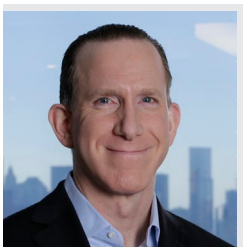


Potential After the Pandemic



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by Marc Effron,
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The post-pandemic world presents organizations with a workforce that has suffered through two years of economic shocks, personal tragedy and the blurring of their personal-professional boundaries.

While individual productivity and engagement have held remarkably steady during this period, individual stress levels and mental health issues have spiked.

Those combined factors have accelerated a 10-year trend of increasing resignations that have created labor market turmoil in the US and Europe. A meaningful number of these departing employees are intent on permanently changing how, where and even if they work.

Added to these challenges is a renewed social consciousness that's forcing companies to explore inequities in how they've historically identified

Potential After the Pandemic: Article Summary

The experiences of the past two years have created understandable pressure on organizations to reevaluate how they define potential. We answer the following questions in our article:

- **What creates potential?** Potential is found in the overlap between an organization's longer-term needs and an individual's intellectual capability, personality factors, experiences and motivation.
- **What has changed about potential during the pandemic?** The only individual factor that has changed, in some individuals, is their motivation to invest discretionary time at work. Organizations' needs haven't meaningfully changed. They still value very smart, well-behaved, highly driven and appropriately experienced leaders who will sacrifice time for out-sized advancement opportunities.
- **Are new capabilities or a different definition of potential needed?** As disruptive as the past two years have been, the core drivers of potential are unchanged, so a new definition is not needed.
- **What should companies not do?** Hastily change their definition of potential, pretend that hard work no longer matters to be high potential, or blame your tools for challenges in accurately predicting potential.

and promoted talent.

These collective forces have led some observers to suggest that companies must shift to a post-pandemic state of “human centered leadership”¹ or “empathetic leadership.”² Others have declared that “the pandemic has forever changed what employees and their managers need for themselves and expect from each other.”³

Our clients raise similar questions about how this combination of events should affect how they manage talent. Among their important questions, they want to know whether they should change how they define and measure potential.

While the intuitive answer to that question after two years of turmoil would seem to be

“yes,” the facts about potential guide us to a more nuanced conclusion.

The (Changed?) World of Potential

An individual's potential to advance at work is found in the intersection between an organization's needs and an individual's capabilities and interests, over time.

The greater the overlap between these elements,

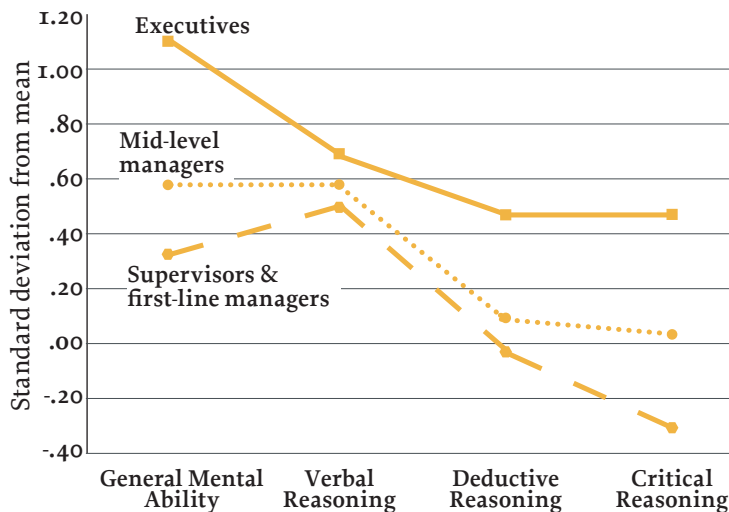
the more likely an individual is to be considered someone who can move upward, quickly, in the organization. That rapid, upward movement remains the core definition of potential post-pandemic, just as it was pre-pandemic.

If we want to assess

if we should change how we view potential, we need to review how the pandemic may



Chart 1: Differences in cognitive assessment score by manager level



Source Ones, Deniz S., and Stephan Dilchert. "How special are executives? How special should executive selection be? Observations and recommendations." *Industrial and Organizational Psychology* 2, no. 2 (2009): 163-170.

have changed individuals, organizations and how much they overlap.

What we know about individuals and potential

While we can't explain 100% of what predicts an individual's potential, the best science and research provide some very strong direction. The question is whether these individual factors have changed during the pandemic.

The science on potential tells us that:

- **Intelligence is the largest predictor of potential:** Intelligence predicts anywhere from 35% - 45% of an individual's success at work. The more complex the job, the more intelligence differentiates performance on that job.⁴ This finding is one of the most conclusive scientific facts about human performance at work.

Because performance is a precursor to potential, intelligence also helps to predict how far an individual will progress in an organization. Those

who move higher in an organization score higher, on average, on assessments of general mental ability, deductive reasoning, verbal reasoning and deductive reasoning (see Chart 1).⁵

More succinctly, smarter people typically move higher in an organization, faster.

What's surprising about this fact is how many people – especially those in the human resources field – argue against it. When we discuss potential in our [Talent Management Institute](#) courses, my colleague Jim Shanley always asks the participants how important intelligence is as a predictor of potential.

Most of the thousands of HR leaders we have taught globally say that it is either minimally or not at all important to an individual's success.

Intelligence also doesn't meaningfully change after your late teens so there's no reason that anyone who was brilliant pre-pandemic isn't still brilliant post-pandemic (and the inverse is true as well!).⁶

- **Personality is the second largest predictor:** Our personality predicts up to about 25% of our success at work, and higher amounts in select roles.⁷ Our core personality is comprised of [five factors](#) and some of those matter more to our performance and potential.

Of the five factors, Conscientiousness matters in every job, Extroversion is helpful in select roles and Emotional Stability is needed in every role (See Chart 2).

Like intelligence, people who move upwards in organizations typically score higher on each element of personality.

Chart 2: Your Five Personality Factors

The Big 5 personality factors	More of the factor means you show more of these behaviors	How much it matters to high performance at work
Conscientiousness	Dependable, thorough, hard-working, persevering, organized, a planner	A moderate amount, in every job
Emotional Stability	Calm, steady, self-confident, lower anxiety, upbeat	A little, and every job
Extroversion	Sociable, gregarious, talkative, assertive, active, ambitious	Slightly in sales and customer service; uncertain impact in managerial roles
Agreeableness	Courteous, flexible, cooperative, forgiving, soft hearted, tolerant	Slightly in customer service; may hurt performance in managerial roles
Openness to experience	Imaginative, cultured, curious, original, broad minded, artistically oriented	None

Source: Hogan, Robert, Gordon J. Curphy, and Joyce Hogan. "What we know about leadership: Effectiveness and personality." *American psychologist* 49, no. 6 (1994): 493.

This doesn't mean that an individual can't be high potential if they don't score high on these traits, but it does tell us what personality profile typically succeeds at the higher levels of an organization.

As with intelligence, we know that personality is heavily influenced by the genetic gifts that our parents gave us.⁸ It's also similarly distributed across race and gender, which makes it relatively bias-free.

There's little we can do to fundamentally change our personality factors after young adulthood, so those employees with the optimal mix of factors when they entered the pandemic still have them today.⁹

There are two more individual factors that help predict potential that can be more directly influenced:

- **Sustained high performance:** High performance does not equal high potential but a track record of above average performance is often considered a threshold that

one must cross before being considered for potential.¹⁰

Since far more people believe they are high performers than is objectively true,¹¹ a reasonable definition to use is this: High performers are individuals who consistently deliver results and behaviors above the 75th percentile compared to their peers.

This criteria for potential was valid pre-pandemic and is still valid post-pandemic, so this component of potential hasn't changed.

Keep in mind that performance is already influenced by one's intelligence and personality, so individuals have some, but not complete, control over this factor.

- **One's experiences and skills:** An employee's functional, technical and leadership capabilities contribute to their potential. Unless their capabilities fundamentally regressed during the pandemic, employees bring the same bundle of experiences to

work today that they did in January 2020. So, this predictor also remains valid and unchanged post-pandemic.

These four individual components of high potential – intelligence, personality, high-performance and capabilities – have the same power to predict potential today as they did pre-pandemic. The one individual predictor of potential that has changed in some employees is motivation.

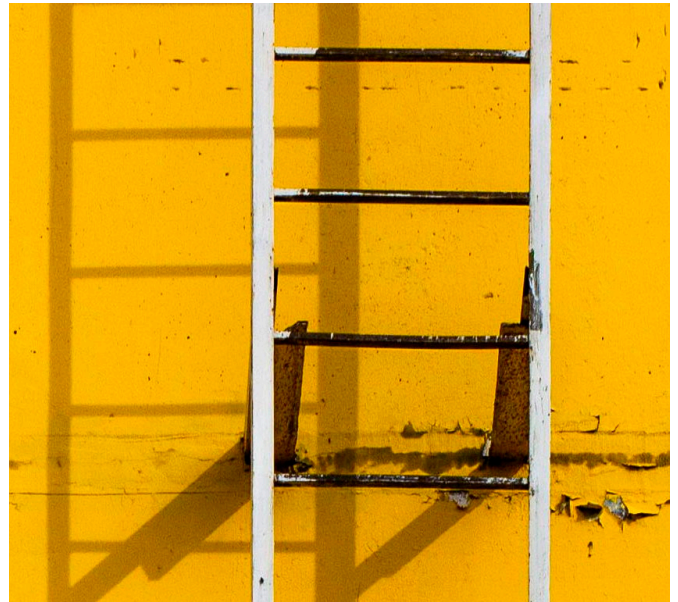
How has motivation changed?

Call it ambition, drive or aspiration, someone's motivation to succeed is a key factor in assessing their potential. After all, if someone doesn't want to move far and fast upwards in an organization, it doesn't matter if they are highly intelligent, have the right personality factors, etc.

Motivation comes in two varieties – trait and state.¹² Trait motivation reflects the extent to which someone has a persistent, enduring desire to achieve. It's driven by our unchanging personality, so an individual's trait motivation remains at the same level today as it was pre-pandemic.

State motivation is different in that it reflects one's drive to contribute, get things done and succeed *at this moment*.

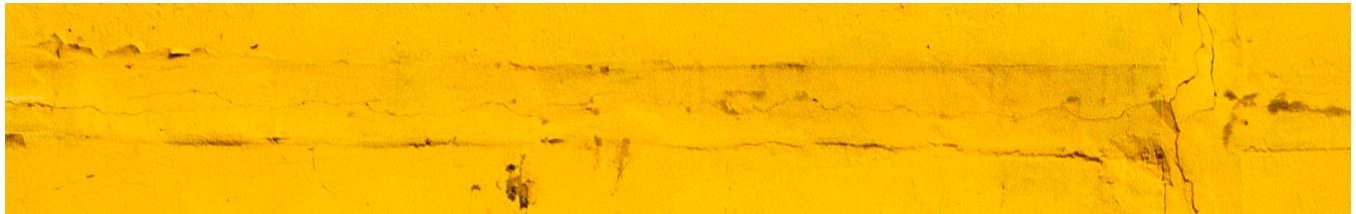
This type of motivation can be driven by a specific event: "She played at the top of her game to win the big tournament." It can be driven by a particular aspiration: "He strived for perfect leadership and execution in order to get the promotion he wanted." It can be a reaction to life events: "I'll show those people who once looked down on me how successful I can be!"



State motivation has changed in some people during the pandemic because:

1. **Career interests have changed:** Some people are no longer motivated to work in the same area or towards the same goals that motivated them pre-pandemic. They may now believe that they should apply their ideas as an entrepreneur rather than giving those ideas to their employer.¹³ They may have decided that writing code, creating marketing campaigns or becoming a vice president no longer engages them.
2. **Interest/willingness to sacrifice:** Other individuals have decided that their commute, the number of hours they worked, their time on the road and/or the endless special projects they were assigned no longer provide rewards they value.

Calls for a 4-day work week or a 32-hour work week, and the questionably-named "great resignation" are clear signals that some portion of the workforce is still



willing to contribute, but not as much as they previously did and not if they have to sacrifice time in other areas of their life.

When we look at the five factors that influence an individual's potential to advance, four haven't changed. The open question is how much has motivation changed in the individuals who were highly motivated to succeed pre-pandemic.

What we know about organizations and potential

The other half of the high potential equation is the needs of the organization. The better an individual fits with those needs, the more likely they are to be considered high potential.

Despite the massive disruptions that many organizations experienced during the pandemic, what companies do has not changed. If they produced chocolate bars before the pandemic, then they still do. If they sold software to companies in January 2020, they still do. Even if they flew people from one part of the world to another, while they might do it less frequently today, they still do.

If what companies do remains relatively unchanged, it suggests that what they need from their high potential employees remains relatively unchanged as well.

Organizations still want very smart, well-behaved, highly driven and appropri-

ately experienced leaders who are willing to contribute and sacrifice more than their peers in exchange for out-sized opportunities to advance and earn.

Even if organizations' needs haven't changed, the environment in which they operate may have. We see a few potential changes that organizations should consider:

- **Expanded talent pool:** One clear benefit to organizations post-pandemic is the expanded talent pool from which they can attract candidates. The increasing acceptance of hybrid work means that some additional percentage of workers are now possible high potentials.

The open question about this group of employees is what amount of in-person work will be required of a high potential in your organization. It seems unlikely that someone can rise to the top of a large, global organization while never leaving their spare bedroom.

What will you tell high potentials about required in-person meetings, travel and relocation?

- **Possible new attributes:** There's been a steady drumbeat of articles that say empathy and compassion are critical new factors in how leaders must lead.¹⁴ Those are wonderful qualities for a manager to have in the right amounts, but any attribute that someone claims can predict potential



should pass some key screens, including:

- Is this an attribute that we see as critical to our organization's success?
- Does demonstrating more of this quality convince us that someone has even greater potential to advance?

We believe that most managers demonstrate empathy and compassion sufficiently well today, they can display more of these qualities when needed and that demonstrating these, even at the optimal level, contributes negligibly to one's potential. There's certainly downside to not demonstrating these behaviors, but likely not much upside to demonstrating them meaningfully above the 50th percentile.

The one new capability that may help differentiate potential post-pandemic is the ability to lead in a hybrid work environment. Success in this capability requires the same good leadership and management behaviors we've always valued but now demonstrated with people who work in different places and on different schedules.

Taken together, these facts suggest that organizations may want to consider minor adjustments to how they evaluate potential.

The larger conclusion seems to be that people who can (and want to) move far and fast are still incredibly valuable. There may be fewer individuals who are willing to sacrifice for that outcome but the pool of possible high potentials has increased through expanded hybrid work. That result feels like a draw.

The intersection of potential

When we look at the intersection between the individual and the organization – the place that defines potential – it appears that little has changed.

We know that some individuals are less willing to make the sacrifices necessary to be high potential. The open question is how many of those individuals were previously considered high potential. It's possible that the vast majority of those considered to be high potential in early 2020 remain just as committed to their career success.

Any reduction in the group of true high potentials is likely balanced out by geographic mobility no longer being such a significant component of potential. While one might not be able to become CEO never leaving one's spare bedroom, there are likely far more opportunities for upward movement that no longer require someone to be on-the-ground in a particular location.

Post-pandemic potential: What not to do

Since the world of potential has not meaningfully changed, organizations should be careful not to make hasty changes in how they define or assess it. They should not:

- **Change the definition of potential:** You measure potential to enable accurate succession planning. For that reason, a person's

ability to move upward over time has to be included in this definition.

It also means that your criteria should assess the proven, bias-free factors of intelligence and personality, and the differentiating capabilities that your organization needs to win in the future. If your definition of potential pre-pandemic was delivering the desired results, there's no need to adjust it post-pandemic.

If you find fewer people in that category due to decreased motivation in the workforce, that's not a reason to lower your standards for what constitutes high potential.

- **Underplay hard work and sacrifice as components of achieving potential:** The pandemic has caused many leaders to take stock of how they invest their time. Some have decided to spend more time on non-work activities.

Companies should respect that choice while being honest about the fact that those who choose to dedicate more time to serving the organization will likely be presented with more career opportunities.

This fact is especially relevant for younger high potentials who are trying to accumulate more high-quality experiences to advance their career. The faster they successfully achieve those experiences, the faster they will emerge and grow as leaders, proving their potential.

There is a relationship between the number of hours one works and the number of experiences one can achieve. Organizations shouldn't suggest that upward career progress does not, at some point, require harder work and additional sacrifice compared to what average performers are willing to do.



- **Pretend that your tools are the problem:** The old saying “a bad workman blames his tools” feels very appropriate when we hear HR leaders say that they’re throwing away their nine box or six box or 24 box grid because it doesn’t help them to assess potential.

There’s nothing either good or evil about a nine-box performance and potential matrix. It’s simply a tool to facilitate a discussion.

If you aren’t having high quality talent discussions, it’s far more likely that you don’t have a clear definition of potential or your talent reviews aren’t well facilitated, than that a performance and potential matrix is getting in the way.

It’s OK that little has changed

It may seem odd that very little has changed about potential given the disruptions of the past two years. But when we look at what individuals bring to the table and what organizations need, there’s little that suggests that change is needed.

That’s good news because it means that we can instead focus our time and effort on better executing the fundamentals of managing potential – accurately identifying high potentials, accelerating their development through experiences and providing transparent feedback.

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