



An Empirical Study on challenges faced by the organization in identification and development of high Potentials in Banking industry in Tamilnadu

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Abstract

A high-potential employee has the uncanny ability to learn how to deal effectively with first-time, or changing situations, applying new and prior learning to each new challenge. All high potential programs start with identifying the right employees for development. The high rates of dissatisfaction that exist within the ranks of high potentials are primarily due to a lack of transparency in the selection process, which can lead high potential identification to be perceived as biased. Companies need to understand the purpose of, and need for, high potential development programs within their organizations and align them with their overarching business strategy, rather than creating development programs for the sake of development. there are many challenges faced by the banking industry in identification and development of high potentials. This paper analyses the challenges and ranks the factors based on their intensity.

Key words: High Potential, Identification, Development, Challenges

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Introduction

The high-performer's redeeming quality is sustained performance over time in relatively similar situations or roles. On the other hand, a high-potential employee has the uncanny ability to learn how to deal effectively with first-time, or changing situations, applying new and prior learning to each new challenge. All high potential programs start with identifying the right employees for development (Rebet'ák & Farkašová, 2015).

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Research shows that high potential employees are 75% more likely to succeed in senior positions, and developing them is critical for the organization's future. However, according to one study, only 15% of high performers are truly high potentials (Goud, Studies, & Bharathi, 2018). Providing access and exposure to senior management for high potential managers is almost universal among the best practice firms, as are ample internal training opportunities and special development assignments.

The high rates of dissatisfaction that exist within the ranks of high potentials are primarily due to a lack of transparency in the selection process, which can lead high potential identification to be perceived as "political and biased" (Erickson, 2010). Furthermore, even when these high potential employees are identified, they are

frequently approached by competitors. As a result, these high potentials often leave the company before taking on the leadership roles for which they have been preparing. When this happens, companies end up training talented employees for their competitors.

Companies need to understand the purpose of, and need for, high potential development programs within their organizations and align them with their overarching business strategy, rather than creating development programs for the sake of development (Errol van Staden, 2011).

The challenge currently facing by the banking is to identify the high potential employees and develop them successfully so that the retention can be achieved which leads the continuous performance excellence. Hence, the study has been initiated to list out the challenges faced in identification and development of high potential in the banking industry.

2. Review of literature

If an organisation can identify as early as possible those people with a higher level of potential, it can then concentrate resources on developing these people to help them develop their potentials (Konczak, L., and Foster, 2009).

Potential talent was often overlooked due to such poor methods of identification. With Traditional Methods, Managers tend to treat talent as innate (something rare few possess), focus on the few and neglect the many. This method disadvantages firms and the people who they work with (Stepper J, 2013).

One of the challenges associated with the identification of high potentials is that these individuals are typically identified early in their career for their suitability for future jobs. The world is dynamic and keeps on changing. This makes it increasingly difficult for those whose talents are identified at the early years to carry their current roles to the future which is uncertain. There are a number of things that can go wrong if a talent identification programme is not well thought out or robust. These include: too narrow a definition of what talent means, subjectivity in identifying talent, lack of credibility among staff, high long-term cost and lack of strategic focus (Mackinnon, 2013).

The inability of employers to meet the demands of high potentials push the employees to leave for better placements. Owing to competition in the industry, employers ensure they conceal from competitors their motivational measures that

help them attract and retain employees (Benita, 2014).

Many companies have debated whether or not to inform the high potential of their status. While the reasoning for keeping the status private is to prevent others from feeling left out, the secretive status rarely remains so. Research has shown benefits to informing the HIPO of their status, as well as informing the HIPO if they are no longer being considered for the position. Reports state that on average, between 5% and 20% of employees who were initially labeled a HIPO, will not succeed in the development program (Conger, J., Hill, L., & Ready, 2010).

The development process requires a heavy commitment from management as well as the HIPO (Gallardo-Gallardo, E. and Thunnissen, 2016). During the development process, the HIPO must feel trust, privacy and honesty from management and HR. They tend to have great ideas regarding how to make the organization better (Burke, 1997).

The HIPO should be informed of the pros and cons to having the status. Increased responsibility may result in higher pay and a promotion, but it may also mean less free time. It is also important to inform the HIPO of both developmental activities and the established timeframe to assist with personal planning (Gurbuz, Acar, & Yener, 2017).

HIPO identification programs involves perceptions of fairness and justice, which generally refer to feeling free from favoritism, bias, injustice, disrespect, and self-interest, whether with respect to the outcome or to the process. It is widely recognized that fairness considerations shape employees' perceptions of whether management is trustworthy and non-biased and can influence employees' attitudes and behaviors (Lambert, 2003).

3. Research Question

These reviews lead to the following research questions:

What are the challenges the banking industry facing during high potential identification and development?

Which is the most crucial challenge and how the banks can tackle it?

4. Research Methodology

The descriptive research type was adopted for this study and the top five private banks (HDFC, ICICI, AXIS, Kotak Mahindra and IndusInd) from the top four cities (Chennai, Coimbatore, Madurai and Trichy) of Tamilnadu have been taken as the sampling unit. Branch HR heads have been

taken as the sample. The sample size of 424 was derived using a standard formula. Proportionate stratified Random

sampling technique was adopted for sample selection.

5. Analysis and interpretation

5.1 ANOVA on intensity of challenges faced

by the banks when identifying and developing the high potentials based on total experience in the banking Industry

Table 1: One way ANOVA on intensity of challenges faced by the banks when identifying and developing the high potentials based on total years of experience in the banking industry

		Sum of Squares	df	Mean Square	F	Sig.
Human capital insufficiency	Between Groups	5.357	4	1.339	1.408	.106
	Within Groups	398.393	419	0.951		
	Total	403.750	423			
Lack of accountability and capacity for Potential development	Between Groups	3.425	4	0.856	1.017	.237
	Within Groups	352.657	419	0.842		
	Total	356.082	423			
Inconsistent execution and integration of potential development programme	Between Groups	3.163	4	0.791	0.867	.318
	Within Groups	382.143	419	0.912		
	Total	385.306	423			
Unavailability of potential development tools	Between Groups	4.435	4	1.109	1.166	.176
	Within Groups	398.454	419	0.951		
	Total	402.889	423			
Absence of potential ethical culture	Between Groups	1.967	4	0.492	0.469	.635
	Within Groups	439.767	419	1.050		
	Total	441.734	423			
Nonexistence of motivational measures	Between Groups	1.054	4	0.264	0.275	.827
	Within Groups	402.696	419	0.961		
	Total	403.750	423			
Uncontrolled recruitment and selection	Between Groups	.075	4	.018	0.642	.576
	Within Groups	11.723	419	.028		
	Total	11.797	423			

In this one way ANOVA, intensity of challenges faced by the banks when identifying and developing the high potentials is used as dependent variable and total years of experience in the banking industry is used as independent variable. From the output table 1, it is seen that the all the significance values of F are greater than 0.05. Therefore, the null hypothesis is accepted and it is concluded that there is no significant difference between the intensity of challenges faced by the banks when identifying and developing the high potentials based on total years of experience in the banking industry at 95 percent confident level.

5.2 Friedman Test of Ranking of intensity of challenges faced by the banks when identifying and developing the high potentials:

Friedman’s Test is used to check whether there is any significant agreement in the ranking of challenges faced by the banks when identifying and developing the high potentials.

The following hypotheses are used to check significant agreement in ranking.

H₀ – There is no significant agreement between the respondents regarding the ranking of intensity of

challenges faced by the banks when identifying and developing the high potentials.

respondents regarding the ranking of intensity of challenges faced by the banks when identifying and developing the high potentials.

H₁ – There is a significant agreement between the

Table: 2 Friedman Test for ranking of challenges faced by the banks when identifying and developing the high potentials

Challenges faced by the banks when identifying and developing the high potentials	Mean Rank	Assigned Rank
Human capital insufficiency	3.99	6
Lack of accountability and capacity for Potential development	4.57	1
Inconsistent execution and integration of potential development programme	4.35	2
Unavailability of potential development tools	4.05	5
Absence of potential ethical culture	4.27	3
Nonexistence of motivational measures	4.14	4
Uncontrolled recruitment and selection	3.74	7

(Source: Primary Data)

Table 3:Friedman Test for challenges faced by the banks when identifying and developing the high potentials - Test Statistics

N	424
Chi-Square	1138.209
df	6
Asymp. Sig.	.000

(Source: Primary Data)

It has been clear from the table 3 that the significance level has been 0.000. This significance value has been less than 0.05.It clearly shows that there is a highly positive agreement between the respondents regarding the ranking of intensity of challenges faced by the banks when identifying and developing the high potentials at 95 percent confidence level. From the table 2, it can be concluded that the lack of accountability and

capacity for Potential development got the ranking of 1, inconsistent execution and integration of potential development programme got the ranking of 2, absence of potential ethical culture got the ranking of 3,nonexistence of motivational measures got the ranking of 4, unavailability of potential development tools got the ranking of 5, human capital insufficiency got the ranking of 6 and Uncontrolled recruitment and selection got the

ranking of 7 based on the intensity challenges faced by the banks when identifying and developing the high potentials.

Results & Discussions

From the ANOVA analysis, it is proved that there is no significant difference between the intensity of challenges faced by the banks when identifying and developing the high potentials based on total years of experience in the banking industry. All the respondents are having similar opinion on the challenges faced by the banks in identifying and developing high potential employees. The Friedman rank test also confirms the agreement. From the results it is understood that the most common challenges faced by the banks are lack of accountability and capacity for potential development and inconsistent execution and integration of potential development programme. The fault is from both sides that employee and employer. Employers have to design specific policies that would offer development programs and at the same time not neglecting the need of employees. High potential employees always expect employers to provide flexibility to them like other organizations are offering while developing them and contributing their best performance in organizations.

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