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## What are the Academic Findings About Top Variables for Predicting Career Progression Potential?

Lin Li  
*Cornell University*

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## What are the Academic Findings About Top Variables for Predicting Career Progression Potential?

### Abstract

The correlation between high potential and career progression is a heatedly discussion in both academic and practitioner arenas. Validity of four signposts of high potential leaders-key career experience, learning ability, self-awareness and proactive personality-have been highlighted by empirical studies. In addition, methodology and challenges of developing high potentials are outlined to offer recommendations of real-world implications.

### Keywords

human resources, high potential employees, predicting career progression, development program

### Comments

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## EXECUTIVE SUMMARY

### FINAL QUESTION

What are the academic findings about top variables for predicting career progression potential? How to develop a high potential development program?

### INTRODUCTION

The correlation between high potential and career progression is a heatedly discussion in both academic and practitioner arenas. Validity of four signposts of high potential leaders-key career experience, learning ability, self-awareness and proactive personality-have been highlighted by empirical studies. In addition, methodology and challenges of developing high potentials are outlined to offer recommendations of real-world implications.

### FOUR SIGNPOSTS OF HIGH POTENTIAL

#### Key Career Experience

Key career experiences have been identified as a building block of high-performing leaders. A leader can develop a strategy, manage difficult financial situations, or hone external relationship management through experience, which leads to advantages to succeed when promoted to the next level.<sup>1</sup> A Belgian study covers seven companies in four industries proved that variety in job experience is positively related to potential.<sup>2</sup> Appendix1 shows that on average, leaders at the highest levels are more likely to have had a wide range of key career experiences.<sup>1</sup>

#### Learning Ability

In the increasingly complex global economy, leaders will have to tackle the new, the never-before, the yet-unknown, and drive positive results. People who learn from experience are skilled at recognizing and extracting the underlying principles of a challenge. Learning Ability, denoted by *g*, has been proved as a strong predictor of occupational attainment, even with background and socioeconomic status controlled.<sup>1,3</sup>

#### Self-awareness

Being self-aware allows high-potential leaders to understand the impact that people and situations have on them. They also observe the effect they have on people and situations and use that knowledge to manage and influence people. Korn/Ferry Institute analyzed 6,977 self-assessments from professionals at 486 publicly traded companies and found that those with high self-awareness tend to be concentrated in companies with a robust rate of return, suggesting that they might contribute to greater business outcomes, as illustrated by Appendix 2.<sup>1</sup>

#### Proactive Personality

Proactive personality is defined as “a dispositional construct that identifies differences among people in the extent to which they take action to influence their environment”. Proactive behavior entails a dynamic approach toward work seeking to improvise the existing job along with developing personal prerequisites for furthering career success and organizational effectiveness. A study conducted with 120 samples shows that proactive personality had a robust relationship with career future and explained 45% of the variance.<sup>4,5</sup>

## HOW TO DEVELOP HIGH POTENTIALS

### Roadmap

By definition, developing high potentials mandates critical investment of time and resources for the employer. The process for identifying high potentials requires due diligence, clear criteria, accurate data, and careful decision making. High-potential programs often fail because they focus too much on optimizing the technical process and too little on the leader's personal experience.<sup>6</sup> A dynamic system is essential component in organizational strategic talent management that aligns to increase identification, engagement, and retention of talented leaders. Appendix 3 illustrates the conceptual model of high potential development roadmap.<sup>6</sup>

### Roadblocks

#### **Challenge #1: High Potential Evaluation Conducted as Part of General Talent Review Process**

As mentioned, the leader's personal experience is key to the success of high potential development. High potential talents should be considered a separate group in evaluation and review process to maximize strategic alignment and personal experience. In real practice, however, the critical task of evaluating talent often isn't afforded the time and rigor it deserves. Frankly, this neglect can amount to a dangerous process gap that prevents an organization from making accurate talent decisions and ensuring the right high potentials are selected for accelerated development.

**Solution #1: Create focus and rigor by engaging key managers in talent review and evaluation<sup>6</sup>**

#### **Challenge #2: Rating Too Many Candidates**

A common practice in talent reviews is to have managers evaluate all direct reports on potential. But a top-talent or acceleration pool is to be selective—to identify a relatively small number of individuals as prime investment targets. Generating a pool of high potentials by rating all candidates, even lower performers or newer people, can be time-consuming and ineffective.

**Solution #2: Limit the talent review to initial prospective high-potential candidates, and thoroughly consider their candidacy by criteria, tools, and consensus-building techniques<sup>6</sup>**

#### **Challenge #3: Vaguely Definition of Potential**

Not surprisingly, high potential still remains a somewhat vague concept for many companies with established process of talent review. The constitution of potential is often subject to variety in opinion and the rater's own preferences and biases. Another challenge is that development is often left out in the process. Motivation, diligence in developing, as well as the development opportunities made available, have considerable impact on individuals' ability to reach their potential.<sup>6</sup>

**Solution #3: Replace intuitive definitions of high potential with standard, research-based factors that are predictive of future potential**

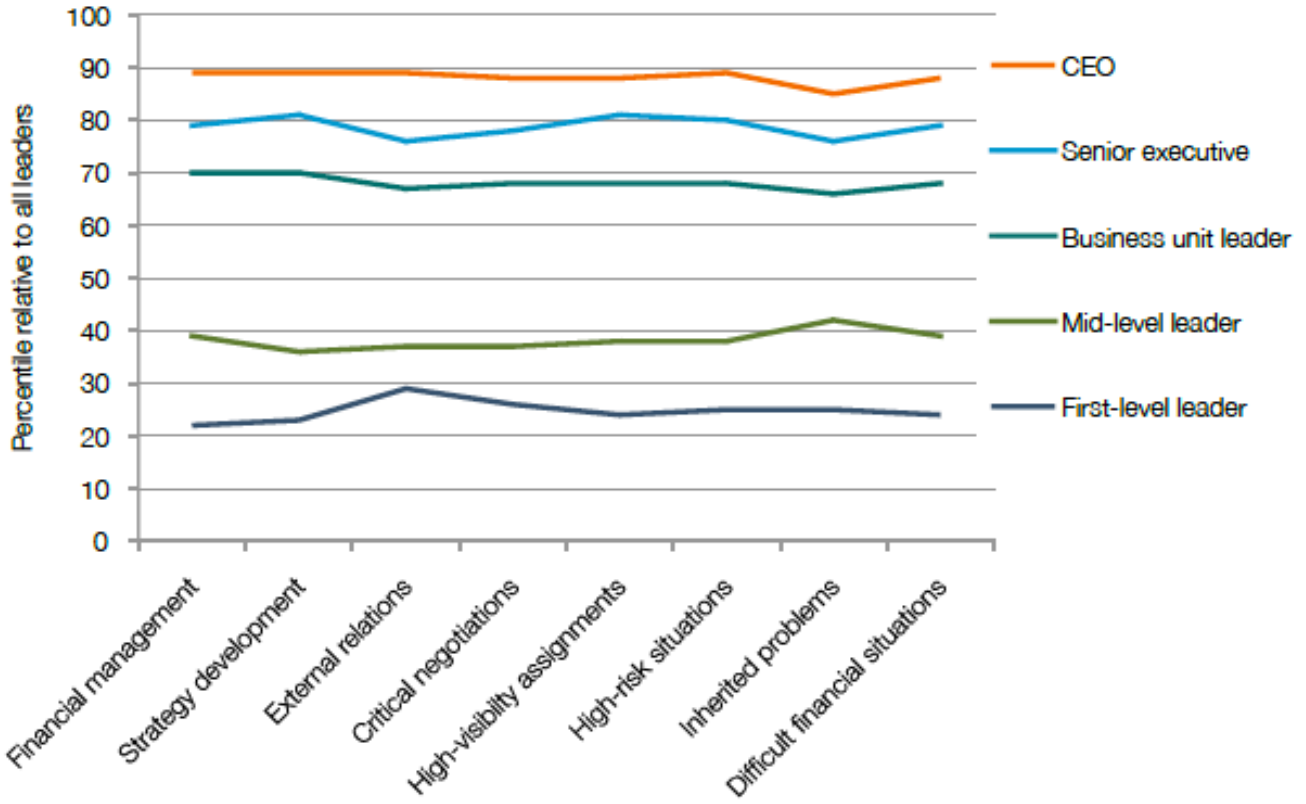
#### **Challenge #4: Potential vs. Readiness**

Often the determination of potential exhibits readiness for a senior-level role or job due to risk-adverse judgments, i.e. "best guess" of the candidate's possible trajectory. The confusion between potential and readiness is commonplace in evaluating high potential and planning development programs. Appendix 4 outlines the definition of performance, potential and readiness.<sup>7</sup>

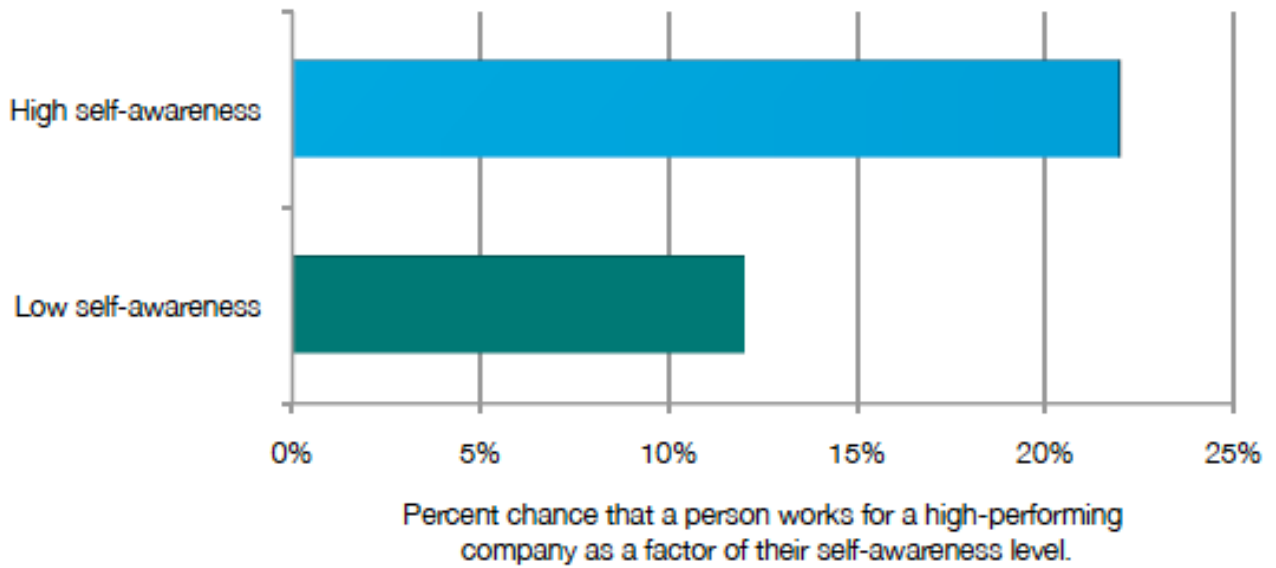
**Solution #4: Clarify terms by thinking about potential and readiness as sequential steps in high-potential development<sup>6</sup>**

APPENDICES

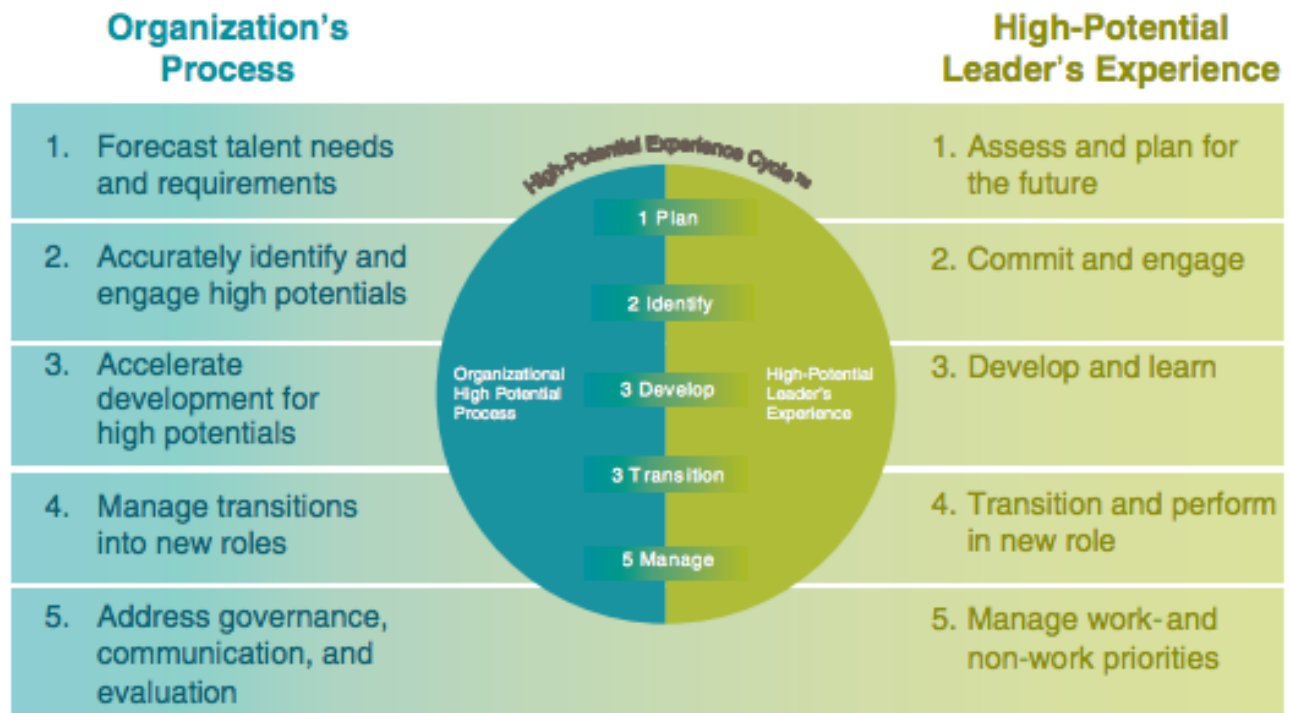
APPENDIX 1



APPENDIX 2



APPENDIX 3



APPENDIX 4

CONCEPT	WHAT IT MEANS	KEY PROCESS COMPONENTS
<b>Performance</b>	An individual's level of success in executing objectives in one's current (or past) roles. Often includes demonstration of competencies required for current (or past) role.	Usually assessed as part of the performance management process (process should include evaluation of objectives and competencies).
<b>Potential</b>	The likelihood that an individual can develop into a successful leader with significantly expanded, higher-level leadership responsibilities.	Focused high-potential nomination, evaluation, and consensus-building process using predictive factors (criteria) of potential.
<b>Readiness</b>	The degree to which an individual's competencies, experiences, knowledge, and personal attributes meet the requirements for a role or job family.	Assessment against the success profile for a role or job family, utilizing appropriate assessment tools (i.e., assessment centers or similar approaches).

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