



Mapping the *Unique* Challenges of *High Potential* Middle Managers in the GCC Business Context and Culture

Brendan McCann

Top Industry Paper Prize, 2012 Arabian Society of Human Resource Conference

Abstract

The challenge of defining, identifying, assessing and developing high potential (HiPo) leaders tops most corporate agendas globally. Economic and demographic realities and the scarcity of experienced managers sharpen this imperative in the Gulf Cooperation Council (GCC). HiPo employees who demonstrate character and competency sets that suggest they will succeed in a more senior, bigger and/or more complex role are a precious, often rare, commodity. But what is a HiPo? And what challenges will they experience when operating within the GCC business context? And, what therefore, are the imperatives around HiPo leadership development?

This paper outlines the summary findings from an iterative, empirical study being conducted by OLE Consulting, Middle East into the phenomenon of HiPo leadership development (how HiPos learn and grow) and Leadership Development (how companies, through formal, managed programs, develop HiPos) within the GCC business context and culture.

Key Words

- High Potential Managers
- GCC Business context and culture
- Leadership Development

Overview

The primary objective of this paper is to leverage an extensive literature review and primary research (interviews and focus groups conducted with over 100 GCC-based HiPo Managers) to:

- Define High Potential Managers as a distinct and special class of employee.
- Describe the character and competency set most associated with High Potential Managers.
- Summarize and outline previous works aimed at mapping the cultural characteristics of (a.) developing markets and (b.) the GCC business/work culture.
- Consider the unique challenges of being a High Potential Middle Manager within contemporary GCC-based corporations.
- Outline several hypotheses that have emerged in the seminal stages of this research.
- Describe the implications and imperatives for future practice.



Introduction

While the global economy remains uncertain, the economic outlook for the petro-dollar fueled GCC economies looks robust during 2012 and beyond. Within the GCC there was an estimated \$1 trillion economic potential in 2011 which is expected to rise to \$2 trillion by 2020 (1).

Developing markets like the GCC are often characterized as markets where “too many opportunities go unexploited, undeveloped or unrealized” (2). As money and influence moves from North to South and from West to East, the ability of practicing Business leaders in the GCC to extract value from these opportunities will become a key source of competitive advantage for the region at large and the organizations that it hosts.

In a recent HBR article, Fernandez-Araoz, Groysberg and Nohria (3) commented:

“If people are your most important asset, as companies continue to say, then high potentials are vital to your future”

That HiPos are vital is inescapable, but high performing and high potential talent is a precious, and often, rare commodity, particularly in developing markets. But many organizations, both globally and locally, institute HiPo programs “without first clearly establishing what they mean by potential” (4, p.78). It is important, therefore, to outline what a HiPo manager is and what differentiates them from other classes of employees.

As a *Special Class* of Employee, What is a *High Potential* Manager?

Most treatises of HiPo managers acknowledge that these managers possess a strong and sustained track record for performance and results and are deemed to possess the “right stuff” (5) required to transition towards a more senior role.

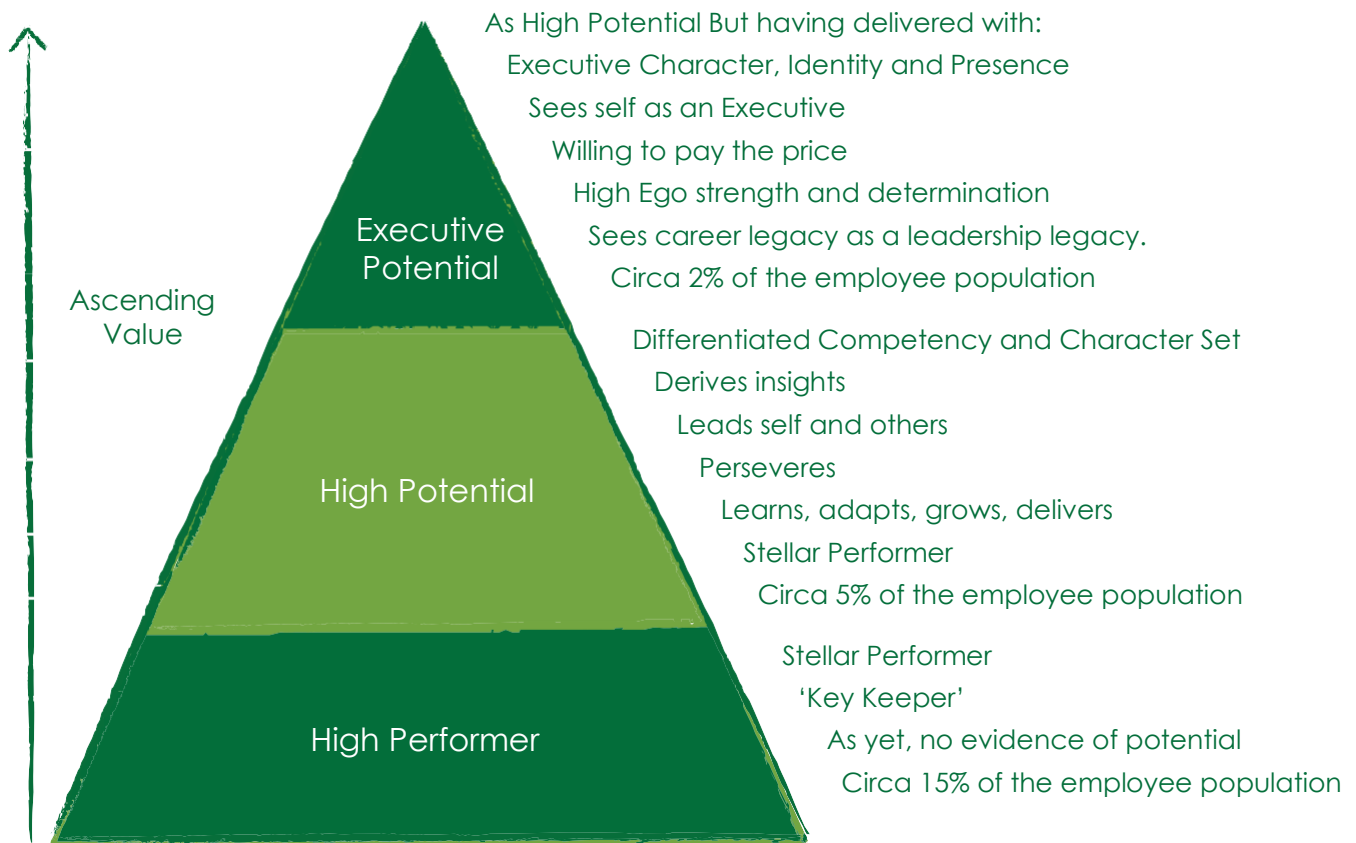
An extensive review of the HiPo literature revealed the below themes that frame most discussions of the HiPo domain, specifically, HiPos:

- Are a unique class of employee, segmented and managed separately within Talent Management/segmentation frames? (5)
- Constitute around 3-5% of the total employee population. (6)
- Are viewed as the lifeblood of their corporations. (3)
- Are enrolled in formal, managed programs that offer assessment, challenge and support in pursuit of leadership and career development. (6)
- Witness higher investments (time and money) in their development than do their peers – all in pursuit of a greater return on investment on that spend. (i.e. enhanced performance and suitable progression to a higher role) (7)
- Are always high performers (high performers may not be high potentials; see Figure 1 for a fuller explanation) with a proven and sustained track record for success – all delivered with a differentiated and competitive (against their peer group) character and competency set that suggests future potential. (5)

It is worth noting that most studies assert that within the total HiPo population, a premier sub-set will have demonstrated advanced potential towards an Executive role (Executive Potential).



Figure 1: distinguishes between three classes of elite employee and shows the graduation a high performer must make to be regarded as a high potential employee in pursuit of "Executive Potential." (8)



What are the *Defining Characteristics* of a HiPo?

Our extensive literature review has surfaced key themes prevalent in any discussion of the HiPo manager, specifically:

Intellect and Cognitive Capacity Counts

While certain studies have suggested that intellectual capacity ("*book smart*") may only account for as little as 7% of real world success (9), a HiPo's ability to stay focused and strategic in ambiguous and complex times, handle large quantities of data, and use critical thinking to solve complex problems is a key indicator of executive potential, Ram Charan (10) refers to "*advanced cognitive bandwidth*" (a big picture acuity) seen to be present in most HiPo employees. (10, p.57).

It is understood that HiPos are clear and focused thinkers, comfortable in ambiguous and complex times, converting high quantities of data into actionable outcomes and practical solutions.

Career and Performance Track Record is a Rite of Passage

Implicit in most treatises of the HiPo phenomenon is that technical skills ("*the substance of the matter*") are highly proficient, a sustained track record for delivering results in multiple positions are in place and that the HiPo has been seen to have successfully navigated various horizontal and vertical transitions in their career.



Technical Depth, Practical Intelligence and Street Smarts Are Part of the Success Equation

While difficult to describe, assess and develop, many researchers (9) have made a case for practical intelligence, common sense and “street smarts” in the HiPo success equation. Ready et al. (11) have identified “*dynamic sensors*” as an “*X Factor*” trait observed in HiPo employees:

“Beyond judgment, high potentials possess ‘dynamic sensors’...They have a feel for timing, an ability to quickly read situations, a nose for opportunity...High potentials have a knack for being in the right place at the right time.” (11, p.5)

Emotional and Social Intelligence Drives Work Place Performance and Leadership Effectiveness

That HiPos must possess deep self-awareness and manage productive, high-trust and win-win relationships seems self-evident. Empirical studies conducted by various researchers (Bar-on, Goleman and McClelland) have demonstrated a clear link between emotional intelligence and workplace performance and leadership effectiveness. One empirical study (19) found that 67% of a senior Leader’s effectiveness was seen to come from emotional and social intelligence, acumen and competence.

Lombardo and Eichinger (13) outline “*People Agility*” as a core competency for HiPo Managers. HiPos are not only skilled at mobilizing self and others in pursuit of optimal results, they see other people as sources of feedback, learning and experience.

Values and Ethics are a key part of the HiPo Make-Up

Most definitions of HiPos acknowledge the behavioral cohesion between the HiPo’s values and those of the Corporation and the overall ethicality of the HiPo as defining traits for HiPos. Charan (10) comments:

“High-potential leaders have integrity and tell the truth...when confronted with a moral or legal quandary, they must always choose the ethical course of action.” (10, p.57)

HiPos are principled leaders who know their “*true north*” – their values, goals and principles ensure consistent, clear and ethical behaviors at all times.

HiPos are Team-Players

Leadership is a team game and while HiPos, typically have a strong personal brand, an acute sense of self and high ego strength they channel that in ways that inspires and mobilizes others. Fernandez-Araoz et al. (3) assert:

“The desire to have a positive impact on others for the good of the organization is a key predictor of executive potential” (p.78)

HiPos Continuously Learn and Adapt

The work of Lombardo and Eichinger (13) has presented an empirical case for seeing “*High Potentials as High Learners*”. For these authors, “*learning agility*,” which includes traits like curiosity, openness to feedback, ability to extract learnings from multiple contexts, experiential learning, is a key part of the HiPo anatomy.



HiPos See Themselves as Leaders; They Pursue A Career Legacy That Is A Leadership Legacy

HiPos, particularly those with Executive potential, possess a self-concept and image (how you see yourself on the stage) where they see themselves as leaders (14, 15). Accordingly, they pursue enterprise-wide roles that are as much about leading others as it is about leading self. They see themselves as leaders, not for personal prestige but through a desire to make a difference to others. They pursue a career legacy that is a Leadership legacy. Figure 2 outlines a model, that based on the prominent studies reviewed, summarizes the main competency and character sets most associated with successful HiPo status and performance:

Figure 2: HiPo Character and Competency: Summary Model#

Mental Agility

Clear and focused thinker, comfortable with ambiguity, solution mindset; persuader

People Agility

Smart about, and learns from self and others



Results Agility

Focused and inspiring, gets results in complex and tough situations

Cultural Agility

Creates value, is fluent and flexible across borders and boundaries

Model adapted from various sources; the "agility" concept comes from Lombardo & Eichinger (13)

The Unique Challenge of Being a High Potential in a GCC-based Company

Primary research conducted into the work culture of the GCC validates many of the themes surfaced in similar studies conducted on mapping the work cultures of developing markets (16). Specifically:

Relationship Orientation

Loyalty, trust and harmony are paramount and relationships and networking are key to task completion

Family Orientation

Work is a duty done in service of the family and family atmospheres are created in the workplace where the Leader-Follower relationship closely mirrors the parent-child dynamic (paternalistic organizational model)



Performance Orientation

Employees attach higher value to the quality of their work relationships, often at the expense of performance. "Getting ahead" is subordinate to "getting along" and high performers are discouraged from "standing-out" and low performers are often tolerated rather than sanctioned.

Control Orientation

Control is often centered at the top and in the hands of a few, therefore centralized decision-making is the dominant means of planning and acting.

Communications

The pattern of communication is often seen to be indirect, non-assertive, non-confrontational, and usually downwards.

Authority

Respect, loyalty and deference towards superiors is paramount.

Studies (16, 17, 18, 19) have, to various degrees of intensity, mapped a GCC work culture that tracks with the commentary above and demonstrates the below cultural characteristics:

- High power distance where there is a tendency to centralize decision making, involve a limited group in the process and favor autocratic decision making.
- Strong uncertainty avoidance where employees and managers have a low tolerance for ambiguity, complexity and uncertainty. Consequently, there is a tendency to move away from conflict and seek stability over change.
- High collectivist attitudes where individualism is frowned upon and where employees and managers tend to look to distribute wealth evenly and look out for the interests of the whole organization.
- A strong balance between judging one's success based on rewards, possessions and outward manifestations of wealth and power and a caring and compassionate, collectivist ethos consistent with the aforementioned even distribution of wealth.

These cultural facts acknowledged, it is clear that the GCC-based HiPo has a number of unique challenges. Our research reveals a number of dilemmas, framed as questions below, that a HiPo must ask: "How do I?":

- Nurture key relationships with "older" stakeholders where reverence and deference, politeness and respect govern the relational dynamics?
- Gain the degree of respect, credibility and trust necessary to communicate vision, drive change and take others with him/her?
- Learn on-the-job in a culture where failure is sanctioned and caution is valued?
- Push for short term results and change where time-frames are typically long-term?
- Engage wider groups of employees in organizational decision-making and ensure the transfer of knowledge and experience, a process so vital in maximizing the contribution of Generation X employees and so critical in the engagement of Generation Y employees?
- Drive innovation and introduce constructive and creative discontent in organizational cultures that favor traditional practice, steadiness and consistency?
- Assess and differentiate performance levels and push recognition and reward to high performers?
- Harness conflict as a source of creativity and innovation?
- Stand-out, build a personal brand and strong individual presence, and relentlessly nurture a drive to excel, in a culture that favors collectivism?



Implications for *Research* and *Practice*

Hypothesis

Competency models used by many GCC-based companies in the assessment and development of HiPo managers describe the criteria for high performance NOT high potential.

Imperative

There is a need to review the competency models used in the early identification of Leadership and Executive Talent and in the assessment and selection of high potential talent in the region. HiPo competency models must maximize the skills, attitudes and traits empirically proven to drive HiPo realization (e.g. "learning agility").

Hypothesis

Assessment Center methodologies lack the degree of sophistication required to accurately assess High Potential Managers

Imperative

There is a need to update the assessment methodologies being used to identify high potential in the region. High potential is best measured over time, in multiple contexts and where a valid measurement of "learning agility" is a key part of the process. Carefully constructed methodologies, managed by expert Assessors, using robust tools is the Assessment mandate.

Hypothesis

Current Development methods rely heavily on in-classroom training and inter-departmental rotation and may be missing opportunities to broaden and integrate (synergy) development methods

Imperative

Provide Development programs that reflect global best practices on developing HiPo Talent, for example:

- Structured challenges which are carefully designed and managed to ensure exposure to new(er) and more challenging areas and/or cross-functional working.
- Provision of executive coaching and follow through.
- Proactive management of transitions (e.g. supervisor to manager of manager, manager to division head etc.)
- Action learning programs that solve real-life business problems while simultaneously building character and competencies.
- Mining HRIS data to identify patterns in (and predict) HiPo behavior.
- Targeted involvement in special project teams working on C-level, mission-critical projects.
- Deepening 360° feedback processes to sharpen and mobilize advanced self-awareness.
- Interruption of premature ascent, when the HiPo needs more time to grow technical skill-set and/or emotional maturity.
- Institutionalizing personal development programs that oversee, manage and quality assure personal and professional development.
- Cultivation of an informal network inside and outside of the company.

Conclusion

Neither the economic potency nor the demographic profile of the Gulf region is likely to change dramatically in the near term and it is inescapable that HiPo managers will be a key part of the GCC engine room going forward. Building a robust body of research and best practice around HiPo Development within the GCC business context and culture will be critical to the future competitiveness of the region and the organizations it hosts. John F. Kennedy asserted that:

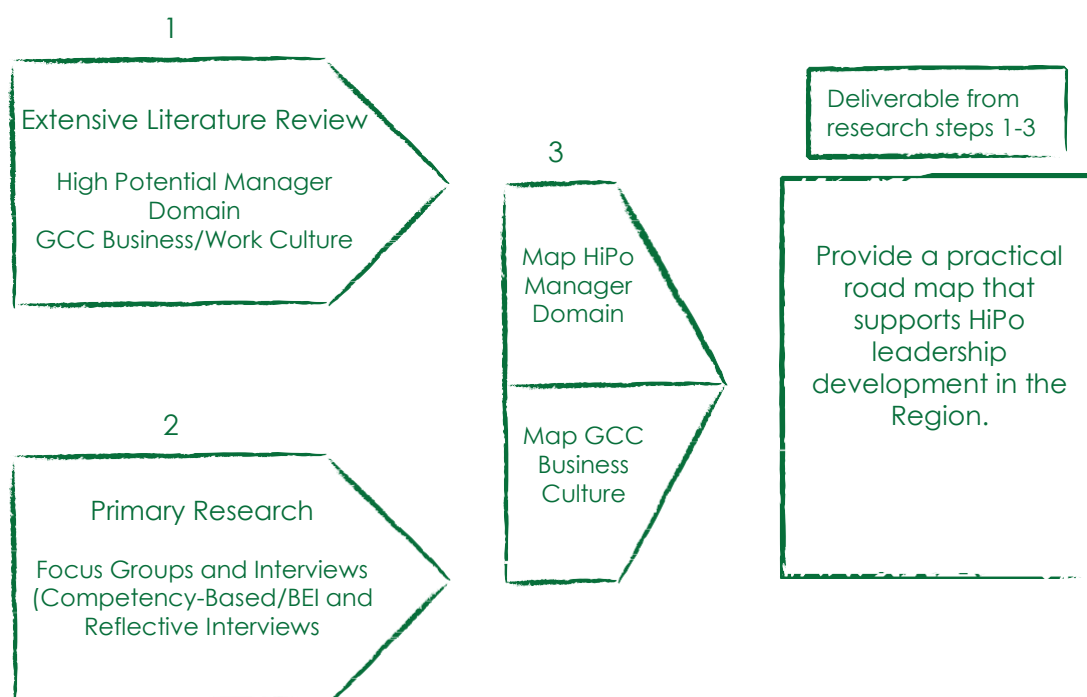
"Leadership and Learning are indispensable."

Ensuring that HiPo leaders learn, and from multiple sources, in and out of the class-room, on and off the job, is a key part of the HR mandate in the region.

About Our Study

The ideas outlined in this paper reflect stage 1 of an iterative (descriptive and empirical study) of "the unique challenges of HiPo Managers operating within the GCC business context and culture". The authors ongoing real-world consulting, coaching, assessment, development and training work with 8 of the top 12 companies in the GCC combined with ongoing academic study will see this research run for several years in pursuit of a practical toolkit that enhances the theory and practice of HiPo Leadership and Career development.

Figure 3: Research Summary –Phase 1



This article was written by Brendan McCann of OLE Consulting.



References

- (1) Baabood, Abdullah. *GCC States' Economic Ascendance - An Opportunity*. The Magazine for International Business and Diplomacy, March, 2011
- (2) Horvarth, J. *The Widening Gap: Fact or Fiction*. Studies in Comparative International Development, Vol. 10, (Spring), 1975
- (3) Fernandez-Araoz, C., Groysberg, B., Nohria, N. *How To Hang On To Your High Potentials: Emerging Best Practices In Managing Your Company's Future Leaders*. Harvard Business Review, October 2011
- (4) Wolfe, Tom. *The Right Stuff*. New York: Farrar, Strauss and Girox, 1979
- (5) Corporate Leadership Council, Executive Summary, February 2005. William D. Koch, *Directions: Closing the Gap Between the Best and the Rest*, Development Dimensions International, 2007
- (6) McCauley, C.D., Moxley, R. S., Van Velsor, E. *Handbook of Leadership Development*, Jossey-Bass, 1998
- (7) McCall, M W., Spreitzer, G., Mahoney, J. *Identifying Leadership Potential in Future International Executives: A Learning Resource Guide*. (Lexington, Mass: International Consortium for Executive Development Research, 1994)
- (8) Byham, W. C., Smith, A. B., & Paese, M. J (2002). *Grow your own leaders: How to identify, develop, and retain leadership talent*. New York: FT Press
- (9) Sterberg, R.J, Wagner, R. K., Williams, W. M, Horvarth, J. A. *Testing Common Sense*. American Psychologist, 912-927, November, 1995
- (10) Charan, Ram. *Leaders at All Levels*, Jossey Bass, 2007
- (11) Ready, Douglas A., Jay A. Conger, Linda A. Hill, *Are You a High Potential?* Harvard Business Review, June 2010
- (12) Bharwaney, G., Bar-On, R., MacKinley, A. *EQ and the Bottom Line*, Ei World, 2011
- (13) Lombardo, M., Eichinger, R. W. *High Potentials as High Learners*. Human Resource Management, Vol. 39, No. 4 (Winter), 2000
- (14) Kets de Vries, M. F. R. (2006) *The Leadership Mystique*. FT Prentice Hall, 2006
- (15) Hogan, R., Curphy, G., and Hogan, J. "*What We Know About Leadership: Effectiveness and Personality*." American Psychologist, 1994, 51, 469-477
- (16) Kanungo, R. N. and Jaeger, A.M. (Eds.). *Management in Developing Countries*. London. Routledge, 1990
- (17) Hofstede, G. *Cultures Consequences: International Differences in Work-Related Values*. Beverly Hills, California: Sage Publications, 1980
- (18) Al-Twaijri, Mohammed. *A Cross-Cultural comparison of American - Saudi managerial values in U.S related firms in Saudi Arabia: An empirical investigation*'. International Studies in Management and Organization 19(2) 58-73, 1989
- (19) Harris, Philip., and Moran, Robert. *Doing Business With Middle Easterners*. Managing Cultural Differences. New York, McGraw-Hill Inc. 1991