

Talent Diagnostic Tools

Research Report

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Asset Skills is one of 21 Sector Skills Councils (SSCs) that have been established to tackle skills needs and support improvements in the productivity of different industries throughout the UK. SSCs are independent employer-led organisations that cover different business sectors of economic or strategic significance.

Asset Skills represents six industries in the UK: property and planning, housing, facilities management, cleaning and parking. Businesses in the sector share the goal of ensuring the environment in which we work, live and spend leisure time is developed, managed and maintained to the benefit of all.

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- Stimulate leadership from the bottom up to significantly raise employer ambition;
- Drive innovation, change employer behaviours and develop new ways of working; and
- Secure momentum from employers to support sustainable increases in skills levels and better use of skills across sectors.

The funding is supporting 61 projects over the period 2012 – 2014. This research report is part of the Asset Skills EIF 2 Talent Management programme of projects.

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Foreword

Talent diagnostic tools have been utilised by employers worldwide to support the selection, development and promotion of talented staff by providing information designed to help employers understand people's skills, knowledge, experience, attitudes and behaviours. Using a talent diagnostic tool that fits with the organisational culture and wider business strategy can guarantee long-term business sustainability by ensuring that organisations select and develop individuals that support business growth objectives.

We hope you find this report useful and informative. As we strive to be as accurate as possible and to cover the areas of most concern to employers, please feedback to us any comments you may have. Armed with this information we can work with employers and partners to help them develop strategies to meet their requirements and develop world class skills.

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Sarah Bentley, Chief Executive, Asset Skills

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1. Executive Summary

For many organisations, skills and talent retention is a key operational issue that can impact on business performance and productivity. Talent diagnostic tools are assessments designed to identify talented individuals by providing information that can help line managers to understand individual's skills, knowledge, experiences, attitudes and behaviours.

To evaluate how useful different talent diagnostic tools would be to employers working in the six Asset Skills industries, a literature review was completed and a series of talent diagnostic tool technical profiles were produced, using several primary research case studies.

The literature review showed that talent diagnostic tools will often be implemented as part of a wider performance management process or as part of a focused talent management initiative. Talent diagnostic tools ensure that employers can identify staff able take on new projects or able to manage the more independent mind-set of modern employees.

To ensure that talent diagnostic tools are used appropriately, a number of recommendations have been made by the employers that participated in this research:

- Ensure your organisation is committed to the long-term use of a talent diagnostic tool.
- Make an informed decision about what type of talent diagnostic tool will be best suited to your organisation.
- Ensure the talent diagnostic tool you select will not discriminate against particular individuals – for example, a particular gender, culture, age, disability or social background.
- Provide opportunities for feedback so that candidates can describe how the talent diagnostic tool has helped them and highlight any issues they faced.
- Have an evaluation process in place to capture the benefits of the talent diagnostic tool and ensure there is a clear business case to continue.

2. Introduction

Asset Skills is one of 21 Sector Skills Councils (SSCs) representing six industries in the UK: property and planning, housing, facilities management, cleaning and parking. Businesses in these industries share the goal of ensuring the environment in which we work, live and play is developed, managed and maintained to the benefit of all.

To achieve this goal, employers within the Asset Skills sectors must ensure that their employees have the necessary knowledge, skills and experience required to undertake their duties competently. Talent diagnostic tools are designed to support organisations to attract, select, develop and promote talent by providing information designed to help line managers understand people's skills, knowledge, experience, attitudes and behaviours in order to select and develop individuals who have a high probability of success in a given role.

Recent Asset Skills research (2012) identified a range of methods currently utilised by employers working in the Asset Skills footprint to identify talented staff including: 360 degree feedback; knowledge assessments; psychometric testing; performance appraisals; and professional development plans.

To evaluate how useful different talent diagnostic tools would be to employers, the Asset Skills Insight Team developed profiles of different diagnostic tools using existing literature and the transcripts from a series of semi-structured talent management case study interviews with employers between August 2012 and September 2012. This report is the outcome of this research and begins with a literature review that examines the different trends associated with talent diagnostic tools.

The research methodology chapter gives the aims and objectives of the primary research, explains the materials and methods that were used to recruit participants and outlines the case study questionnaire design process to collect the data. This is followed by an examination of the results from the case studies, followed by recommendations for employers, individuals and others interested in this subject. The case study questionnaire is included as an appendix followed by the bibliography.

The information presented will be of interest to individuals, providers, employers and others who wish to implement talent management strategies in the future. Further research work that develops this theme will be undertaken through the 'Asset Skills EIF2 Increasing Investment in Talent Management' programme during the period October 2012 to March 2013 (funded by UKCES).

3. Literature Review

This chapter discusses the importance of talent diagnostic tools to business, identifies the different types of tool available and outlines several key trends in the use of these tools.

3.1 Introduction

Talent is defined as natural or innate aptitudes or characteristics which are separate from learned knowledge or skills – for example, an innate talent for art or sport which can be further developed and enhanced with practice and learning.

In relation to the workplace, talent is described as the personal qualities “of those individuals who can make a difference to organisational performance either through their immediate contribution or, in the longer-term, by demonstrating the highest levels of potential” (CIPD, 2012). The characteristics of talent within the workplace are wide ranging and dependent on the individual company but can involve skills, knowledge, cognitive ability and potential. Employees’ values and work preferences are also of major importance in identifying talent.

The definition of talent can vary according to the skills, knowledge, attributes and experience required by different industries and companies; however, in each case an employer must have a clear understanding of what talent is needed, how to identify it and how best to develop it (Stewart, 2006) and it is this process that requires the use of talent diagnostic tools.

Talent diagnostic tools are assessments designed to identify talented individuals and include the following types of activity:

- 360 degree feedback
- Knowledge assessments
- Psychometric testing
- Performance appraisals
- Professional development plans

In recent years, talent diagnostic tools have been used by employers worldwide, for example, due to a shortage in managerial talent caused by the proportion of managers and leaders remaining the same, while the number of opportunities has increased (Institute of Leadership and Management, 2012). The UK Commission for Employment and Skills (UKCES) predicts that over 1.3 million managers are needed to replace those retiring from the workplace in the UK, while more than 0.8 million will be required to manage the increasing number of people being employed nationally

(Institute of Leadership and Management, 2012). As a direct result of the shortage of talented managers and greater worldwide opportunities for those with talent, there is significant competition when it comes to the recruitment and retention of talented managerial staff.

Furthermore, today's talented employees have much greater expectations of the developmental and psychological rewards they get from their work and it is no longer sufficient to offer high salaries alone. There is very little, if any, stigma attached to moving jobs and the significant availability of opportunity offered by the internet and the head-hunter industry means that talented employees have access to unprecedented amounts of opportunity in their industry, not just locally or nationally, but across the world (McKinsey, 2001).

Those employers that do not gain an understanding of the talent within their workforce often fail to compete in the competitive economic climate in the UK because they are not making the most of their workforce skills, "winning requires top-quality talent" (Efron and Ort, 2010).

If employers cannot identify talented individuals and their needs, then they cannot facilitate the appropriate development of staff in a manner that supports business growth and competitiveness. This also limits future effective management capability and succession planning as effective employees change to an employer willing to invest in their development (Institute of Leadership and Management, 2012).

In recent years, companies have been faced with the challenges of retaining talent, while implementing cutting costs initiatives to survive in a hostile economic climate. There are concerns that some talented employees are remaining with employers because they are not able to access opportunities at the moment. Deloitte (2009) anticipates that on recovery from the recession a "'resume tsunami' may threaten unprepared companies as key employees who held on to their jobs in tough times seek out better opportunities when economic fears recede."

It is therefore more important than ever for employers to understand the wide range of talents they have within their workforce and understand how best to develop them for business success.

The foundation of any good talent management strategy should be the diagnosis of individual employees current talent status so "rather than focusing on individuals whom the organisation 'believes' to have high potential (often erroneously), there is a need for organisations to develop a robust methodology where, by using diagnostics, people self-assess and are assessed in their current role by their line managers [so they can be] developed and stretched into future roles within the organisation" (Cegos Group, 2010).

This does not mean that high performance and low potential employees are not important to the business, it simply means they are better suited to working at a lower level within the organisation (Cegos Group, 2010).

It is also important to note that someone's talent status can change over time, as a direct result of internal and external factors – for example, someone experiencing disruption or trauma outside of work may not perform highly on a temporary basis – employers must therefore recognise that talent diagnostics are not always the best or most appropriate solution in certain situations.

According to recent research by CIPD (2012), many organisations use one or more talent diagnostic tool, with systematic approaches (such as 360 degree feedback) reported as the most common with 24 per cent of respondents stating they use this tool regularly and a further 32 per cent stating they use this approach occasionally.

This literature review focuses on what talent diagnostic tools are, identifies the different methods that can be used to identify talent, discusses the key areas talent diagnostic tools focus on, explores the different trends associated with their use and considers the barriers to effective implementation. This section also reviews a number of key issues including what makes talent diagnostic tools so important to businesses and where they fit in the wider process of talent management.

3.2 What are Talent Diagnostic Tools?

To successfully attract, develop and retain the key employees needed to succeed in today's economy employers can use talent diagnostic tools which are assessments designed to (Mező, 2005):

- Identify talented individuals
- Build self-awareness
- Select individuals for a talent management programme
- Determine areas of development (with regards to skills, knowledge, experience, behaviours or attitude)

These diagnostic tools ensure that organisations can identify those employees whose talent make them difficult to replace and vital to executing the business strategy. Employers can then focus on developing these individuals so that they have the skills, knowledge, experience, attitude and behaviour to support the business now and in the future as changing technology drives demand for new characteristics amongst the UK workforce (Erickson *et al.*, 2012).

3.3 What Specific Methods can be used to Identify Talent?

Talent diagnostic tools can be administered in the form of face-to-face discussions, online questionnaires, written tests or team exercises. Recent Asset Skills research (2012) highlighted a range of methods currently used to identify talent by employers working in the Asset Skills footprint:

- **360 degree feedback:** a performance appraisal system that gathers feedback on an individual from a number of sources, such as supervisors, peers, external customers and a self-assessment;
- **Knowledge assessments:** measure the individual's knowledge base to establish how much an individual knows and whether they can apply it to achieve key objectives;
- **Psychometric testing:** assesses whether individual employees have the attitudes and behaviours required to progress their careers by assessing their strengths and weaknesses so these can be improved to ensure they reach their full potential in future;
- **Performance appraisals:** an appraisal meeting is an opportunity for individuals and their line managers to review past actions; and
- **Professional development plans:** are plans outlining personal, educational and career development. A plan can have a narrow focus looking at how individual employees can improve their performance in their current job, or a wider focus incorporating skills and knowledge required for the next step in their career.

3.4 Key Areas of Talent Diagnosis

According to Davis (2007), talent diagnostic tools will often focus on five key areas to identify talented staff so that they can reach their full potential:

- **Experience:** this requires a description of the candidate's responsibilities, training and project management experience which can show a willingness to undertake new opportunities as well as highlight new experiences they will require to reach their full potential.
- **Profile:** the identification of desirable traits, such as commitment, confidence and problem solving, can be achieved through the use of psychometric testing or personality profiling.
- **Qualifications:** this involves examining the candidate's academic and professional qualifications as well as any further training they have undertaken. This demonstrates a willingness to participate in training and highlights any areas where skills may need to be updated.
- **Expertise:** the identification of personal strengths and knowledge, particularly transferable skills, such as literacy, numeracy, problem solving, leadership, management, extensive sector specific experience and communication.
- **Potential:** the final stage of the diagnosis is to establish the level of responsibility that the candidate has the potential to reach and should therefore aspire too.

3.5 When are Talent Diagnostic Tools used?

The use of talent diagnostic tools is typically driven by talent-related issues such as those highlighted in Table 1 (often identified after a decline in the performance and the overall effectiveness of the workforce). Talent diagnostic tools can therefore be used to assess the accuracy of self-diagnosed issues – for example, an organisation believes they have a training issue when, in fact, it is a recruitment issue (Daunt, 2012).

Table 1: Issues driving the use of talent diagnostic tools

Issues
Loss of customers
Decreased business performance
High rate of staff turnover
Low employee morale
Decreased productivity
Low number of job applicants

Source: Daunt, 2012

Talent diagnostic tools can also be used to support organisations after significant restructuring (Table 2) where staff may need further development to perform effectively in new or changed job roles with unfamiliar responsibilities.

Table 2: Organisational changes driving the use of talent diagnostic tools

Organisational Changes
Merger and/or acquisition
Shift in business strategy
Implementation of a new business strategy
Organisational redesign
Technology implementation
Evaluation of HR's impact to the business

Source: Daunt, 2012

However, Cegos Group (2010) argue that only a few organisations have the expertise to use talent diagnostic tools to identify their talent pool and suggests, for example, that subjective, perception-based 360 degree appraisals and psychometric testing can be inaccurate if used without a clear focus on performance, skills, knowledge and behaviour.

3.6 Implementing a Talent Diagnostic Approach

These talent diagnostic tools will often be implemented as part of a wider performance management process or as part of a focused talent management initiative (Glen, 2006) to ensure that they have staff prepared to take on new projects and are prepared to manage the more independent mind-set of modern employees.

Figure 1 illustrates where the use of talent diagnostics comes in the wider process of talent management and emphasises the role these tools play in identifying gaps in skills, knowledge, experience, attitudes or behaviour in planning further development opportunities.

This is important because some staff are no longer willing to wait for organisations to provide higher level occupations and rewards, but aspire to develop their careers at a faster pace by changing employers to gain experience through career opportunities designed to enhance their “personal marketability” (Glen, 2006; CIPD, 2011).

In both cases, the challenge for companies across the UK is ensuring they can respond to changing business needs by continually developing individuals so they are at their most effective to support business growth and ensure the organisation remains sustainable.

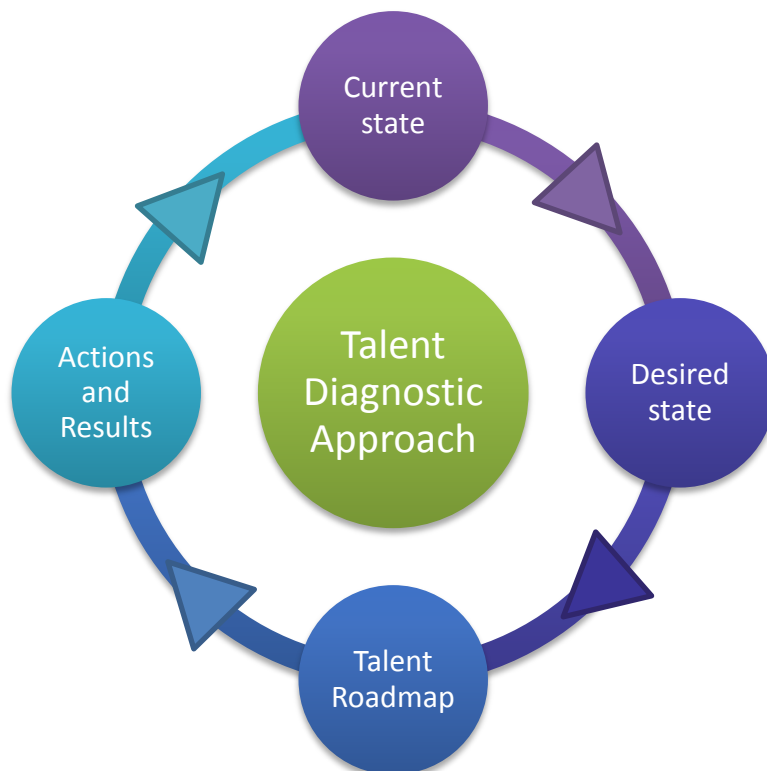
Figure 1: Steps to develop a talent management strategy



Source: AQR, 2012

Identifying a talent pool from their existing workforce by selecting high potential and high performance individuals based on their skills, knowledge, experiences, attitudes and behaviours is one way to overcome this challenge.

Figure 2: The talent diagnostic approach



Source: Daunt, 2012

According to Daunt (2012), the talent diagnostic approach can be split into the four key phases of implementation illustrated in Figure 2. The approach involves identifying the **current state** of the workforces' skills, knowledge and experience through observation, interviews and benchmarking data, before outlining the organisation's **desired state** of workforce skills to improve performance and productivity in the long-term. These skills are then prioritised on a **talent roadmap** providing a clear focus for the overall talent management strategy. Finally, organisations can develop and implement **actions** using the data collected during the previous stages to provide measurable **results**.

3.7 Talent Diagnosis Trends

There are a number of trends to be aware of when considering or evaluating different talent diagnostic tools. Drivers of change that should be acknowledged include changing patterns and ways of working; the demographics of some workforces; and technology. Furthermore in recent years several key trends in talent diagnosis have emerged due to the significant impact of the recession and anticipated economic recovery on organisations.

For example, some organisations forced to make budget cuts reduced their investment in talent, while other organisations maintained their current level of spend on talent recognising it as an opportunity to gain a competitive advantage by attracting talent from competitors and increasing revenues (CIPD, 2010).

3.7.1 Use of Analytics and Metrics

Performance measurements have historically been used as a way to identify and manage talented workers, particularly where combining increasing productivity and efficiency with reducing costs was of importance – for example, in the European manufacturing industry during the 1990s (Cheese, 2008).

There has been a shift away from the narrow focus of performance metrics towards making decisions that are informed by additional objective information that identifies who has ‘talent’, analyses what ‘talent’ is required for future business success and monitors individual progress against talent objectives (Scarborough and Elias 2002; Matthewman and Matignon 2005; CIPD 2006).

For example, when identifying who has ‘talent’ for a particular type of role performance results against targets can be considered alongside psychometric testing and 360 degree appraisals. Judgements based on objective results can be analysed against the future needs of the company and the individual can receive development in the areas required.

Analytics can also help to support recruitment systems as existing results from the current workforce can provide a ‘control’ to help judge external candidates for jobs (Asset Skills, 2012). This can support decisions to employ ‘more of the same’ or ‘fresh thinking’ depending on the company needs at the time.

3.7.2 Recruiting Talented Candidates

There is a growing trend in talent management with regards to recruitment practices where companies are increasingly considering the wider talent requirements of the company – for example, companies are beginning to use the selection process for a specific job role to identify a pool of talented individuals who have passed the initial processing and could fill other vacant positions.

By using ‘candidate relationship management’ systems, companies can map the job role requirements against the attributes of those candidates in the talent pool, reducing administration and recruitment costs (Newman, 2012) – for example, the cost of recruitment in the UK is £5,311

compared to £2,226 in the USA due to UK employer's reliance on agencies that charge 20-30 per cent of a new hire's salary in the first year. Bersin and Associates (2012) argue that "UK companies tend to use agencies to source broad ranges of candidate populations, whereas US companies use agencies more selectively for senior-level and hard-to-fill positions."

To bring costs down, UK companies are starting to diversify their sourcing strategies to embrace new social media tools, professional networks and candidate relationship management (CRM) systems as sourcing alternatives (Bersin and Associates, 2012). However companies must ensure candidates are treated well throughout the recruitment process so they are not deterred from working for the company (Newman, 2012).

3.7.3 Range of Tools and Techniques

The range of techniques used in talent diagnosis to identify talented staff (such as 360 degree assessment, performance management and attitude assessments) and develop their potential (such as formalised learning and development sessions, coaching, mentoring, job rotations and secondments) has increased as more employers try to develop talent management strategies suitable for their industry (CIPD, 2010).

However, those employers who do not employ talent managers to navigate the opportunities available to them are expected to face significant challenges in the future because talent managers develop an understanding of the workforce and what motivates them. This understanding ensures that talent managers select suitable tools and techniques that recognise that different levels in the workforce have different motivations that require a varied approach (Daunt, 2012).

This is being overcome by the provision of talent management services by an increasing number of consultancy companies but it will still remain the responsibility of the commissioning employer to understand the products and services that they source.

3.7.4 Effective Exit Interviews

A strong, positive exit process for people leaving the company has a number of benefits for talent diagnosis which employers are now exploiting, including:

- Providing valuable information about what motivates employees to leave in order to improve retention in the future. Recent research by PWC (2012) indicated that 16 per cent of the 19,000 employees interviewed left because of limited career opportunities, 13 per cent of employees

left due to a lack of support and respect from supervisors and 12 per cent of employees left for better financial compensation.

- Identifying areas in need of improvement in the wider talent or development programmes so that interventions can be held for tasks, processes or people (Carvin and Main, 2012).
- Can develop a talent pool of people who know the company well, fit ‘culturally’ understands the systems and structures but who have gained wider experience outside the company.

3.8 The Barriers to Effective Talent Diagnostic Approaches

A significant barrier to the successful identification of talented individuals within an organisation can be caused by a failure to clearly define ‘talent’. As a result, diagnostic tools (particularly perception-based 360 degree appraisals and psychometric testing) can be inaccurate due to a lack of clear focus on exactly what characteristics the organisation believes its talent pool should possess (Heller, 2004; Cegos Group, 2010).

Recent Asset Skills research (2012) reinforces this message with one employer stating “I think that it can be really difficult to define talent, particularly in a big organisation. You can talk about talent with one line manager and they might think of graduate and leadership programmes, but you can talk to a line manager in another part of the business about talent and they might think of retaining high performance workers.”

Another example of a barrier to the successful identification of talent are poor recruitment strategies that can result in a lack of staff with the right skills (such as communication, people management and organisational skills) to become effective managers in the future.

According to the Institute of Leadership and Management (2012) half of all senior managers and two out of five line managers are recruited externally, highlighting the fact that talented individuals have not been identified within the current workforce forcing employers to rely on more costly external recruitment.

To overcome these barriers, employers can utilise simple and effective talent diagnostic tools to identify skilled individuals with the potential to meet the needs of the organisation in the future.

3.9 Conclusion

In conclusion, the development of talented individuals has significant implications for businesses across the UK and recent research has shown that the foundation of any successful talent management strategy depends on accurately identifying talented individuals within the workforce so that they can be developed to achieve their full potential benefiting not only the individual, but the organisation as a whole.

If employers cannot identify talented individuals and their needs, then they cannot facilitate the development of staff throughout the organisation limiting future management capability and succession planning as effective employees leave to join an organisation willing to invest in their development (Institute of Leadership and Management, 2012).

Recent Asset Skills research (2012) identified a range of methods currently utilised by employers working in the Asset Skills footprint to identify talented staff, including: 360 degree feedback; knowledge assessments; psychometric testing; performance appraisals; and professional development plans.

However, the types and use of diagnostic tools is changing as a direct result of drivers such as: the demographics of workforces; evolving technology; new patterns of working; the recession; and potential economic recovery.

4. Employer Perspective

This chapter examines employer responses to the topics discussed during the talent management focus group held in August 2012 see Appendix 1 for further information on the methodology used.

4.1 Identifying Talent

In groups, employers were asked to select the best methods for identifying characteristics (such as personality, values, competence, capability and attitude) within their staff that indicates they have talent. Table 3 indicates that the majority of employers identified 360 degree feedback as the best method for identifying talented staff, followed by attitude assessment and performance appraisals.

Table 3: Methods used to identify talented staff

Talent Management Diagnostic Tool	Description
360 degree feedback	This is a performance appraisal system that gathers feedback on an individual from a number of sources (such as colleagues, managers and customers). These sources typically complete a questionnaire consisting of a number of statements rated on a scale. A report is then written summarising the feedback for the individual.
Attitude and behaviour assessment	Show whether individual employees have the attitudes and behaviours required to progress their careers. They often come in the form of questionnaires that measure key characteristics such as commitment and confidence.
Performance appraisal and personal development plan	An appraisal meeting is an opportunity for an individual and their line managers to review an individual's past actions and behaviours to reflect on their overall performance. This discussion is then used as the basis for a personal development plan.
Other	• Team building • Creating development opportunities • On-going staff training

Source: Asset Skills, 2012

The employers that participated in this research stated that the best methods for identifying talent should:

- Identify how best to support talented staff
- Be easy to measure and demonstrate that they have had a positive impact
- Link to the wider talent management strategy
- Have the support of senior management
- Ensure that candidates can feedback on how the method has helped them

4.2 Equality in Talent Management Processes

In groups, employers were asked if there were any types of people who might be at risk of not being treated fairly in a talent management process. Some employers argued that this would depend on how the organisation defined talent amongst its workforce and whether the talent selection process included bias for or against a particular gender, culture, age or social background.

Generally, employers felt that people with the following characteristics were at risk of not being treated fairly in a talent management process:

- Introverts
- People with low self-esteem
- Younger workers
- People with mental health problems
- People lacking basic skills, such as literacy, numeracy or IT
- Individuals with English as a second language, such as immigrants
- Single parents who may not have the time and resources to invest in their development
- Individuals with a poor work history, such as ex-offenders
- Older workers

Employers also highlighted that there is a risk of being treated unfairly during a talent management process for those at management levels because these processes are often focused on developing 'people management' and this may not be appropriate for a manager that was promoted due to their specialist skills rather than their ability to implement assessments, reviews and appraisals.

To ensure that talent management processes and procedures are fair, employers suggested that organisations must have consistency in processes and strategies with an ethical selection process designed to ensure that talented staff are selected fairly. There must also be clear and consistent benchmarking throughout the process.

5. Talent Diagnostic Tool Profiles

This chapter focuses on the talent diagnostic tools profiled during the primary and secondary elements of this research (see Appendix 1 for further information on the methodology used). These tools were identified during the focus group held in August 2012 as the best methods for identifying talent amongst their staff.

The case studies included in these profiles were selected because they demonstrate how talent diagnostic tools can be incorporated into wider talent management strategies to ensure that talented individuals are identified and developed in a way that complements the organisation's values and aligns with key business objectives so that staff can achieve their full potential.

The technical profiles indicate that employers should make informed decisions about which talent diagnostic tools are most important for their organisation's needs. They must then decide how they will use it effectively and ethically to improve the long-term sustainability of their business.

The first technical profile indicates that psychometric tests are best suited for employers that require more in-depth information about the mind-set of individuals. This can help them to recruit new staff, identify people with potential to be promoted and developed, counsel underperforming staff and identify ways to overcome stress factors within an organisation.

The second technical profile illustrates the importance of assessing the current employee knowledge and skills level so that they can identify areas to improve. As a result, many organisations use the information provided by a knowledge assessment to determine the training needs of talented staff – for example, an individual will sit the assessment at the beginning of a training course to identify gaps in their knowledge and skills. The training is then targeted for a greater likelihood of success.

The third technical profile indicates that 360 degree feedback measures behaviour and competencies by providing feedback on how others perceive an employee. Unlike psychometric testing or knowledge assessment, 360 degree feedback models are relatively costly because they require a greater commitment from employers and a shift in organisational culture to ensure success.

Similarly, the fourth technical profile shows that personal development planning also requires an organisational culture shift for talented staff to be effectively identified within the workforce. However, once introduced they offer a structured process that empowers individuals by helping them to articulate their development needs.

5.1 Technical Profile 1: Psychometric Testing

For many organisations, people are the most important business resource and developing a talent pool or talent management strategy using an appropriate talent diagnostic tool can ensure the organisation has a sustainable future. This profile is designed to provide an in-depth guide to the use of psychometric testing as a talent diagnostic tool.

5.1.1 Introduction

According to the British Psychological Society, a psychometric test is “any procedure on the basis of which inferences are made concerning a person’s capacity, propensity or liability to act, react, experience or to structure or order thought or behaviour in particular ways.”

Psychometric tests therefore provide in-depth information about the mind-set of individuals with the potential talent, identifying their strengths and weaknesses so these can be improved to ensure they reach their full potential in the future (Van Der Merwe, 2002).

According to the University of Cambridge (2008), approximately 70 per cent of UK companies with over 50 employees use psychometric tests to recruit new staff, identify people with the potential to be promoted and developed, counsel staff that are under-performing, build teams, identify stress factors within an organisation and create incentive programmes.

Davis (2007) argues that psychometric tests can cover three distinctive aspects of people’s future behaviour:

- **Aptitude Tests:** explore an individual’s ability to perform or carry out different tasks. These tests tend to have a formal, structured approach where candidate’s answer multiple choice questions under exam conditions so that it can be administered and scored to ensure results can be compared.
- **Personality Assessments:** focus on an individual’s style or manner of doing things, as well as how they interact with their environment and other people. These assessments come in a variety of different formats and provide a personality profile rather than a score (because there are no right or wrong answers).
- **Attitude Tests:** examine individual’s preferences for different types of work, as well as their opinions, attitudes and behaviour towards others. These characteristics are usually assessed using a questionnaire without a time limit. The results are then interpreted by an assessor trained to ensure interpretation and feedback is accurate.

To ensure successful talent diagnosis using psychometric testing, Davis (2007) suggests that employers need to select the most appropriate test for the task so they gain actionable insight into their staff. Anastasi and Urbina (1997) argue that the growing popularity of this type of talent diagnostic tool means that there are a variety of psychometric tests available for jobs from assembly line operator to senior manager to support issues like recruitment, job assignment, promotion or transfer.

Employers must also ensure that the psychometric test that they select will provide reliable and valid results so that the attributes are measured accurately, while the results will meet the organisations objectives (Davis, 2007; Asset Skills, 2012). Organisations that produce these tests will be able to provide extensive evidence of the reliability and validity of these tests because they are required to ensure standardisation through extensive trials using a wide population sample.

5.1.2 The Benefits of Using Psychometric Testing as a Talent Diagnostic Tool

Research has demonstrated the benefits of using psychometric testing as a talent diagnostic tool. For example, psychometric testing is objective so there is no possibility of interviewer bias or prejudice on the basis of age, sex or religion (Davis, 2007; University of Cambridge, 2008). In addition, these tests are also consistent so all candidates get the same questions, in the same order and during the same time period to allow comparative scoring (Davis, 2007).

Psychometric testing can also benefit organisations by effectively predicting performance levels within the workforce, identifying those employees that are at most risk of underperforming (Davis, 2007). This can contribute to improved team effectiveness and individual self-awareness by providing staff with a better understanding of their work styles, strengths and weaknesses so they can continue to learn and develop so that they feel motivated in the future.

Another benefit of this talent diagnostic tool is that it is relatively cost effective as the market has expanded to incorporate the provision of different tests, many of which are available online (Davis, 2007). According to the University of Cambridge (2008), a good psychometric test may appear to be quite expensive to have administered and interpreted, but it is significantly more cost effective than recruiting the wrong person for a role or maintaining an underperforming workforce.

5.1.3 Example Talent Diagnostic Tool: Mental Toughness (MTQ48)

Rationale

AQR is a psychometric test publisher and business consultancy that aims to develop tools and measures that employers can use to improve performance, well-being and behaviour amongst individuals or across a whole organisation.

In 2002, they published the concept of mental toughness defined as “a quality which determines, in some part, how effectively individuals perform when exposed to stressors, pressure and challenge... irrespective of the prevailing situation” (Clough and Strycharczyk, 2006). AQR also published the MTQ48 questionnaire designed to answer some key questions asked by senior managers, including (AQR, 2010):

- Why it is some people handle stress, pressure and challenge in the workplace well and others don't?
- Can we measure where people have strengths and weaknesses in these matters?
- Can we do something to improve “mental toughness” in people to improve overall performance?
- Can we evaluate the effectiveness of interventions which are all claimed to be effective?

Identifying talented individuals with a high level of mental toughness, while developing this quality in other staff can significantly **improve organisational performance** as individuals are more capable of producing a greater volume of high quality work (AQR, 2010).

It also highlights those individuals that demonstrate **positive behaviours** such as those willing to engage with activities by volunteering to carry out tasks (AQR, 2010).

This recognition can result in **greater wellbeing** which can contribute to improved staff attendance, reduced stress levels, reduced bullying and ensures individuals can recover more quickly from setbacks (AQR, 2010).

Higher levels of mental toughness are also thought to contribute to **increased career aspirations** and **employability** as individuals are more competitive, as well as more likely to stick with a programme of study or work (AQR, 2010).

Design

The MTQ48 questionnaire is a 48 item questionnaire which takes 10 minutes to complete. It uses a five point Likert scale to capture responses and is available in an online or paper format. The questions focus on four key attributes:

- **Control:** indicates whether individuals feel in control of their work and establishes if they have the potential to exert more influence over their working environment.
- **Challenge:** describes the extent to which individuals see problems as threats or opportunities to continue their personal development. This questionnaire identifies those people that thrive in a changing environment, as well as those people that prefer to work in stable environments.
- **Commitment:** the ability for an individual to carry out tasks successfully despite any problems or obstacles that arise.
- **Confidence:** individuals that are high in confidence have the self-belief to successfully complete tasks that may be considered too difficult by similar abilities but lower confidence.

Results

Test results are processed immediately and reports are made available so that individuals can use the information to build on their strengths and mitigate their weaknesses through skills development or gaining new experiences to improve overall job performance.

This test can effectively predict those that are most likely to underperform and can provide talented individuals with greater self-awareness that can lead to increased motivation as well as a willingness to undertake development activities in the future.

The results for individuals are also compared to test results for a relevant norm group that represents the population as a whole. This ensures that results can be used to measure progress and establish what training programmes are most successful at facilitating the development of targeted talent development initiatives.

5.1.4 Talent Diagnostics in Practice: Rising Stars Project

The Chartered Institute of Housing set up regional forums and the leaders of the North West group decided to base their forum on the identification and development of tomorrow's leaders.

The project was designed to get candidates to think differently about how to create an organisation, how to develop their personal skills and what leadership skills they might need in the future.

"Psychometric testing is a big asset for organisations – for example, if you are finding people in your organisation are wobbling for one reason or another you can very quickly assess it through the use of a questionnaire to identify what the issues might be."

(Doug Strycharczyk, AQR)

Social housing organisations were asked to nominate candidates that they believed were 'Rising Stars' with the potential to become future leaders and provide a mentor for the duration of the project.

This ensured that candidates had additional support while under significant pressure to continue with their day job and attend the sessions in their own time. These challenging circumstances demonstrated the commitment and resilience of those individual that participated in the project as of the 18 candidates that started the project, 12 candidates finished.

The Rising Stars Project started in January 2012 and required the candidates to attend six sessions designed to focus on different aspects of leadership and management practice. The third session focused on the personal attributes of candidates and required them to complete psychometric testing in the form of the MTQ48 mental toughness assessment provided by AQR.

At the end of the project, candidates were reassessed using the MTQ48 mental toughness assessment and those candidates scoring a level 3 are showing considerable improvement by scoring a level 6.

The Rising Stars Project has also received positive feedback from candidates and employers with many indicating that they had learnt a lot through the process.



5.1.5 Potential Obstacles to Effective Implementation

Research indicates that issues associated with psychometric testing often occur when the talent diagnostic tool is used incorrectly – Cegos Group (2010) argue that only a few organisations have the expertise to use talent diagnostic tools to identify their talent pool and suggests that subjective, perception-based 360 degree appraisals and psychometric testing can be inaccurate if used without a clear focus on performance, skills, knowledge and behaviour.

Inaccuracy can also arise through poor interpretation of psychometric test results which can disadvantage individuals undertaking the test by disguising their potential talent (Stone, 2011). To overcome this issue, organisations can use professional psychometric testing centres that have established scoring system (often computer based) to reduce the risk of human error and ensure the results are presented accurately.

Stone (2011) argues that some organisations can become too reliant on psychometric testing, even when they use it correctly, and should try to combine this talent diagnostic method with other techniques such as structured interviewing or mentoring. Stone (2011) also highlights the discrimination risks associated with the use of tests to identify talent as some individuals may be disadvantaged due to sight problems or literacy skills.

To avoid these issues employers should make an informed decision about which talent diagnostic tools are most important for their organisation's needs. They must then decide how they will use it effectively and ethically to improve the long-term sustainability of their business.

5.2 Technical Profile 2: Knowledge Assessment

Staff that can apply their extensive knowledge can provide opportunities for achieving substantial savings, improved levels of staff performance and significant competitive advantage (Albers, 2009). This profile is designed to provide an in-depth guide to the use of knowledge assessment as a talent diagnostic tool.

5.2.1 Introduction

In the early 1990s, the need for knowledge assessments arose in response to external training providers running general training events that focused on the “wholesale transfer” of skills, knowledge and experience. However, there were few attempts to establish the suitability of these courses so they were rarely appropriate for individual requirements.

In recent years, training provision and recruitment has increasingly focused on stretching individual employees to their full potential through specific training initiatives where they were more likely to experience the long-term retention of knowledge and skills (Davis, 2007; Serrat, 2009). The Project Management Institute (2012) argues that “the first step toward empowering your employees is to assess their current knowledge and see where they need to improve.”

According to Davis (2007), knowledge assessment is a process by which the knowledge base of an individual can be measured “to determine how well they know what to do and when to do it, in order to generate progress towards the achievement of assigned objectives.” In their simplest form, knowledge assessments ask a series of questions designed to establish basic knowledge (such as literacy or numeracy), while a sophisticated knowledge assessment will examine the application of knowledge pertaining to a particular job function (such as management) (Davis, 2007).

As a result, many organisations (small, medium or large) use the information provided by a knowledge assessment to determine the training needs of talented staff for example, individuals will sit the assessment at the beginning of the training to identify gaps in skills and knowledge to ensure training is more targeted for a greater likelihood of success (Davis, 2007).

This type of talent diagnostic tool can then be used by employers to measure the success of talent development initiatives – for example, employers can ask individuals that undertook training to re-take the knowledge assessment after a six month period to determine if individuals retain the knowledge and skills provided during the training sessions (Davis, 2007).

Employers also use knowledge assessment when they want to recruit more talented staff – for example, the results from the knowledge assessment can be used to build a profile of the best performers within the workforce. This ensures that employers can recruit against these profiles so that the future candidates they recruit have the knowledge and capability to perform to the right standard (Davis, 2007).

5.2.2 The Benefits of Using Knowledge Assessment as a Talent Diagnostic Tool

Knowledge assessment is a relatively new talent diagnostic tool that is gaining considerable momentum in the current economic climate where a lack of knowledge or generalised training provision can be extremely costly for a business. Davis (2007) argues that knowledge assessment can provide a range of benefits to different groups of people within an organisation, for example:

- There are significant benefits for **individuals** because self-assessment and marking can be carried out in a short period of time, ensuring that identified knowledge gaps can be tackled quickly using focused short-, medium- and long-term training initiatives. The success of this training can be frequently re-assessed so individuals and employers can monitor their progress.
- This type of talent diagnostic tool can benefit **line managers** by ensuring that they can arrange suitable training and development programmes for their teams so that they have the knowledge to meet business objectives.
- Knowledge assessment can also benefit people working in **HR** by providing them with an avenue to monitor training initiative success through repeat assessments. They will need to track training plans to ensure they are carried out in a timely and efficient manner by individuals and their line managers.
- There are also significant benefits for **senior managers** because knowledge assessment ensures that they can identify talented staff within their company and manage the talent pool to facilitate succession planning. This type of talent diagnostic tool can reduce training budgets by up to 50 per cent as people are only trained in what they need to know within their role.

5.2.3 Example Talent Diagnostic Tool: MAP (Managerial Assessment of Proficiency)

Rationale

For the past two decades, MAP has been used by organisations worldwide to provide an objective analysis of a manager's knowledge, management style and skills to gain insight into their strengths and weaknesses to direct their personal development in future so the most talented managers can progress their careers.

Management development is critical for organisations as managers direct and organise resources within the company. The UK Commission for Employment and Skills (UKCES) predicts that over 1.3 million managers are needed to replace those retiring from the workplace across the UK, while more than 0.8 million will be required to manage the increasing number of people being employed nationally (ILM, 2012).

Recent research by the Institute of Leadership and Management (2012) indicated that first line managers are often recruited due to their high level of technical knowledge, rather than their management competencies and have rarely received training before being appointed.

For example, only 18 per cent of employers participating in the research expected candidates to have received management training. As a result, 93 per cent of employers reported that low levels of management skills are expected to have a significant impact on the organisations ability to meet business objectives. To overcome these challenges, the Institute of Leadership and Management (2012) suggest that employers must put a plan in place to ensure they have a pool of knowledgeable leaders and managers to fill vacancies in the future.

MAP enables organisations to prioritise their management training so that it focuses on those areas where significant improvement in knowledge and skills will be more beneficial to the organisation through increased performance. It can also reduce training budgets by lowering the amount of resources wasted on unfocused training.

In the case of individual managers, the recognition that accompanies high scores on the knowledge assessment can result in greater wellbeing and demonstrates that they have the ability to implement initiatives that can contribute to improved staff attendance, reduced stress levels, reduced levels of bullying and greater support mechanisms for their teams.

Design

On the first day, the assessment is a video role-play simulation consisting of 10 DVD scenarios covering typical management situations such as team meetings, time management, delegating, discipline and empathy, appraising staff, performance management, problem solving, and listening.

After each scene the candidates are asked to answer a series of questions based on their judgement of what is a “good” or “bad” management practice. MAP Assessment benchmarks their responses against four main areas of management competencies:

- Administrative competencies (such as time management, prioritising, setting goals, planning and scheduling work).
- Communication competencies (such as listening, organising and providing clear information).
- Supervisory competencies (such as training, coaching, delegating, appraising people, disciplining and counselling).
- Cognitive competencies (such as identifying and solving problems as well as making decisions and weighing risks).

There are also two paper-based questionnaires to help determine the individual’s management and communication style to evaluate their impact on the workplace.

Results

Their responses to the scenarios are used to create a personal management skills profile that reflects their understanding of good and bad management practice to provide insight into their own management style and proficiency. This management skills profile can then be used to provide individuals with clear guidance on where they need to focus their efforts to become a more effective and competent manager.

The second day of the process involves the interpretation of the assessment scores providing delegates with a development ‘road map’ for their on-going development.

5.2.4 Talent Diagnostics in Practice: The Peplow Group (www.peplow.org.uk)

Since 1992, the Peplow Group has delivered management development programmes designed to improve the management performance of commercial and public sector organisations. In 2008, they were approached by the Jockey Club, who own and administer 14 of the leading racecourses across the UK, to provide leadership and management development to their “rising stars” after a significant period of restructuring.

In 2009, candidates from across the Jockey Club’s 14 race courses applied for 12 places on the British Racing School Management Academy. The final 12 candidates were a diverse group of individuals with ages ranging from 25 to 47. They came from across all areas of the business including IT, marketing, sales and clerks of the course, those who manage a day’s racing.

The programme was designed to prepare talented individuals with the right skills to move into senior management positions when existing managers left or retired from their posts. To achieve this, the programme started with the two day assessment using the talent management diagnostic tool MAP where candidates are assessed against twelve management competencies, their communication, personal and leadership style.

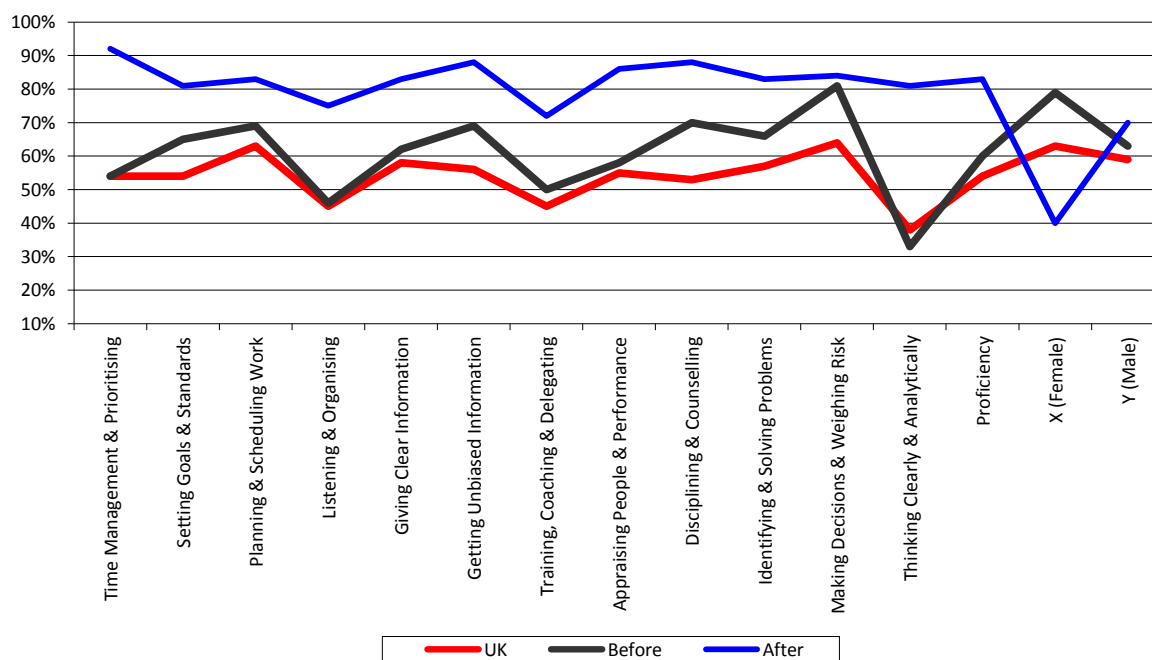
The responses create a profile to demonstrate a candidate’s knowledge and understanding in each competency areas so that the training and development programme can build on their strengths, while developing areas of weakness guided by an individual development plan. The candidates then entered a development programme consisting of a blend of assessment, group workshops, self-study modules, and one to one coaching.

At the end of the development programme candidates are reassessed and demonstrated a significant improvement in their scores.

Figure 3 illustrates this improvement amongst candidates in 2009 – for example, the most significant improvement occurred in candidates’ ability to think clearly and analytically as before the training individuals scored 34 per cent in this skills area compared to after the training where candidates scored over 80 per cent.



Figure 3: Improvement in knowledge and understanding of candidates as a result of training, 2009



Source: The Peplow Group, 2009

Of the original 12 candidates, seven have been promoted to substantially 'bigger' jobs (four actually run racecourses), while the remaining five candidates are all employed at a senior level elsewhere in the group.

5.2.5 Potential Obstacles to Effective Implementation

The issues associated with knowledge assessment are similar to those related to psychometric testing as they typically occur when the talent diagnostic tool is used incorrectly – Cegos Group (2010) argue that only a few organisations have the expertise to use talent diagnostic tools to identify their talent pool.

Inaccuracy can also arise through poor marking of assessment results which can disadvantage individuals undertaking the test by disguising their potential talent (Stone, 2011). To overcome this issue, organisations can use professional assessment centres that have established scoring system (often computer based) to reduce the risk of human error and ensure the results are presented accurately.

Stone (2011) argues that some organisations can become too reliant on knowledge assessment, even when they use it correctly, and should try to combine this talent diagnostic method with other techniques such as performance appraisals or on-the-job training. Stone (2011) also highlights the discrimination risks associated with the use of assessments to identify talent as some individuals may be disadvantaged due to sight problems or literacy skills.

To avoid these issues employers should make an informed decision about which talent diagnostic tools are most important for their organisation's needs. They must then decide how they will use it effectively and ethically to improve the long-term sustainability of their business.

5.3 Technical Profile 3: 360 Degree Feedback

Gaining insight into how other people perceive us in the workplace can be a great opportunity to adjust behaviours or develop new skills to ensure talented individuals can do their jobs more effectively and to a higher standard in the future. This profile is designed to provide an in-depth guide to the use of 360 degree feedback as a talent diagnostic tool.

5.3.1 Introduction

Unlike the traditional approach to performance and talent management, the 360 degree feedback model measures behaviours and competencies by providing feedback on how others perceive an employee, rather than relying solely on the supervisor as the source of information (Ghorpade, 2000; Morgeson *et al.*, 2005).

Dalessio (1998) described the feedback produced by this talent diagnostic tool as “evaluations gathered about a target participant from two or more rating sources, including self, supervisor, peers, direct reports, internal customers, external customers and suppliers.”

There is extensive research examining the long-term outcomes associated with the use of 360 degree feedback. For example, Morgeson *et al.* (2005) identified several studies that found managers who received feedback about their supervisory behaviour changed in response leading to significantly higher rating for managerial performance. There was also evidence that employees approved of the opportunity to provide anonymous feedback to a co-worker that they might otherwise be uncomfortable giving.

According to research by Morgeson *et al.* (2005), there are four possible uses for 360 degree feedback:

- **Assignment and selection purposes:** the use of 360 degree feedback can help senior managers identify those talented individuals with high potential for future job success.
- **Developmental purposes:** the use of 360 degree feedback can increase an individual’s self-awareness and can encourage managers to improve performance, while reducing discrepancies between how they perceive themselves and how they are perceived by others.
- **Appraisal purposes:** this type of diagnostic tool can provide a range of perspectives providing feedback on specific qualities or behaviours enabling managers to change these by setting specific goals.

- **Facilitating organisational change:** this type of diagnostic tool can ensure that the behaviour and competencies of managers align to the organisation's overall business strategy.

It is important to note that 360 degree feedback models are more costly (in terms of money and time) for organisations to implement than psychometric testing or knowledge assessment, because they must be implemented as part of a wider performance or talent management strategy.

5.3.2 The Benefits of Using 360 Degree Feedback as a Talent Diagnostic Tool

A variety of publications have dealt with the various benefits associated with the use of 360 degree feedback as a talent diagnostic tool. The multiple perspectives provided by this tool ensure that the results are more reliable and therefore more likely to lead to behavioural change, particularly when these perspectives on supervisory behaviour not only come from the individual's line manager, but from the subordinates that experience this behaviour on a daily basis.

From an organisational perspective, asking the general workforce to evaluate managerial performance can change the culture of an organisation by promoting corporate social responsibility values like employee engagement and staff empowerment. Unlike traditional appraisal systems, 360 degree feedback can potentially facilitate teamwork and trust by ensuring that employees work together to gain a better understanding of how to improve their performance.

From a managerial perspective, individuals can gain insight into how others perceive them and highlights areas of personal development that they have neglected. This feedback gives talented individuals an opportunity to adjust behaviours or develop skills that will ensure they can do their jobs effectively in the future. 360 degree feedback also gives those managers performing to a high standard the recognition that they deserve, potentially facilitating career progression as their talent has been identified during the process.

From an employee perspective, 360 degree feedback gives people the opportunity to provide anonymous feedback to a co-worker that they might otherwise be uncomfortable giving. This can open a discussion on acceptable and unacceptable work behaviours that can empower staff by giving them the opportunity to provide feedback, improving their morale and job satisfaction.

5.3.3 Example Talent Diagnostic Tool: 360 Degree Feedback

Rationale

For many organisations, 360 degree feedback is a contributing factor to performance, growth and development, particularly in the current economic climate where companies have been faced with the challenges of retaining talent, while implementing cost cutting initiatives.

Poor managerial behaviour and a shortage of certain skills can have a significant impact on customer service and organisational performance. The 360 degree feedback can overcome these issues by giving individuals a better understanding of themselves and how they interact with others, while giving employers the opportunity to identify those talented, high potential individuals within their workforce.

This is important because accurate and inaccurate perceptions of how individuals impact their surroundings can dictate organisational success – according to Decision Wise (2012) “without feedback, we tend to invent our own reality. It is not until we are aware of these behaviours, as well as how others perceive them that we can begin to do anything about them.”

The 360 degree feedback model (also known as multi-rater or multi-source feedback) can be used in a number of ways to meet organisational objectives, including:

- **Targeted Development:** this involves using the feedback to identify opportunities to grow or improve so the individual can develop an action plan to facilitate personal or career development.
- **Team Effectiveness:** uses the feedback to develop goals designed to improve team working and increase overall organisational performance.
- **Performance Assessment:** the feedback is used to provide the individual with an alternative perspective on their job performance and behaviours so that they can develop a more objective and accurate view of themselves.

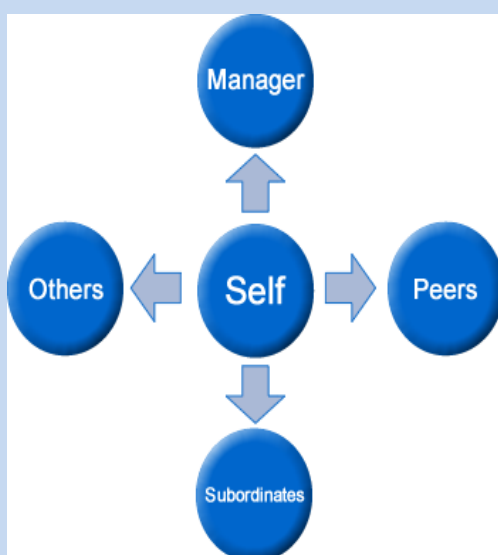
In order for the 360 degree feedback process to be effective, it is important that it has been designed and used correctly by linking it back to the organisations wider business and performance management strategy.

Design

360 degree feedback is a performance appraisal system that gathers confidential and anonymous feedback on an individual from members of an employee's immediate work circle (Figure 4). In most cases, 360 degree feedback is provided by an employee's subordinates, colleagues and supervisor as well as self-evaluation. This is typically a five stage process that involves:

1. The individual invites eight to twelve people to complete an online questionnaire consisting of questions covering workplace competencies and statements rated on a scale. People are also given the opportunity to provide written comments.
2. These people will then submit their feedback.
3. The individual receiving feedback will complete a self-rating survey that includes the same survey questions that the others received and will submit their self-assessment.
4. A final report is generated.
5. A review meeting where the individual will receive their feedback is held.

Figure 4: An employee's work circle



Source: Clegg, 2009

Results

The 360 degree feedback system automatically analyses results and presents them in a format that will help the individual create a development plan.

A facilitator will then give feedback to the individual in an objective and positive manner, while offering additional support so that they can make the most out of the process.

The report summarising the feedback for the individual will ensure they can develop a better understanding of their strengths and weaknesses so

They can plan and map specific paths for their development. On an organisational level, results can be used to make administrative decisions related to pay and promotions.

5.3.4 Talent Diagnostics in Practice: 360 Degree Feedback

New Charter Housing Trust Group is a registered social housing provider owning over 18,500 homes. To ensure that their 850 employees have the skills, knowledge and experience to do their jobs effectively New Charter utilise a 360 degree feedback model based on their behaviours framework.

This 360 degree feedback model measures behaviours and competencies by providing feedback on how others perceive an employee. The model addresses skills such as listening, communication, planning, leadership, team working and confidence.

“Talent diagnostics are important for New Charter because we are an organisation where people do not leave very often so there are very few opportunities for promotion, making it extremely important that we provide other opportunities for personal development so individuals can learn and grow to benefit the organisation.”

(J. Blackburn, New Charter)

In June 2012, people from across the organisation that had been identified as talented through their performance review process or through nomination (by themselves or a colleague) were entered into a two stage selection process.

The first stage involved observing the candidates as a group, particularly focusing on how they interacted, what they contributed to the group presentation and how they presented as an individual.

The second stage focused on self-assessment through 360 degree assessment to identify development areas. This involves the individual identifying their manager and five peers (colleagues that work alongside them). These people are then contacted by an external organisation and asked for feedback.

Ten talented people (five male and five female) from across the six directorates of the business were then selected from the pool of candidates to start the talent development process. This involved participants starting a series of development interventions that have been identified for each person on an individual basis through a personal development plan.

The development interventions range from training to develop job specific technical skills and knowledge, coaching designed to target specific areas identified in the personal development plan and project work in another area of the business designed to widen an employee's work experience, while allowing them to develop new skills and abilities.

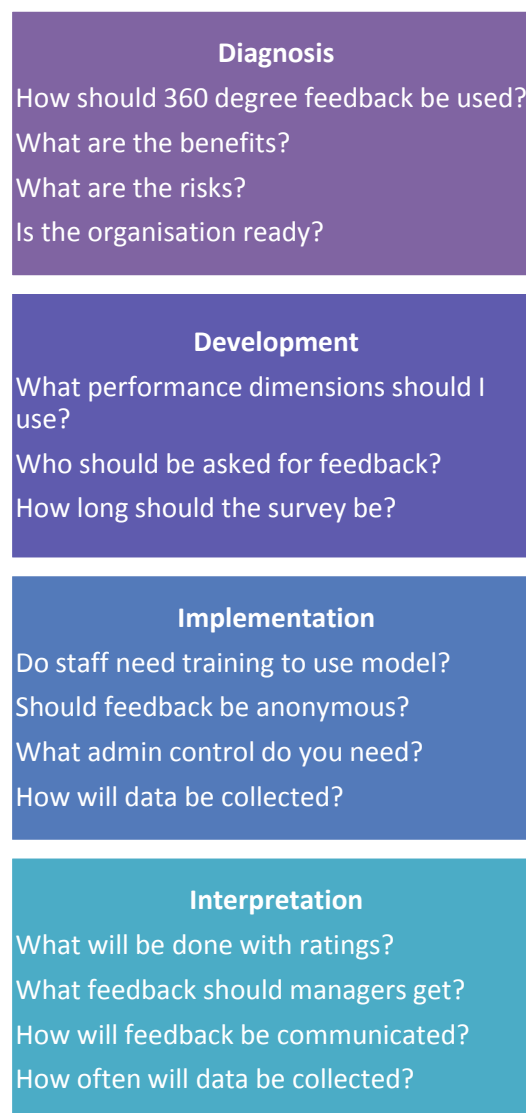
5.3.5 Potential Obstacles to Effective Implementation

Although 360 degree feedback models have many potential benefits without effective understanding and implementation there are some risks associated with the process.

For example, 360 degree feedback models are more costly (in terms of money and time) for organisations to implement than psychometric testing or knowledge assessment. This is because these models must be implemented as part of a wider performance or talent management strategy and therefore requires greater commitment from employers so that they become part of the organisational culture (Morgeson *et al.*, 2005).

Morgeson *et al.* (2005) recommends that employers ask themselves a range of questions when developing, implementing and interpreting 360 degree feedback (Shown in Figure 5). These questions are designed to ensure that organisations are prepared to commit to the process and have designed a model that will collect the data they need to improve long-term organisational performance.

Figure 5: Common Questions



Source: Morgeson *et al.*, 2005

On a more personal level, 360 degree feedback may not be truthful as opportunities can be used to provide either overly positive feedback or very negative feedback that will result in inaccurate perceptions of how individuals impact their workplace failing to contribute to beneficial change within the organisation (Decision Wise, 2012). As a result, employers must ensure that their 360 degree feedback process invites a wide range of people to participate so that results are more reliable and less biased.

5.4 Technical Profile 4: Personal Development Planning

Developing a successful business requires the right diagnostic tool to identify the current reality of skills and knowledge within the organisation so talented individuals with significant potential can be developed to ensure the organisation experiences a competitive advantage. This profile is designed to provide an in-depth guide to the use of personal development planning as a talent diagnostic tool.

5.4.1 Introduction

Personal development planning is ‘a structured and supported process undertaken by an individual to reflect on their own learning and/or achievement and to plan for their personal, educational and career development’ so they can take responsibility for their own learning.

According to Tamkin *et al.* (1995), personal development planning is a concept that involves the creation of a clear development action plan for an individual. It has evolved in response to organisations feeling that talented employees should take prime responsibility for their future career development, empowering staff to request new development opportunities and commit to their long-term personal development (Tamkin *et al.*, 1995; BHP Information Solutions, 2012).

The most common method of creating personal development plans is through appraisal that requires all staff to complete a form that defines areas for development and development actions to help individuals articulate their development needs (Tamkin *et al.*, 1995; BHP Information Solutions, 2012). A plan can have a narrow focus looking at how individual employees can improve their performance in their current job role, or a wider focus incorporating skills and knowledge required for the next step in their career.

Table 4: Personal development planning form

Development objective	Specific actions	Obstacles	Support required	Evidence that you have achieved objective
1.				
2.				
3.				
4.				
5.				

Table 4 shows an example personal development planning form that can be used to outline an individual’s development objectives for the next year – these objectives do not always have to be directly related to work tasks, but can focus on developing transferable skills or abilities such as communication skills or assertiveness.

London Deanery (2012) recommends that the development objectives selected by talented staff should be:

- **Specific:** so it is completely clear what area the individual needs to improve.
- **Measurable:** so there are clear KPIs that demonstrate the objective has been achieved.
- **Agreed:** so that the individual has the support of their employer.

5.4.2 The Benefits of Using Personal Development Planning as a Talent Diagnostic Tool

Personal development planning offers employers the opportunity to link employees' professional and personal development with the sustainable growth of their business. It ensures that the organisation has a talent pool of accomplished and motivated individuals committed to continuing professional development (BHP Information Solutions, 2012).

The process allows employers to manage the development of new employees by helping them to set broad objectives that will allow them to support their team, while gaining an understanding of their new role.

To achieve these objectives, the individual may have to attend the formal induction programme to learn more about the company policy and culture, or may have to participate in on-the-job training (BHP Information Solutions, 2012). The personal development plan can then be reviewed at the end of the probationary period and, if they remain with the organisation, the individual will be able to have more input in setting future objectives.

Personal development planning can also provide employers with the opportunity to continue the development of senior managers that BHP Information Solutions (2012) describe as being more "forgiving of their own weaknesses. This is particularly true of hard-working owner-managers, who may readily criticise employees, without ever beginning to address their own shortcomings."

Overall, personal development planning can benefit individual employees by encouraging them to take ownership of their professional development so that they can set achievable objectives and track their development needs over time (United States Department of Labour, 2005).

5.4.3 Example Talent Diagnostic Tool: Personal Development Planning

Rationale

Personal development planning represents a significant change in organisational culture because it empowers staff to take responsibility for their own development, but ensures that managers and supervisors are part of the process so they can identify talented, high potential staff (Tamkin *et al.*, 1995).

By encouraging personal development planning, employers are able to align employee training and development with the organisation's wider business strategy to ensure their skills, knowledge and experience is up-to-date so they can meet the short- and long-term needs of their organisation (United States Department of Labour, 2005).

To achieve this, the process aims to improve an individual's capacity to understand what and how they are learning, before encouraging them to plan and review their own learning. According to the University of Manchester (2012), personal development planning helps individual staff to:

- Become more effective, independent and confident;
- Understand how learning relates to the wider business context;
- Improve general transferable skills and the ability to manage their careers; and
- Articulate personal goals and evaluate progress.

Clegg and Bradley (2006) suggest that the successful implementation of personal development planning in the workplace has resulted in a trend towards personal development planning amongst students in higher education as more people recognise the value of "autonomous, self-directed [and] flexible lifelong learners" in employment.

This links to the Coalition Government's wider employability agenda by encouraging those entering the UK workforce to adopt the processes of continuing professional development and lifelong learning early on in their careers to develop their skills and knowledge (Clegg and Bradley, 2006). This could have long-term implications for the UK economy because according to figures from the Office for National Statistics the knowledge and skills of workers in the UK were worth an estimated £17.12 trillion in 2010 (ONS, 2011).

Design

Personal development planning is an active and continuous process of self-appraisal, review and planning of professional development. To plan training and development activities, individuals must first carry out a skills audit assessing their current skills level (United States Department of Labour, 2005; University of Manchester, 2012).

Figure 6: Personal development planning process



Source: University of Manchester, 2012

The personal development plan process has four main stages:

The **first** stage requires the individual to carry out a skills audit, identifying strengths, weaknesses and areas in need of development.

The **second** stage involves the individual meeting with their supervisor to discuss their skills audit and develop their plan.

This stage allows supervisors and managers to identify talented members of their team that are committed to continuous professional development and have the potential to progress their career within the organisation.

During the **third** stage of the personal development planning process individuals implement their plan by attending workshops, online courses, conferences, mentoring, secondments and carrying out self-study.

The **fourth** stage of the process involves evaluating the outcomes personal development planning process by reviewing achievements and establishing how useful they found the different aspects of their training. With this in mind, individuals and their supervisors can start the process again by planning new goals for the future.

5.4.4 Talent Diagnostics in Practice: Northwood

Northwood is a property franchise with over 80 offices throughout the UK specialising in letting and estate agency. Each office is individually owned and operated often employing fewer than ten staff making succession planning very important to the business.

There must be individuals with the skills and professional qualifications required to replace someone who leaves the organisation because external recruitment, particularly for senior posts, can be very costly for the business.

“We are aiming to ensure that everyone has a clear career development path through talent management because we value our staff. We understand that they must make a productive contribution to the business but also feel it is no longer just a job, but a career.”

(J. Moore, Northwood)

In order to retain existing staff and ensure that they have the skills and experience to progress into more senior roles, Northwood has developed a talent management plan consisting of a formal induction when individuals join Northwood and an on-going personal development planning programme ensuring that staff can access training at any time.

There is a five day induction for staff recruited to do a specific role in the organisation (such as lettings negotiator or managing maintenance). Northwood has recently introduced a virtual learning environment that allows new staff to access an initial introduction to the sector as an online learning module. This is then followed by a comprehensive programme of courses in the training facility at their Franchise Office focusing on learning about lettings, legislation, managing maintenance and the services they offer.

The professional development programme at Northwood is open to all staff. Each office is offered the opportunity to have personal development plans for all staff that consider their current role, how they manage that role and what skills they will need to develop in the future. It is important that this is done on an individual basis as the size of the office will often dictate the duties of individual staff.

Once individuals have their personal development plan and a clear route for career development, they can access a wide range of training through Northwood including professional BTEC qualifications that they offer as an Edexcel Approved centre. Other training includes topics such as data protection, time management techniques and asbestos safety awareness delivered via webinar and available in the virtual learning environment.

5.4.5 Talent Diagnostics in Practice: Aspire Group

The Aspire Group is the largest provider of housing, regeneration and training services in North Staffordshire. The business is split into three main parts (housing provision, the charitable arm and the social enterprise) that predominantly work with vulnerable people within the local community.

To ensure their 650 employees have the skills, knowledge and experience to do their jobs effectively and meet company objectives, Aspire Group is successfully using personal development planning as a talent diagnostic tools to identify current and future skills gaps.

“We’re a strong values based organisation that provides services to vulnerable people within the community so we define talent as those people that align to these values, demonstrate the right values and work hard to go further. If people have that drive and determination we will work with them so they can make the most out of their career.”

(Ele Morrissey, Aspire Group)

The personal development planning process ensures that anyone in the wider organisation that demonstrates talent and a drive to do more can access a wide range of opportunities. The information collected during this process ensures that managers can implement training and development initiatives as part of the organisation’s wider talent management strategy so that the company can go further for its customers.

These training and development opportunities include project work, secondments and job swaps, as well as access to the organisations ‘Top 50 Leaders’ programme.

This is a leadership day held on a quarterly basis focusing on activity and performance within the business. It is an opportunity to re-focus, engage and motivate people through presentations and interactive workshops based on key themes relevant to the business.

Some leadership days also provide taster sessions for particular training opportunities. If an individual is interested in undertaking the training they can sign-up to a more in-depth training programme.



5.4.6 Potential Obstacles to Effective Implementation

According to Tamkin *et al.* (1995), personal development planning programmes can be challenging to implement and support, particularly when they apply to all staff, because the process requires a significant commitment from individuals and line managers, as well as effective communication from the HR department.

To overcome this challenge, employers must ensure that managers and support staff have the training required to implement such an extensive programme. In addition, employers should ensure that the process is reviewed a minimum of every six months so that personal development plans are updated and the workforce benefits from the process

Furthermore, self-assessment can be a significant challenge for individuals that are not used to considering their own development needs so personal development planning programmes may need to be incorporated into a wider performance or talent management strategy so that they can access wider support (Tamkin *et al.*, 2005).

For example, individuals may be required to discuss their personal development objectives with their line manager during a performance appraisal meeting. This will provide them with further insight into any areas they may need to develop to do their job roles more effectively.

Another challenge involves tracking the use of personal development plans within an organisation. Research by Tamkin *et al.* (1995) indicated that some organisations monitored staff participation in the personal development planning process, while others simply encouraged individuals to participate in the programme. However, without collecting personal development plans or effectively monitoring the programme, data cannot be collected and used to inform recruitment, succession planning or talent management processes.

6. Conclusions

Talent diagnostic tools have been utilised by employers worldwide to support the selection, development and promotion of talented staff by providing information designed to help employers understand people's attitudes and behaviours.

Recent Asset Skills research (2012) identified a range of methods currently utilised by employers working in the Asset Skills footprint to identify talented staff including 360 degree feedback, on-going staff training, psychometric testing, performance appraisals and professional development plans (refer to Chapter five).

It is evident from this research that employers should make informed decisions about which talent diagnostic tools are most likely to meet the needs of their organisation by overcoming significant issues they face, such as high rates of staff turnover, decreased productivity or a shift in business strategy. The tool they select should be easy to use, measurable and link to the organisations business strategy, without risking discrimination against certain groups of individuals – for example, those with sight problems or English as a second language.

In the majority of cases, talent diagnostic tools highlight an employee's strengths, weaknesses, attitude and behaviour to determine their training needs - for example, individuals attending the Racing School Academy (see Chapter 6) sat a knowledge assessment at the beginning of the training to identify gaps in skills and knowledge to ensure training is more targeted for a greater likelihood of success.

Furthermore, diagnostic tools can also be used to demonstrate significant return on investment from training by measuring the success of talent development initiatives – for example, candidates that participated in the rising stars project (see Chapter 6) in the North West were reassessed using the MTQ48 mental toughness assessment at the end of the project and those candidates scoring a level 3 are showing considerable improvement by scoring a level 6.

7. Recommendations

This research shows the key characteristics of talent diagnostic tools that can be used across a number of sectors. This is extremely important because in the current economic climate, roles are changing due to organisational re-structuring and there is more pressure to meet organisations targets by identifying and developing talented staff.

The literature review showed that employers need a talent diagnostic tool that fits with the organisational culture and wider business strategy to support the selection, development and promotion of talented staff by providing information designed to help employers understand people's attitudes and behaviours. This can guarantee long-term business sustainability by ensuring that organisations select and develop individuals.

To ensure that talent diagnostic tools are used appropriately, a number of recommendations have been made by the employers that participated in this research:

- Ensure your organisation is committed to the long-term use of a talent diagnostic tool.
- Make an informed decision about what type of talent diagnostic tool will be best suited to your organisation:
 - Easy to use
 - Easy to measure
 - Clear implementation plan
 - Identifies workforce development needs
 - Able to demonstrate positive impact
 - Links to your organisation's wider business objectives
- Ensure the talent diagnostic tool you select will not discriminate against particular individuals – for example, a particular gender, culture, age, disability or social background.
- Provide opportunities for feedback so that candidates can describe how the talent diagnostic tool has helped them and highlight any issues they faced.
- Have an evaluation process in place to capture the benefits of the talent diagnostic tool and ensure there is a clear business case to continue.

Appendices

Appendix 1: Methodology Aims and Objectives

1. To gain an understanding of different talent diagnostic tools in order to evaluate how useful they would be to employers within the Asset Skills sectors.
2. To build a profile of each talent diagnostic tool used by selected employers.
3. To establish the strengths and limitations of each talent diagnostic tool.
4. To evaluate how useful these talent diagnostic tools would be to employers in the Asset Skills sectors.

Research Methods

Employers attended a focus group in August 2012 to discuss how they identified individuals with talent as part of the wider talent management strategy and whether there is a risk that certain groups of people may not be treated fairly in the talent management process (responses are shown in Chapter five). The four main talent diagnostic tools identified by employers that participated in this focus group were profiled using existing literature and employer interview transcripts that demonstrate how employers across different sectors use these tools.

The interviews were sourced from employers that registered an interest in participating in the talent management case study research. They were asked if they would be willing to do a semi-structured telephone interview lasting a minimum of 15 minutes to discuss their organisations talent management strategy. This method was used because telephone interviews could be held at the employer's convenience and in-depth qualitative data could still be collected.

Case Study Questionnaire Topic Areas

Five employers participated in the talent diagnostic research and a discussion guide covering the following key areas:

- The company background
- How the company defines talent amongst its staff
- A description of the company's talent management strategy and talent diagnostic tools
- A summary of the benefits for individuals and the company
- description of how organisations plan to change the strategy in the future
- Employers were asked what advice they would give to other employers planning to introduce a talent management strategy

Appendix 2: Case Study Questionnaire

Asset Skills Talent Management Research

Asset Skills are looking to publish a series of case studies on talent management in companies outside of the built environment and facilities sector.

We would appreciate it if you could please complete the following questions and return them to Helen Kemp (Insight Officer, Asset Skills, email: hkemp@assetskills.org) within one week of receiving this questionnaire. If you have any questions or concerns, please do not hesitate to contact Helen on 01604 233336.

Please could you provide us with the following contact information. We will need to contact you to ensure that you are happy with the final case study we produce:

Name:	
Company:	
Town / City:	
Job Title:	
Telephone:	
Email address:	

Question 1: Please tell us a bit about your company's background.

Answer (Please provide as much detail as possible):

Question 2: How does your company define 'talent'?

Answer (Please provide as much detail as possible):

Question 3: Please tell us about your talent management strategy.

Answer (Please provide as much detail as possible):

Question 4: How does your talent management strategy relate to your wider business objectives?

Answer (Please provide as much detail as possible):

Question 5: Who does your talent management programme target?

Answer (Please provide as much detail as possible):

Question 6: Why do you think talent management is important to your organisation?

Answer (Please provide as much detail as possible):

Question 7: Why do you think talent management is so important to your staff?

Answer (Please provide as much detail as possible):

Question 8: With regards to talent management, do you have any plans to further develop the strategy in the future?

Answer (Please provide as much detail as possible):

Question 9: What would be your advice to other employers considering implementing a talent management strategy?

Answer (Please provide as much detail as possible):

Question 10: Can we contact you again to confirm that you are happy with the case study we produce?

Please delete as appropriate: yes / no

Question 11: Are you willing to participate in further research?

Please delete as appropriate: yes / no

Thank you for taking the time to participate in this case study research

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Helen Kemp

Insight Officer, Asset Skills

Email: hkemp@assetskills.org

Tel: 0845 678 2888

asset  skills