has changed (Sears, 2003) from a focus on division of labor distinctions to an evaluation of strategic contributions to the organization. Sears suggests that “talent is knowledge” (i.e., as a competitive advantage) and that it is shaped by what customers value. This is an interesting linguistic observation as many leaders, managers, and HR professionals view the concept of potential as an inherent individual capability (e.g., either one has or does not have potential), and some consulting firms have asserted that potential factors “are extremely difficult to develop” (Rogers & Smith, 2007).

It is very difficult to find a construct or a metric to measure potential talent.

The general approach taken here is to identify potential talent which does not limit itself to individuals being assessed for an immediate next leadership role or executive selection for a specific job. Rather, the focus is on potential with a longer planning horizon in an organization (e.g., perhaps for general management roles in the future). In addition the focus is also on the domain of leadership competencies in the broader context.

2.1 Importance of Potential

With increasing importance given to the role of human resources in business, organizations are focusing on identifying and developing the talent that is needed to improve their business strategies. Keeping this in mind they are identifying the talent that already exists in the organization and the employees who have the potential to be effective in other future roles, usually with much broader responsibilities, and at higher levels in the hierarchy. In order to most effectively leverage organizational resources, there has been a growing interest in identifying those individuals who have the most potential to be effective in higher level organizational roles.
The importance of potential

If you want one year of prosperity, grow grain,

if you want ten years of prosperity, grow trees,

if you want a hundred years of prosperity, grow people.

—Old Chinese proverb

The construct of potential or talent potential, as used by many organizations, refers to the possibility that individuals can become something more than what they currently are. It implies further growth and development to reach some desired end state. Organizations typically differ from each other in their definition of potential (Karaevli and Hall, 2003)

A recent corporate survey of major corporations identified several different common definitions of high potential (Silzer&B. E.Dowell,2009):

• By role—the potential to effectively move into top/senior management roles

• By level—the potential to move and effectively perform two positions/levels above the current role.

• By breadth—the capability to take on broader scope and leadership roles, and to develop long-term leadership potential.

• By record—a consistent track record of exceptional performance.

Other organizational definitions of potential that are observed include:

• By strategic position—key positions that may be at the core of the organization's success.

• By strategic area—functions, business units, or geographic areas that are central to the organization's strategic objectives.

Another set of potential designations that some organizations use is:

• Top potential (senior-level potential)

• Turn potential or promotable potential (a term commonly used to refer to next level potential)

• Growth potential (stay at same level but expand, might also be called key contributors)

• Mastery potential (stay with same work at the same level, might also be called critical professionals or highly valued experts).
3. Identifying And Retaining Potential Talent And Leaders In India.

3.1 India needs Leaders and Managers Now

Today, a talent void remains in emerging markets like India. Investment in talent and leadership around the world is just beginning to yield a harvest. And in some cases, robust talent pipelines have not yet been developed. Also, there are “talent-ready” gaps between university graduates and the capacity to work in a corporation, running at about 10 to 25 percent. For example, in 2011, India had 600,000 engineers who graduated college, but only about 125,000 were qualified to work in companies that needed employees. So, in general, the volume of need still overwhelms ready resources and available training.

3.2 High Employee Turnover of Talented people in India

Talent retention is, and will continue to be, a challenge as experienced employees are continually sought after by competitive interests. Therefore, what attracts and keeps a good worker at a company for the long haul must be understood, nurtured, and effectively communicated. What may come as a surprise is that according to the latest data, almost everywhere, attracting and retaining talent is more than just salary and bonus.

4. Key Attributes-The Four Fundamentals in Attracting Talent

So, if money alone is not the driving force behind staying at a job, what is it that employees in Indian markets want from their employers? In a study by Douglas Ready, Linda Hill, and Jay Conger (2008), by interviewing dozens of executives of companies they identified factors that differentiate successful firms in emerging markets like India in the area of attracting and retaining talent. Quite simply, it is based on four fundamentals—brand, opportunity, purpose, and growth. They found there are four key attributes that go beyond salary and bonus: the company brand, opportunities in the company, a purpose beyond profit, and a continuous growth culture.

**Brand:** A desirable company brand associated with growth and personal advancement is particularly attractive when the brand challenges employees to develop themselves as leaders.

**Opportunity:** Employees want challenging work, stretch assignments, continual training and development, and competitive pay. Also, the work must imply an accelerated career track to senior positions. You will not get good talent coming to your company if they don’t see a continuous learning process, and if they don’t feel the company is centered on learning and promotion. Here, mentoring is a key strategy, as is spreading salary bands so promotions can be awarded more frequently.

**Purpose:** Indian market talent seeks a game-changing business model engaged in redefining their nation and the world economy. They want a mission that helps the less fortunate, due to their own experiences growing up. They want to work for a company that expresses—in both word and action—the value of global citizenship and sustainability.

**Growth:** A continuous growth culture in a company is crucial to incoming talent in an emerging economy like India. Research shows Indian market talent wants a story or brand promise that feels authentic, company rewards based on merit, a personal connection to teams, and a talent-centric culture so they know
they are critical to the success of the company. In short, they want to see a company that is serious about their talent strategy. A commitment to long-term employee and career development will make the difference in attracting talent in emerging markets. By articulating the company’s corporate brand, opportunity, purpose, and growth culture, there is a greater likelihood that one will have an edge on producing—and keeping—leaders who are globally oriented and wise in the ways of business. It would be necessary, therefore, to promote the proper educational and talent development measures in the company to prepare for the next wave of change that is bound to come in these exciting and growing market economy.

5. Important Applications Of Potential As A Construct In Organizational Settings

**The Individual** - The more potential an individual is deemed to have in an organization, the more likely she will be given additional resources and support by the leaders. This includes everything from additional coaching and mentoring, to selection into key development programs, to an enhanced review of current experiences being gained and those needed in future roles. (e.g., Byham et al., 2002; Cohn, Khurana, & Reeves, 2005; Karaevli & Hall, 2003; McCall, 1998).

**For The Manager.** Managers in identifying potential within their team members. Potential is a construct that helps them focus their development efforts on specific employees. It is a central component to most succession planning and talent management applications. The concept of potential provides managers with the opportunity to identify key individuals for additional developmental opportunities, projects, coaching, and support.

**For Human Resources.** It is central to many core HR processes, including talent management and development efforts (Byham et al., 2002). HR is often the gatekeeper and developer of many core assessment and development processes and programs, and for HR how much potential one has matters at both the immediate client level and at the broader organizational assessment and diagnostic level.

Human resources also uses the construct of potential (as do hiring managers and leaders) when assessing new talent from outside the organization. Although it may not be formalized with a potential identification model or framework, and the criteria may change when reviewing external and internal candidates (e.g., cultural fit is often known for internal candidates), the concept is still used to assess whether the new hire will be a successful one in this organizational culture.

**For The Senior Leadership.** Their primary focus is the execution of the business strategy and meeting the needs of the organization, its shareholders, its customers, its consumers, and its employees. If the potential among the employee base is determined to be limited, it may result in the leadership initiating a very different talent strategy (e.g., implementing a forced ranking process to identify and remove the bottom performing percentage of people to make way for new hires) than if the level of potential among employees is considered to be strong (e.g., instituting talent retention measures).

6. Pitfalls In Identification Of Potential

The potential identification in organizations and the impact that the practice has on individuals and their relationship to the organization was studied by DeLong and Vijayaraghavan (2003). The identification of talent specially potential talent (e.g., quicker to get promoted, assigned to new experiences, selected to
attend special events, and asked to work on unique projects) can create a division between the potential haves and the have-nots (i.e., those determined to have lower potential). This division runs the risk of disengaging the non-high-potential individuals, which is arguably the majority of the employee population in most organizations. For example, DeLong and Vijayaraghavan (2003) estimate that only 10% of all employees are “A” players, with 80% “B”s and 10% “C”s. So identifying high-potential talent could actually have a negative impact on roughly 80% of the population. Perhaps, this is the reason that DeLong & Vijayaraghavan, 2003 have suggested making greater use of the “B” players because they may be more stable and committed employees overall than “A” players who might be more likely to move to another company given their often higher career ambitions.

7. Potential Models for filling Leadership Positions

Companies realized it is better to identify and build long term talent for businesses instead of filling positions in a hurry. In recent years, there has been a noticeable increase in models of potential. These have typically been developed by external consulting firms, sometimes as part of a new product or service offering (Hay Group, 2008; Hogan, 2009b), sometimes as a research outcome (Church, 2006a, Spreitzer et al., 1997). Some organizations have started to develop their own model of potential, often based on the external models, in order to have a structured and standardized process in place for internal high-potential talent identification and development programs.

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<th>Learning</th>
<th>Leadership</th>
<th>Motivation</th>
<th>Performance</th>
<th>Other</th>
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<td>Learning orientation</td>
<td>Drive</td>
<td>Organizational commitment</td>
<td>Propensity to lead</td>
<td>Culture fit</td>
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<td>Versatility</td>
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1. MDA Leadership Consulting (Barnett, 2008)


- Receptive to feedback
- Brings out best in people
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<tr>
<th>Learning</th>
<th>Leadership</th>
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<td>• Learning agility</td>
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<td>4. Hewitt Associates (Hewitt, 2008)</td>
<td>• Psychological adaptability</td>
<td>• Leadership qualities</td>
<td>• Upward motivation</td>
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<td>• Flexible</td>
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<td>• Local norm</td>
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Learning Leadership Motivation Performance Other

stage

- Diversity

5. Hogan Assessment Systems (Hogan, 2009b) • Talent development • Operational excellence

- Results orientation
- Tenacity

Source: Rob Silzer and Allan H. Church

Key components in Models of Potential

Many authors have identified the key characteristics across Models of Potential.


Cognitive Variables

- Conceptual or strategic thinking, breadth of thinking, • Intellect, cognitive ability • Dealing with complexity/ambiguity

Personality variables

- Interpersonal skills, sociability • Dominance • Maturity, stability, resilience

Learning variables

- Adaptability, flexibility • Learning orientation, interest in learning • Openness to feedback

Leadership skills
Leadership capabilities, managing and empowering people • Developing others • Influencing, inspiring, challenging the status quo, change management

Motivation variables

• Drive, energy, engagement, tenacity, Aspiration, drive for advancement, ambition, career drive, organizational commitment, Results orientation, risk taking

Performance record

• Performance track record • Leadership experiences

Other variables

• Technical/functional skills, business knowledge • Qualifiers—mobility, diversity • Cultural fit

Source: Rob Silzer and Allan H. church Model

The list above is quite exhaustive. The components can be organized into more comprehensive model.
From the attributes of potential talent listed above we can draw a model of how a leader can be identified or groomed from within the organization.

1. **Fundamental Dimensions of a Leader** – A person who is more or less stable and dependable. They could be some cognitive abilities and personality variables. They could be logical thinking, handling complex situations, sociability, emotional maturity, long term planning etc.

2. **Developmental Dimension of a Leader** - where an individual grows along with his experience. They could be open to learning and feedback, achievement orientation, ambitious, risk taking.

3. **Futuristic Dimension of a Leader** - Take on a leadership role in influencing others, takes up challenges, be able to develop others in the organization for taking up responsible roles, superior skills and knowledge, good values and norms that will promote good organizational culture and efficiency.
8. Best Practices of Talent Potential in India

The Tata Steel group believes that people are its key assets and value creation for the company depends principally on their professional and personal wellbeing. Adhering to the adage “successful individuals create a successful team”, Tata Steel has always given priority to the people, encouraging them to take initiatives and look beyond the obvious. The organisation provides a fertile ground for identifying the potential in each member in its large and multicultural family. For these initiatives, it received Asia’s Best Employer Brand Awards at a recent ceremony held at Suntec, Singapore. CEAT, received awards in the category of Best HR strategy in Talent management (Suman Kumar Dawn, Suparna Biswas, 2010). Infosys has established a Global Talent Programme where it sources talent and deploys it where it creates maximum value in other words it identifies potential talent and gives it opportunity to bloom. Tata Consultancy Services has established an environment that taps into the talent of individuals interests and aptitude across nations.

9. Conclusion

This article has tried to define what potential talent is as its importance cannot be undermined and it is the need of the hour in Indian companies. With increasing competition from global players India needs to quickly identify factors that drive the development of talent and the attributes that are crucial in making it work. Important as it may be to identify applications of potential as a construct in organizational settings it is not without a downside. By demarking potential talent, which very few people have, from non-potential individuals an organization may be disengaging the non-potential individuals, which are obviously the majority of the employee population in most organizations. Very few empirical studies have been published that study the underlying dimensions of potential talent, yet this is exactly what organizations are looking for today. An effective employer is one who can identify the talent potential essential for gaining competitive advantage. Indian corporations are becoming aware that to identify attract and retain talent for the expansion and growth is becoming increasingly challenging. The increasing focus on potential talent as a competitive advantage is leading many Indian firms to rethink their past experiences. The future use of potential to meet business needs is very important. But we need to continue to improve our understanding of the construct and how best to identify it in employees.

An attempt has been made to come up with an emergent leadership model as shown in the diagram above. We hope that this article will stimulate both researchers and practitioners to try to identify the attributes needed to identify and use the construct of potential talent that will ultimately help in building a leadership model.

References