



Faulty Intel in the War for Talent: Replacing the Assumptions of Talent Management with Evidence-based Strategies

David Burkus, Oral Roberts University
Bramwell Osula, Regent University

Abstract

Despite a raging “war for talent,” the field of talent management suffers from a lack of empirically developed definitions, goals or models. Lacking these, organizational leaders have relied on commonly accepted HR practices that have been rebranded as “talent management.” This article reviews the research, challenging many of the foundational assumptions of these HR practices. The implications of this research are reviewed and “evidence-based strategies” for talent management proposed with examples provided of each strategy.

Keywords: Talent management, talent development, deliberate practice, portability, HR, leadership.

Introduction

In 1997, a group of consultants from McKinsey & Co declared a war on talent (Michaels, Handfield-Jones & Axelrod, 2001). After interviewing thousands of managers, the researchers noted that one of the primary differences between successful and unsuccessful organizations was that the best, most successful organizations had leaders who were ruthlessly focused on talent. These organizations found and hired top performers and believed that adding talented performers was the key to outperforming competitors. Research into performance in highly complex jobs reveals that so-called ‘star’ talent tends to outperform average performers by 127% (Hunter, Schmidt & Judiesch, 1990). The focus on finding and developing talent is a logical and understandable response to this kind of data. There is a raging war on talent; the McKinsey consultants have merely declared it.

However, over a decade since this declaration, the terms of this war remain undefined (ASTD, 2008). According to a white paper from the ASTD, talent management lacks even a commonly accepted definition. While the ASTD review focused on practitioner literature, a recent review of both practitioner and academic literature concluded that there is a “disturbing

lack of clarity regarding the definition, scope and overall goals of talent management,” (Lewis & Heckman, 2005, 139). The ambiguity does not just stop at the level of definitions. Collings and Mellahi (2009) asserted that the literature around talent management has also seen an alarming lack of developed theories. Without empirical evidence and well-studied models of talent management, the practitioner literature on talent management has not moved forward. Lewis and Heckman (2005) concluded that the majority of practitioner literature simply manages to re-assert common HR practices or succession planning methods and rebrand them as “talent management.” A more disconcerting finding from their review, however, is that some of the beliefs and practices advocated by the practitioner literature ignore recent research into talent measurement. This article asserts that similar underlying beliefs of talent management ignore recent research into performance acquisition and development. Three assumptions in particular stand out:

- (1) Talent is innate.
- (2) Talent can be bought.
- (3) The potential for talent can be identified and developed early.

The implications of this assumption-research contradiction are significant, and evidence-based strategies are presented. If indeed there is a raging war for talent among organizations, then many leaders may be operating on faulty assumptions.

Assumption One: Talent is Innate

The commonly held belief regarding talented performers is that their skills are innate or inherited genetically (Ericsson, Krampe & Tesch-Romer, 1993). This idea has been around since Sir Francis Galton (1869/1979) examined the relationship between skill and family lineage and concluded that most expert ability was natural and passed down through heredity. However, those assertions have begun to draw some doubts (Ericsson, Krampe & Tesch-Romer, 1993). Bloom (1985) examined the critical factors in the development of talent by examining the childhoods of 120 elite performers from fields as diverse as mathematics to arts and music. Bloom found no early indicators that could have predicted the success of these internationally known performers. Further study has begun to reveal the hard evidence behind talented performance.

Ericsson, Krampe & Tesch-Rome (1993) examined talented performance by studying violinists at the Music Academy of West Berlin. The researchers divided violin students into three groups, as judged by their music professors and success in open competitions: the “best,” the “good” and the “music teachers.” An examination of biographical data of each of the groups yielded no outstanding indicators of separation between the violinists. The only significant differentiator between a future international soloist and a school music teacher was practice. The researchers discovered that the “best” violinists had logged an estimated average of 7,410 hours of practice, the “good” had logged an estimated average of 5,301 hours of practice and the “music teachers” had logged only an estimated 3,420 hours of practice. Subsequent research on pianists from the same research group yielded similar results. Additional research and discussion shows this relationship exists across multiple domains, including sports, chess, scientific research (Ericsson, Krampe & Tesch-Romer, 1993) and medicine (Ericsson, 2004).

This research has served to verify the “10-year rule” which states that expert performance requires ten years, or 10,000 hours, of practice before becoming exceptionally apparent (Ericsson, 2006). However, taken on its own, the number of years spent practicing is only moderately correlated to such skill acquisition. To be effective, the practice must be deliberate

and focused on improving the individual's performance through repetition and refinement (Ericsson & Lehman, 1996), through use of expert coaching and feedback mechanisms. Practice, then, does not make perfect – deliberate practice does. (Ericsson, Prietula & Cokely, 2007). The results of research into exceptional performers reveal a different picture of talent than the assumptions of innate, natural ability. The implication of this research is that if talent is the product of sustained, deliberate practice, then every individual in an organization is capable of achieving talented performance, not just those that faulty examination has deemed “gifted.”

Assumption Two: Talent Can Be Bought

For many managers it is a seductive idea: if you need talent, then buy it. There is even research that suggests that the best companies in the world, companies whose stock performance jumped from good to great, made the jump by focusing on getting the “right people on the bus” and worrying about the superfluous details later (Collins, 2001). These assumptions can convince organizational leaders that hiring talent is the single best method for developing a high-performing organization. However, research into the portability of talented performance suggests that other details are not superfluous or easily discounted. In their study of over 1,000 “star” investment analysts on Wall Street, Groysberg, Lee and Nanda (2008) identified 366 such talent acquisitions. Overall, Star performers who were acquired by other firms exhibited a drop in performance that persisted for five years. Not all talent acquisitions are doomed to failure; much depends on the type of job stars are hired for (Groysberg & Lee, 2009). However, the type of job is typically found to influence the duration of the performance drop, not the drop itself. Similar findings have been found in other domains such as professional football (Groysberg, Sant & Abrahams, 2008) and even leadership (Groysberg, McLean & Nohria, 2006).

The potential reasons identified in these studies were that perhaps performance is better explained as a joining of individual skills with firm skills, capabilities and organizational fit. Groysberg, McLean and Nohria (2006) studied 20 former executives from GE, a firm noted for its leadership development programs, who were hired for CEO positions at other firms. The researchers found that the success of these executives varied greatly depending on the fit between the executive and the company. Indeed, subsequent research on star investment analysts suggests that the quality of colleagues, or ones organizational peers, helps to mitigate the damage on performance suffered by a talent acquisition (Groysberg & Lee, 2008). The proper blend of colleague support is important however, as research also suggests that too many high performers in the same team can inhibit the effectiveness of the group (Groysberg, Polzer & Elfenbein, 2010).

The implications of this research are that firms have a potential to damage their performance when they focus on outside stars at the expense of homegrown talent (Groysberg, Lee & Abrahams, 2010). Often exceptional performance is the result of a perfect blend between individual skills and firm capabilities (Groysberg, 2010). This implies that firms that hire such star talent without building support within the firm will not experience the same performance found in the prior organization (Groysberg, Nanda & Nohria, 2004). Past results are therefore not a reliable indicator of future performance. If organizations are spending substantial amounts of money poaching talent from other organizations based on the past performance of these ‘star’, perhaps that money might be better spent taking the time to groom and develop stars within the firm.

Assumption Three: Potential Can be Identified Early

Exactly how that homegrown talent is best developed is another area fraught with assumptions. For most companies the solution is to find the “high-potentials” that show promise of developing into star talent and devoting the firm’s resources to them, sometimes at the expense of allocating development resource to all employees (Ready, Conger & Hill, 2010). In a recent study of global companies, 98 percent of organizations reported that “high-potential” lists exist and that these organizations were purposefully seeking to identify and develop high potentials (Ready, Conger & Hill, 2010). In the same study, 93% reported that these “high-potentials” get promoted faster than other employees. These behaviours operate on the assumption that talent can be identified and developed early and that high-potentials will yield a better return on training investment than the general population. However, research into talent development and the effects of special attention suggests an alternative explanation.

Over 30 years ago, researchers working with the Israel Defence Forces randomized 105 trainees in a command course into three groups, designating the groups high, regular or unknown command potential (Eden & Shani, 1979; Eden & Shani, 1982). Once designated, the trainees were further randomly assigned to four training groups, with the instructors of each group informed of each trainees “designation.” Post-test data reveals that those trainees randomized into the “high command potential” group significantly outperformed the control groups of ‘regular’ and ‘unknown potential.’ Those trainees assigned to the ‘high potential’ group also reported significantly greater satisfaction with the course and greater motivation to continue training. Subsequent research (Eden & Ravid, 1982) examined how much of this difference was due to the “Pygmalion effect” – the phenomenon that a mere belief in the ability of an individual to perform well can yield greater performance (Rosenthal & Jacobsen, 1968) – or the trainees’ expectancy as a self-fulfilling prophecy – the phenomenon that an individual’s belief in a certain outcome can yield that outcome (Merton, 1968b). Regardless of the mechanisms operating behind the scenes, the research reveals that the mere designation of someone as “high potential” by those in authority can cause that person to become a high performer (Eden, 1984; Eden, 1992).

Additional research suggests that this effect can be compounded. In 1965, Zuckerman studied the careers of Nobel laureates and noted that eminent scientists tend to receive more credit for their work than comparative but unknown researchers with similar work and that credit is typically given to the most famous name attached to a collaborative study. Merton (1968a) described this phenomenon as the Matthew effect, after the verse in the Gospel of Matthew (25:29) “For to all those who have, more will be given, and they will have an abundance; but from those who have nothing, even what they have will be taken away.” One irony of the Matthew Effect is that Merton (1968a) is credited most often with its discovery despite the original research being conducted by Zuckerman (1965). While the original research focused on science, literature now exists showing the Matthew effect in a variety of fields, including educational psychology, social sciences, biology, legal studies and sociology (Rigney, 2010). Within the context of talent management, the research suggests that placing someone on a high potential list may increase their performance, regardless of whether or not they are truly “high potential.” Likewise, the early success of these individuals may further the appearance of success, even if the results were produced by a lower-placed or less-regarded organizational member.

Discussion and Implications

The assumptions above result in a common strategy of talent management: find high potential people early and devote a majority of the organization's resources to developing them (Ready, Conger & Hill, 2010). If that does not work, just acquire talented performers from other organizations. However, a growing body of research is challenging these assumptions. This research underscores the need managers and leaders to craft strategies for talent development based on empirically grounded research. The collective knowledge of 100 leading scientists in the field lead to one conclusion: Expert performers are made, not born (Ericsson, Prietula & Cokely, 2007). Three evidence-based strategies are derived from the research reviewed: Grow star talent, Create deliberate practice, and Open up training programs to all.

Grow star talent, don't chase it. The research conducted on talent acquisitions clearly implies that talent is not as portable as many believe (Groysberg, 2010). Buying talent is unsuccessful at worst and expensive at best. A more cost effective, and overall more effective, strategy is to focus on those employees who are not performing at the 'A' level, but whose performance demonstrates that capacity (Groysberg, Lee & Abrahams, 2010). Who these potentials are should not be determined by traditional indicators of potential (the right school, high test scores, etc.) but by performance. Consider the development methods at General Electric. GE often evaluates the performance of potential executives during their college internship, before they are even hired (Colvin, 2008). Instead of the name at the top of their transcript, GE is looking for indicators such as how interns convince others to work with them on projects, despite having no formal authority. Once identified, these performers are given opportunities for development including job rotations, classroom experiences and coaching. A focus on developing homegrown talent has kept GE ahead of its competition for decades, despite the ironic challenge of executives being lured away to other firms.

Create deliberate practice opportunities. Exceptional performance requires deliberate practice for extended periods of time, often over a decade (Ericsson, Prietula & Cokely, 2007). Creating that deliberate practice in the workplace can be difficult, as projects often take months or years to complete and require the effort of multiple individuals (Ericsson, Prietula & Cokely, 2007). However, the separate elements of an individual's job can be practiced deliberately and developed. Consider one element of modern knowledge work: presenting. Whether a presentation to a board, a customer or merely a roomful of peers, modern work is full of opportunities to present (Colvin, 2008). After their initial discoveries on deliberate practice as a performance driver, Ericsson, Prietula and Cokely (2007), worked with a leading drama school to develop a set of acting exercises designed to help managers and leaders improve their powers of presentation. After completing these exercises, executives showed remarkable improvements in perceived charm, persuasion and charisma – three vital elements of delivering a powerful and inspiring presentation. It is worth noting that Sir Winston Churchill, Britain's wartime Prime Minister and a renowned orator, often remarked that he developed his speaking style by practicing often in front of a mirror.

Open training programs to all. Research into talent has shown that it is deliberate practice, not innate ability that develops performance (Ericsson, Kranoem & Tesch-Romer, 1993). Research also reveals that a belief in innate abilities can yield confounding results when looking to develop performance. Creating lists of "high-potentials" based on assumed indicators of performance ability may leave the organization to experience a Pygmalion effect (Eden & Shani, 1982) and possibly a Matthew effect (Merton, 1968a) – both of which hold the ability to inhibit the development of truly talented but overlooked performers. One possible strategy for

avoiding these potentially restraining effects is to democratize training opportunities – to open them up for all. In this way, any organizational member should have the opportunity to advance as a result of deliberate practice and performance improvement. In addition, this allows the organization to notice individuals who exhibit a desire to develop, not just those with the assumed ability. Consider the training and development policies at United States-based online shoe retailer Zappos. To develop talent in their call centre employees, Zappos has developed twenty different training and practice opportunities based on different skill sets deemed important to performance, with a small increase in pay level associated with developing each (Hsieh, 2010). Whether or not these skill sets are developed and at what pace is up to the employee, giving them a degree of ownership over the process of their own development. In this way, Zappos not only opens up development to all, but also gains a valuable method for identifying the most ambitious and motivated employees.

Regardless of the talent development strategies employed by organizations, there is a fundamental principle that must guide them – talented performance is created through deliberate practice. Strategies that ignore this principle ignore a growing body of literature that favours methods and “best practices” grounded in empirical research.

Conclusion

For well over a decade, the war on talent has been raging (Michaels, Handfield-Jones & Axelrod, 2001). Despite years of competition and billions of dollars spent on consultants and training programs, few clear winners in this war have emerged. One possible explanation is the ambiguity surrounding the definitions, scope, goals (Lewis & Heckman, 2005) and the lack of empirically developed models (Collings & Mellahi, 2009) relating to talent management. Without testable propositions or an empirical foundation, many organizational leaders are forced to rely on commonly held beliefs and assumptions about talent development. These become their de facto strategy in the war for talent. However, our analysis exposes the faulty premise upon which some these beliefs are based and the consequent need for new strategies. Through a focus on homegrown talent and deliberate practice that is open to all, organizational leaders can develop evidence-based strategies that may one day establish a clear winner in the ongoing war for talent.

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About the Authors

David Burkus is instructor of management at the Oral Roberts University's College of Business. He is a doctoral candidate at Regent University and serves as the editor of *LeaderLab*, a community of resources dedicated to promoting the practice of leadership theory. He can be reached at david@davidburkus.com.

Bramwell Osula is a professor of leadership, consulting, and organizational design at Regent University's School of Global Leadership & Entrepreneurship. An international scholar and consultant, Dr. Osula served as an advisor to the Canadian University Services Abroad, local government officer, and was a Woodrow Wilson Fellowship nominee. He consults in the areas of global leadership, organizational design, strategic communications, and development. He has co-authored three books and numerous articles. He can be reached at bramosu@regent.edu