

Retaining High potential employee (HIPOs) in the organization: A Why & How?

¹Dr. Sonal Jauhari, ²Dr. Snigdharani Mishra

Assistant Professor -HR, HOD-HR
^{1,2}ITM Business School, Navi Mumbai, India

Abstract: The purpose of this research paper is to identify the loopholes and low rate of potential employee retention, along with examining the reasons and solutions to be provided to the industry for the benefit of employees and the Industry both. The Study was being made to understand, how to identify the high potential employees, traits of these employees, growth path and opportunities that they can survive on and most importantly how to retain these gems in any organization despite of, whether they are from Retail, Banking, Manufacturing, FMCG, IT etc. The study was done based on the literature, the facts and figures linked with retention of potential employees along with employees' motivation and industry effectiveness. The study of this topic addresses three major issues: First and foremost, how to retain the valuable and potential employees in the organization, the second, how to convert High Performing employees into High Potential Employee (HIPOs) or vice versa and third, how to make employees fall in love with the organization. The study aimed at multiple factors: the major reasons of resigning by any potential employees (HIPOs) depends 80% on the behavior of immediate boss, different attractive opportunities provided by competitors as well as enhancing the role of super boss or top management in sustaining the potential employee in the work system to decrease the attrition rate. The retention of an efficient employee sometimes also depends on other aspects. For example- Workplace environment, Work life balance, People in the team, Promotion opportunities, Increment system etc. The study recommends that by retaining a Positive and Healthy Boss, will always be a wise step to retain any potential employee in the organization.

Keywords: HIPOs, Retaining, Attrition, Employee Satisfaction, Potential Employees.

1. INTRODUCTION

Who are these HIPOs (High Potential employees)? Are these the people you want in your organization? A source from HR Magazine (2011), *When people are using their strengths to perform at their highest levels, HIPOs are tending to be more committed, more energized and engaged, and more excited about being at work,*” says Lisa Sterling, Chief People Officer at Ceridian. Every organization wants to be successful and wanted to retain that success constantly irrespective of the size, hierarchy, location, domain of their Industry, despite of facing different challenges in retaining the potential employees. To overcome this problem, it is very important that the employees and the organization maintain a good and comfortable relationship.

The first question that arises in the readers mind is- what is the difference between HIPOs (High potential Employees) and High Performing Employees? Let's throw some light on it first before proceeding towards the details of the paper. Similar source says *“HIPOs often require stability and reassurance to thrive and change can negatively impact the attractiveness of opportunities within the company for them. Potentially they may seek out career opportunities elsewhere,*” says Samantha Hickey, a talent practice director at CEB. HIPOs the Increasing Potential employee efficiency is not merely a question of doing more work in less time, it is also a question of focusing, so that the produced quality work will be with less effort.

High-performing Employees always stand First in the organization. They consistently exceed the Line Managers expectations and can go to any difficult project to take pride in their accomplishments but may not have the potential (or the desire) to succeed in a higher-level or Top Management or in Leadership role.

To maintain the ratio of potential employees along with rest of the team members, it is always advisable to focus on the different factors that can influence workplace efficiency, which include **Exterior factors** such as the physical work environment, updated technology etc. **Interior factors** such as job satisfaction, smooth relation with co-workers, Job satisfaction etc. Increased efficiency of workplace can be managed by Keeping calm, effective and efficient leadership & stability of management. There is no single correct method for improving efficiency, and a combination of strategies may be needed.

Another source by "talent Management blog, (2013), According to Corporate Executive Board (CEB), high potential employees have three key characteristics in common: **Aspiration, Ability, and Engagement**. *Aspiration* means the High potential employees work towards achieving certain targets for appraisals, rewards and recognitions, etc. The second quality is *Ability*: the ability of HIPOS is related to some challenging work and scope of improvement in one-self; and the third major key skill is *Engagement*. This is the last and very important part of retaining the potential employee. These employees are workaholic; if they do not find the assigned work matching their competency and skills, they may not be interested to be there in the organization.

The various industries or designations that get easily affected with high attrition rate are Banking, IT, ITES, Finance, Front desk Sales employees, Customer care executives, trainees etc to name a few. If we find out two major reasons for the increased attrition rate, first and foremost is hike in salary and the second one is the behaviour of the Immediate boss.

Many Companies follow certain activities to engage the potential employees such as: Equip the managers to ground level critical engagement risks: Training is provided to the managers for maintaining a regular, ongoing informal communication with team employees (and especially high-potential employees). The training will help the managers to proactively identify and address the risks in potential employees for being or not being committed towards the organization. By establishing a "talent deal", that provides HIPOs with a variety of special opportunities, benefits and commitments, but in return they must show their commitments or responsibilities.

2. STATEMENT OF THE PROBLEM

When it comes to reducing risk and increasing profitability for any organization, the first and foremost thing that comes in the plan of action for any organization is to *RETAIN* the employees or being more specific to retain the High Potential Employees (HIPOS). The goal is to attract, develop and retain high potential employees having skills, capabilities and commitment needed to meet existing and future organizational requirements.

As per the Source by PAYSA (2010), it states that Facebook, Google, Oracle, Apple are taking the first four places among rest of the companies in contributing more towards retention of their High Potential Employees. The researchers are trying to throw some light on different practices followed by various organizations for retention of High Potential Employees (HIPOs).

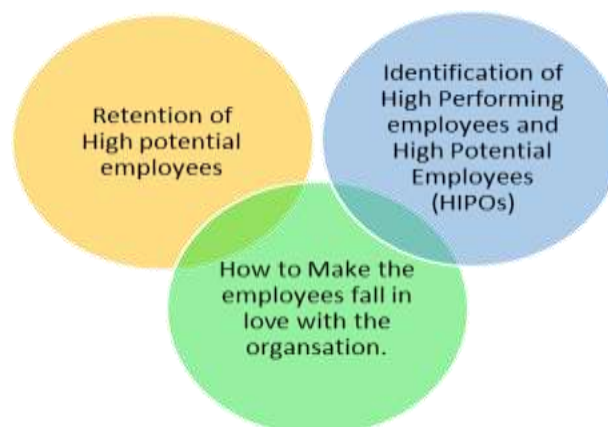


Figure 1: Different Objectives of the Research Paper.

HIPO Retention Strategies: A glimpse of companies:

Apart from the heavy package that they offer, they also provide the *Work life balance*. Which means simultaneously they also have the flexibility towards working hours, shifts, work from home, etc. In fact, google gives liberty to their employees for designing their own place of work as per their comfort zone. In a recent study, the retaining strategies

varies from organization to organization. This research study will provide you the factors that directly or indirectly affect the retention of employees in an organization. Apart from this there are multiple other reasons, as to why an employee discontinues from the organization.

Nowadays hiring a new employee as per the role and designation is easier than retaining and nurturing the potential employee in the organization. For the growth of any organization (any Sector), it is always advisable to retain the Potential Employees. The Valuable time and money that company has already invested in the training and shaping of that Potential employee will give you better returns, rather than starting from the scratch again with New Hired employee.

3. REVIEW OF LITERATURE

A detailed study of various books, magazines, journals and websites was carried out to find the relevant information pertaining to the subject to facilitate and to complete the study. Retention of any potential employee is the biggest challenge among the organization. In any organisation, the time spent on that employee by the company is around six months to a year, and by the time the employee start understanding the process of learning and executing things in the right place in work, they start looking for change due to one or the other reason. An almost similar source says, *“HIPOs produce 91% more valuable work for the company and exert 21% more effort than non-HIPOs. Managers need to worry about identifying them (only 1-in-7 high performing employees classify as HIPOs) and to worry twice as much about retaining and developing them so that all that glittering potential is realized.”*

Why does the employee leave any organization? By various research happened in India and abroad it has been seen that the first reason is “Immediate Boss”. This does not mean that whichever employee leaves any organisation is only because of Boss Fault, but, because 60% time spent in the organisation by an employee and the learning happened is because of the Immediate boss.

4. FACTORS THAT AFFECT ANALYZING THE EMPLOYEES:

4.1 Employee Satisfaction:

Satisfaction of employee is the utmost priority of any organisation. Satisfied employees are the ones that remain happy and spread positivity among the people around them. The most important feature of a satisfied employee is, how much he is under stress or worry, he or she will be extremely loyal towards their work and will stick to it even in the worst scenario. *Below mentioned are the points to be considered by an organisation for employee satisfaction: -*

4.1.1 Stability:

Stability as employee satisfaction plays an important role in retaining the high potential employees in the organisation. Organizations need to retain deserving and talented employees for long term growth and guaranteed success. If people just leave you after being trained, your organization will be in a big mess. It's true that, you can hire new individuals easily, but no one can deny the importance of experienced professionals that too trained by the organization. It is essential for organization to have experienced people around, who can guide freshers or individuals who have just joined. Employee attrition these days are the major issue among the various sectors. Any individual if treated properly by the seniors, getting salary on time, the work life balance that has been promised by the organization is fulfilled, then the chances for any employee in leaving the organization is very less. In fact, a satisfied and stable High potential employee (HIPOs) can attract other people to join the organisation. Moreover, no new individual likes to join an organization which has a high employee attrition rate.

4.1.2 Compensation:

Another major reason, which plays a very important role in employee satisfaction. When we hear the term compensation, the similar words that clicks in our mind is, salary hike, incentives, appraisal etc. A sense of loyalty towards the organisation does not come out as compulsion, it should be within. Compensation play a vital role in attracting, motivating and retaining talented employees. *A source from Ibrahim and Boerhaneoddin (2009) states that, compensation encourage effective employees to remain in employment for longer period. The generous reward retains employees that ultimately lead to commitment and loyalty.* Compensation and other monetary benefits are always ranked high by employees when evaluating satisfaction with their jobs. However, there are more evidences that corporate culture and relationship with colleague or manager also plays in higher esteem.

4.1.3 Respect:

Attitude that the organization carries towards an employee plays a significant role in retention. An employee who is satisfied by the behaviour of reporting manager and peer group will work more effectively in improvement and development of an organization including personal grooming. Showing appreciation for employee efforts creates a bond, it makes them raised with internal happiness, which causes employee satisfaction.

4.1.4 Work Life balance:

Now a day, work life balance plays a very vital role. Now when we say, work life balance, it truly means the balance between professional life and family life. Work life balance includes flexible working hour, which means the employee should complete assigned working hours as per the company norms but yes if the need says so, he or she would be able to adjust those hours as per the convenience without hampering their professional work. Everyone has a different interpretation of what great work-life balance means to them. It is very essential for the organization to communicate with the candidate to determine what they value most and see if it is consistent. At the end of the day, you'll want to be ensured that they are the balanced employees in terms of their professional and personal life. Most importantly they are happy doing the work that has been assigned to them. **The Deloitte LLP program consists of the following aspects of flexible work design:**

4.1.4.1 Reduced hours:

Employees can take advantage of part time job and job-sharing assignment. Job sharing occurs when two individual share the responsibilities of one position. There are couple of times in the organization when the company really is not in need of hiring a full timer. In that case, the organization always have an option of hiring a part time person. HIPOs has one of the major characteristic that they do not want to be a part timer with any organization.

4.1.4.2 Reduced workload:

High performing senior level individuals may get workload reduced schedules only for a defined period, either to pursue an advanced degree or care for a new born or a sick parent. Full time professionals can design their work schedules to fit their needs. Typically, this includes variation in beginning and ending time or in the number of working hours per day. Full time professionals can choose work from home for a part of the week to accommodate family or personal needs.

4.1.4.3 Extended leaves of absence:

Employees who want time off for family and other personal reasons can apply for a leave up to five years in duration. During this period, they don't receive any pay or benefits, but they are able to stay connected through mentoring, short ad-hoc projects and training opportunities.

These were some of the programs that Deloitte follow for the flexible work design of their employees.

4.2 Recognition of employee skills:

Some employees, although highly motivated, simply don't have the abilities or skills to perform well. An ability is a trait that permits a person to do some mental or physical skill related to the individual competencies. Matching people with jobs suited for their abilities and skills is often a problem. *The effort to match jobs involves the following activities: employee selection, training and development, career planning and counselling etc.* When the person is being hired by an organisation, it is based on the skill set which he or she fulfils depending on the job requirement. Another source by *Yazinski (2009) show trends of an increased number of job applicants seeking out companies that encourage employee input, growth, education, and teamwork, beyond the traditional compensation/benefit packages offered by employers.* A happy and respected employee is a productive employee. The individual who is satisfied in terms of no bullying by seniors or peers, are well satisfied and more productive in terms of their work efficiency.

4.3 Manager-subordinate relationship:

Time pressure often mean that managers cannot follow up communication and encourage feedback every time they communicate. Under such circumstances, an atmosphere of mutual confidence and trust between managers and their subordinates can facilitate communication. Subordinates judge themselves on the quality of their perceived relationship with their superiors. Managers who can develop a climate of trust find that following up on each communication is less critical. Because they've fostered high source credibility among subordinates, no loss in understanding results from a failure to follow up on each communication. Some organisations initiate formal programs designed to encourage mutual trust.

5. TRAITS OF HIGH POTENTIAL EMPLOYEES (HIPOS)

5.1 Leadership roles:

The potential employees always want to be in limelight. The major focus of HIPOs is to define certain type of work that must be assigned to them. The definition of whether a potential employee has said or not, they want to become one day an executive, or may be entrepreneurs these days. The focus for them is very clear that they have the desire to move up the corporate ladder and be in a leadership role.

5.2 Mindset of becoming Entrepreneur:

Every other potential employee wants to be entrepreneur or leader. They want to guide people despite seeking guidance from boss. Their major focus is to begin a new business. The reason to this is, they know their competencies and potential, similarly they have learnt with their experience to guide other employees as well.

5.3 Achieving goals and objectives:

The continuous hard work and consistent success help the potential employee to achieve their desired goals and objectives. In fact, they encourage others to do the same, by creating an environment in the organisation.

5.4 Organizational Commitment:

Organizations have increasingly turned to teams to improve the quality and timeliness of decision making, to achieve more cost-effective work processes and to increase the morale and creativity of the employees. The committed employees sustain with the organisation for a longer time. One of the major trait of HIPOs is commitment towards work and organisation. The major problem facing by some organisations are placing people into teams without fully assessing whether a team is needed in the first place. This may result HIPOs or committed employees backlash directed toward the increased use of teams in the organisation. Few more competencies of HIPOs are strategic thinking, drive for results, collaborative leadership, building effective teams, and change leadership.

6. RESEARCH METHODOLOGY

As discussed in Statement of Purpose, the primary aim of this research paper is to analyse the reasons behind High potential employees leaving any organisation and Secondly, the Rewards and Recognitions that holds these employees to fall in love with the organization, despite they belong to different Industry or Size of the organization. To explore the factors which impacted in Lowering the attrition rate of HIPOs within this specific context.

This study therefore utilized interpretative methodology, which helped us to learn and through some close finding, how the organizations can review the various methods followed by others to retain the HIPOs. Simultaneously, they can also learn the various new findings that can help them in reducing the attrition rate among various organizations.

HIPOs: A way ahead in the organization:

High potentials are formally identified by 100% of North America Top Companies (and 96% of Global Top Companies) through a balance of assessments such as 360-degree feedback and leadership style inventories as well as performance ratings and nominations. These comprehensive methods provide leading organizations with a robust view of the individual's capabilities, cultural fit, drive, and relationships within the organization. General Electric conducts approximately 20 executive assessments each year to evaluate the up-and-coming senior-level talent. Two senior-level HR professionals then conduct a 3–5 hour behavioural-based interview. Interviews are followed up by 20–30 internal and external reference checks. The process concludes with a report of the person's career, key experiences, and assessment of leadership skills, which is shared with the individual. The individual then takes this information and crafts a development plan. The Chairman and CEO read each assessment and development plan and respond with a personal note to each candidate.

While some companies allow employees, who meet certain requirements to apply for high potential status, several leading companies use the talent review process to select high potentials. Best-in-class organizations not only use a variety of inputs to evaluate high potential status, but also use channels customized by level to assess potential. Many companies use 360-degree feedback for this group of top talent, while leadership competencies, peer reviews (not 360), and talent inventories are also frequently utilized to evaluate high potential talent. Psychometric assessments (e.g., mechanisms to evaluate specific individuals' cognitive, behavioural or innate attributes) are another popular choice to evaluate an individual's strength or developmental areas.

A formal assessment process provides a means of evaluating potential for performing in future roles by allowing organizations to evaluate competencies and aptitudes that cannot be observed in a current role. It provides a common metric for comparing candidates and offers opportunities to uncover “hidden” talent.

Model 1: Identification of HIPOs:



Model 2: Conversion of High performing Employees to High Potential Employees (HIPOs):



1) **Follower vs. Leader:** - Not every high performing employee is willing to climb the corporate ladder. Some of the high performers are very much happy in their current positions and have zero desire to lead and manage a team -- and that's fine. After all, behind every successful leader is a team of high performers. High-potential employees (HIPOs) are often characterized by their ability to go above and beyond the call of duty. They don't leave the office until and unless the work that has been assigned to them is completed. They don't focus on I, me, myself, but on the team that they handle. They are always willing to look for the opportunities to contribute their specialized skills and demonstrate their leadership abilities.

2) **Receptive for Feedback:** - While receiving feedback of your work from the senior, it's always easy for any employee to shake their head for a 'YES' but for high performers, they will try to improve it but not a priority basis. The HIPOs will also be truly receptive to feedback, remember it and apply it with immediate effect, to become an all-arounder better worker. The High potential employee will make sure that the mistake that occurred earlier should not be repeated twice.

3) **Business Knowledge vs. Job Knowledge:** High performers and high potentials both look forward to reaching the peak performance, but HIPOs' talent and skills aim above that peak performance. Rather than focusing on just doing what they need to succeed in their individual roles, high-potential employees take the entire business on their name. They can clearly see how their work contributes to overall success and set out the target to achieve the Company Goals and Vision by their individual work goals. Whereas high performers seek to do well as individuals but, high potentials desire to do individual contributing towards the company.

4) **Proactive Approach vs. Reactive Approach:** - A proactive approach is where the employee plans for the future and they don't wait for the crisis to occur. Whereas the reactive approach is vice versa, the action will immediately take place after the crisis will occur. One of the most obvious traits of a High potential employee is to succeed in a leadership role is whether they take on a proactive or reactive approach to problem-solving. While both approaches aim to solve the problem, the proactive approach is more effective and describes the traits of future leaders (HIPOs).

MODEL 3: How Employees are falling in Love with their organization:



- 1) **Acknowledgement:** Showing appreciation for your employees and acknowledging their achievements despite whether the work is big or small, can guide them and motivate them to go a long way in performing better and better. Acknowledge when a task or project is done well and recognise and thank the people involved. Do this one-by-one, at weekly or fortnight meetings and publicly, such as on social media, where ever appropriate. This will be a booster for them to go ahead and make the company feel proud of them.
- 2) **Flexible Approach:** - Organization should have a flexible approach to their employees and how they perform in their work. Flexible approach means, allowing them for part-time arrangements can be a great motivation for employees. If an employee would really like to have one day off a fortnight for whatever reason and can ensure the business's needs are met, it should be considered. A happy employee will go beyond the call of duty, especially when their individual needs are recognised by the organization. The key to flexible work approach is also getting the employee to identify a plan for how they will still get their job done without negatively impacting the business.
- 3) **Good managers:** - A bad manager is often considered as the first reason for the team employees for leaving the workplaces. A good manager doesn't have to be friends with their employees to be effective, but they do need a respectful relationship with them. Managers need to provide clear vision and task along with leadership and acknowledge their employees. Good managers are perceptive in nature and they can easily identify the morale and any issues in their team or with individuals. They will then take appropriate action whenever required.
- 4) **Make them stars:** - Do not miss any opportunity to publicize the value created by your team members. Make their achievements visible internally and externally. If someone has posted an article on the web, share it with the members of your network. If they did something to mentor or coach a colleague, make sure the people in the organization know. If they volunteered to solve a problem with different department of the company and coming out of their comfort zone for the work which is not a part of their job, make it public. Don't try to take the credit for these achievements. If you let your stars shine, you and your team will create a constellation that upper-management can't ignore.
- 5) **Encourage creativity and Innovation:** -Take advantage of idea generation and capitalize on the diversity in your organization. Often, the best ideas are sparked through creativity and open communication. Try to allow for creative time in your organization, even if it's an hour a day. The opportunity cost of having a creative hour over a work hour can pay dividends and huge return on investment through the months and years to follow. Achieving growth through innovation is not only a cost-effective strategy, but a savvy one. What greater way to build brand equity and value by demonstrating to the marketplace/society that innovation can be built from within. It doesn't matter who you are or where you came from, innovation should be promoted across the organization for the benefit of all.

The Responsibility of an organization as well as the employee, in retaining the potential employees or HIPOs and improving workers attitude is debatable. Some results may say that it completely depends on the potential employee to ensure that they attain job satisfaction from their work, as they are the only ones in control of their attitude and performance. Similarly, the organization is also entirely responsible. The environment or surrounding also plays a very vital role in retaining the employees. The internal factors that holds an employee are the power to control employee

salary, off time, promotion, appraisal and work life balance discussed above. External factors for an organization could be- the environment, social situations, and culture also affect worker attitude and job satisfaction. As per researchers point of view, it is the balance responsibility of both organization and potential employee. From the point of view of any organization, it is very important to do time to time feedback session with the employees. This will give it the exact image about the growth opportunities they are offering to their employee. Simultaneously, they will also come to know the graph of growth for them. Similarly, for the potential employee, the bigger picture is to be seen. SWOT analysis for a high potential employee is very much required. They must find opportunities for their growth and the organizations growth by their own.

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