TALENTS’ WILLINGNESS TO ENGAGE IN LEADERSHIP DEVELOPMENT PRACTICES

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The purpose of this thesis is to describe an extent of mainly Finnish companies’ key talents’ willingness to undertake a range of developmental activities and to explain the demographic and experiential factors, which might have a significant effect on talents’ willingness to engage in them. In addition, this thesis aims at improving an understanding of leadership development from the talents’ point of view to facilitate an efficient development of future top leaders.

This thesis assumes there are differences between individuals’ willingness to engage in leadership development in general, and in three types of activities, derived from the current literature on leadership, managerial and executive development. The theoretical framework is built upon 70/20/10 efficient learning framework, suggesting that the largest part-70% of development should come from challenging assignments, followed by learning through relationships with others and formal training. A large part of this thesis is centered on social exchange theory, which is conceptualized through psychological contract fulfillment between the company and an employee, and talent status awareness.

The empirical study of this thesis is a part of a greater research project, conducted by Hanken&SSE Executive Education consortium, designed to study talents’ perceptions towards leadership development in 15 mainly Finnish companies. This research was conducted as a quantitative study. The data was collected using a self-completion questionnaire, which was sent by e-mail to the HR managers of companies headquartered in Finland, generating a final sample of 546 key talents. The data was analyzed using SPSS for WindowsTM and testing of the hypotheses and explaining the relationships between the different variables were carried out using correlation, regression and univariate analyses.

The findings of this thesis propose that talents are the most willing to engage in such leadership development activities, which involve learning from others through feedback, mentoring, or formal training. Talents are the least willing to engage in developmental activities, which present excessive challenge or require one to step out of the comfort zone. As anticipated, talent status awareness and perception of fulfilled psychological contract have a positive effect on talents’ willingness to engage in leadership development activities, especially the most challenging ones. Other significant factors, having a positive effect on talents’ willingness to develop were found to be younger age, female gender, shorter tenure and previous international experience.

The managerial implications of this thesis point to ways in which companies can positively influence talents’ development as future top leaders. Majority of the predicaments of talents’ willingness to develop their leadership potential are within companies’ scope of influence, such as psychological contract fulfillment, talent status awareness or experience of working abroad. Also, the findings suggest that there is a profile of a candidate that can be more attractive to employers due to their eagerness to undertake leadership development practices.

Keywords: Leadership, leadership development, executive development, willingness, talent, social exchange theory, talent identification.
1 INTRODUCTION

The recent developments in the economies of the world show that while some of us are suffering through a job crisis, the others are preoccupied to fill their leadership positions with worthy candidates. Therefore, many companies are investing in developing their talents, who are not yet ready for the top leadership positions, but have a strong potential to become excellent leaders in the near future (Cohen 2007: 109). Many companies are willing to provide their talents with developmental relationships, training and responsibilities of carrying out challenging assignments, which offer opportunities of personal and professional development. The developmental activities offered by the companies generally fall into three categories based on their nature: challenging assignments, relationships and learning from others, and formal training (Centre for Creative Leadership 2009:13). Given the supply of the developmental practices, the focus of this thesis lies on the demand of leadership development by the talents. While researchers have been captivated with interest in how employees learn, change and develop over the course of their careers to become leaders (Van Velsor et al. 2010), this thesis investigates the attitudes of potential top talents toward those developmental practices. Although researchers often point out the benefits of leadership development practices, there is little research on how willing the potential leaders are to undertake them. The extent to which talents are willing to engage in developing their leadership potential has an effect on the outcomes of the development program. For example, for those potential top leaders, who are open to, and willing to engage in, developmental assignments, such experiences add to the depth and breadth of their leadership skills (Van Velsor et al. 2010), consequently contributing to the success of the company. If talents are unwilling to engage in certain developmental activities, many problems are likely to arise, causing assignment failure, adjustment difficulties, and eventually, high financial costs for the company (Yan, Zhu and Hall 2002).

While from an organizations’ point of view certain leadership development practices are effective and are used extensively, an individual may consider them ineffective, less likely to benefit his or her career and thus be unwilling to engage in them. Therefore, it is interesting to see the extent of willingness of potential leaders to engage in those developmental activities.

Given that there is a continuous need for creating a supply of talented people who will eventually grow into top leadership positions (Cohen 2007: 109), it seems important to
investigate different determinants of talents’ willingness to engage in various developmental activities. Thus, it is important to study which developmental practices are preferred among different talent pools, based on their demographic information, experiences, as well as relationship with the organization.

1.1 Problem area

In order to implement their business strategies, organizations must identify talented people, provide them with appropriate experiences and necessary support to overcome challenges. Most importantly, the assumption underlying leadership development is that people can change, grow and develop in ways that make them more effective in those leadership roles and processes that they take part in (McCall 1998; Van Velsor et al. 2010). People have the capacity to use their strengths and talent to develop in their weaker areas and ultimately enhance their overall effectiveness through leadership development experiences (Van Velsor et al. 2010:3). Leadership development takes a high potential beyond the point of raw talent and determined ambition, towards more important competencies like ability to motivate, influence and persuade (Berke et al. 2008:50).

Studies by researchers from Centre for Creative Leadership (CCL) show that a variety of leadership challenges, such as various roles, exceptional other people, facing failures, enduring hardships, and coursework, contribute to growing and shaping leaders. Organizations, by systematically providing young managers with developmental jobs and bosses, and by supporting their learning from experience, can cultivate potential leadership talent (Lombardo and Eichinger 1989).

Employers play a key role in providing leadership development through challenging demands and situations, multiplicity of lateral relationships (Lombardo and Eichinger 1989; McCall and Hollenbeck 2002) as well as formal training opportunities. Organizations that assign their employees into new roles in addition to meeting the performance needs also expand employee’s range of leadership skills and competencies (Van Velsor et al. 2010).

Stogdill (1974), after comprehensively reviewing literature on leadership, concluded that there are nearly as many definitions of leadership as there are people attempting to define it. The leadership concept often carries extraneous connotations which create ambiguity around its meaning. However, most definitions hold an assumption in common that it is a process whereby intentional influence is exerted by one person over
others to guide, structure, and facilitate activities and relationships in an organization (Yukl 2006:3).

There is an ongoing controversy about the high degree of overlap between leadership and management. While a person can be a leader without being a manager, and a manager without leading, some authors (Kotter 1988; Bass 1990) contend that although leading and managing are distinct processes, they are not mutually exclusive (Yukl 2006:6). As Drucker put it, “The very best leaders are first and foremost effective managers” (Drucker 2008:xi). Adair (2006: 49) agrees that a line manager, provided with required attributes and practice opportunities, is in a generic role of a leader.

Leadership is treated as both a specialized role and a social influence process. In this thesis, the focus is on the individuals’, identified as potential future leaders, perceptions of leadership development practices. The terms leader, manager, and executive will be used interchangeably to refer to people who are awarded positions in which they are required to perform the leadership role. Therefore, the literature review conducted for this thesis covers research on leadership, talent, managerial and executive development, as well as topics under organizational behavior.

Today's business environment requires executives who are able to operate on a global scale. The individuals considering a career in business in the twenty-first century are inevitably considering a career in global business (McCall and Hollenbeck 2002). In the human resource management literature, the need to develop globally competent managers has been ranked among the top development priorities in the future. Furthermore, senior managers and HR executives have recognized leader development as the most crucial HR goal for global business success (Evans, Pucik and Björkman 2011; DDI 2008). However, this thesis covers leadership development in general, other than focusing solely on global leaders.

1.2 Research objectives

Studies by Adler (1987, 2007), Rousseau (1989), Stroh et al. (2007) and others provide initial empirical evidence regarding the influence of employee demographics, tenure, and job satisfaction on availability of and willingness to accept international assignments.

The purpose of the thesis is to further investigate the relationship between key talents’ perceptions towards a range of leadership development practices and demographic and
experiential factors that may have an influence on their perceptions. Assuming there are differences between individuals’ willingness to engage in leadership development in general, this thesis looks into the factors, which might have an influence on those differences. In addition, this thesis aims at improving an understanding of leadership development from the talents’ point of view. As the demand for successful global and local leaders is growing (Spreitzer et al. 1997; McCall and Hollenbeck 2002; Evans et al. 2011), I find it important to study talent’s perspective on leadership development, which is usually designed by the CEOs and HR managers. In order to achieve the aims of this thesis and to maintain the focus throughout, the following research questions were formed:

1. How willing are talents to engage in different leadership development activities?

2. Which factors are associated with potential top leaders’ willingness to engage in different leadership development activities?

While the first part of the questions aims at describing the extent of willingness, the second part is designed to explain why some groups might have different perceptions towards leadership development.

The empirical research, as well as literature review, is based on social exchange and leadership, managerial or executive development theories. The concept of talents’ willingness to engage in developmental practices, in pursuit to generate more practical findings, is divided into four categories, the most general “all practices”, “challenging assignments”, “relationships and feedback” and “formal training”. Each of the categories is described in depth in chapter 2.1.

In order to answer the second research question, it is further broken down into 4 hypotheses, which are presented in chapter 2.3.

The findings of this thesis will shed light on potential perceptional differences between various demographic groups, and provide managerial implications. For instance, it will offer a portrayal of the most preferred leadership development practices by the talents. Furthermore, managers can use the findings of this thesis to design a future top manager profile. The findings will suggest what kind of background is positively related to talents’ willingness to develop. Selection of the right applicants from the beginning can save managers a lot of time and other resources. Nevertheless, since some of the influencing factors are with companies’ control, they can influence talents to be more willing to accept certain types of developmental activities.
1.3 Delimitations of the study

Companies, participating in the survey are mainly Finnish multinational corporations with several foreign subsidiaries. However, one company is originally Danish, another is Swedish, and two of the companies do not have foreign subsidiaries. Therefore, the empirical part of this thesis is limited to obtaining data from mainly Finnish respondents. HR managers of participating corporations were asked to forward the survey to their key talents, who could potentially be in the top leading positions in ten years time. Due to the fact that a large part of the participating corporations are based in Finland, their key talents are Finns. Key talents, who show potential to assume high-level leadership roles and are put into special pools, are typically the target of leadership development activities. Key talents are also often put into accelerated development programs, designed to prepare them for future leadership roles (DDI 2008). High potentials characteristically demonstrate the ability to take advantage of and learn from experience, learning goal orientation and most importantly, emotional competencies necessary for senior-level leadership (Berke, Kossler and Wakefield 2008:50; Bunker, Kram and Ting 2002). Consequently, the identified talents, being the most likely to be the top leaders in ten years, are the focus of this study, which investigates talents’ own willingness to undertake leadership development practices.

The purpose of this thesis is to investigate the relationship between perceptions towards developmental practices and demographic and experiential factors, excluding personality types, marital status, family size or other variables frequently studied by researchers.

Research on leadership development, as well as this thesis, lies on the assumption that there are many different leadership processes and roles, which may be formal positions infused with decision-making and action taking authority or informal roles with little official authority. It is important to note that this thesis builds on the assumption that companies cannot force their talents to engage in developmental practices against their will. In addition, some developmental experiences are more developmental than others (Van Velsor et al. 2010) and can be grouped into more or less challenging by the amount of effort required.

1.4 Definitions of key concepts

This thesis is focused around the term leadership development, defined as the expansion of a person’s capacity to be effective in leadership roles and processes (Van
Velsor et al. 2010:2). Leadership itself, as already defined in the problem area section, is “the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives” (Yukl 2006:8).

Leadership roles and processes facilitate direction setting and maintain commitment in groups of people who share common work (McCauley and Van Velsor 2004:2). However, a part of reviewed literature is regarding management development. It is a process by which individuals, pursuing managerial roles, learn the interrelated sets of skills and abilities (i.e., competencies) necessary for their effectiveness as a manager (Dragoni et al. 2009:731).

Another topic that needs to be defined is the thin line between managerial development, leadership development and executive development. While these terms can by no means be treated as one, essentially they are very closely interconnected. Therefore, all of these three topics are covered in this thesis.

The target of leadership development is typically talents, or high potentials, defined as employees, able to advance at least two or three levels and those who appear the most likely to yield the highest return in the company’s investment in development resources (Byham, Smith and Paese 2002:61). Furthermore, a significant part of this thesis revolves around social exchange theory, which assumes that “group members make contributions at a cost to themselves and receive benefits at a cost to the group, organization or other members” (Bass 2008:63). Consequently, in organizations, social exchange theory takes a form of psychological contract, defined by Rousseau (1989:121), as “individual beliefs in a reciprocal obligation between the individual and the organization”.

9
2 LITERATURE REVIEW

This chapter aims at reviewing the literature and empirical evidence on leadership development activities and factors influencing the attitudes towards them. This part of the thesis forms an overview of the subject as well as serves as a basis for developing a conceptual framework and the discussion. To start with, various leadership development practices are described, followed by literature on managers’ willingness to develop their competencies. Thereafter the chapter addresses the factors influencing talents’ willingness to engage in, and exposure to, leadership development. Eventually, the conceptual framework is presented, illustrating the hypothesized relationship between talents’ demographic information and experience on their willingness to assume leadership development activities.

2.1 Leadership development activities: The 70/20/10 framework

In 1988, at the Center for Creative Leadership, Morgan McCall, Robert Eichinger and Michael Lombardo developed a “70/20/10” learning concept, which suggests how effective learning and development occurs. Their research on how leaders learn shows that:

"70 percent of development happens on the job and 20 percent comes from relationships with coaches, mentors, role models, and others. Just 10 percent comes from classes, training, and coursework” (CCL 2009:13).

To maximize the learning and development potential, and to secure long-term leadership success, it is essential to combine ongoing on-the-job learning with support from others and formal training. Support is needed to ensure the right lessons are learned from the experiences, to identify what is missing and how these knowledge gaps can be filled (ibid).

The model proposes that 70 percent of learning should come from challenges: real life and on-the-job experiences, problem solving and applying new skills on the job (Van Velsor et al. 2010). According to the model, application and practice of skills is the essential aspect of leadership development. The most important developmental experiences are the ones that stretch or challenge people in ways where they have to adapt by learning things they haven't done before (McCall and Hollenbeck 2002; Lombardo and Eichinger 1989). Challenging experiences force people to question their
approaches and adequacy of skills, and therefore require people to develop new capacities, new ways of thinking, develop new relationships, tackle problems from new perspectives, learn new skills, develop an understanding of themselves and adapt (Yukl 2006:395).

Furthermore, for learning and growth it is important that experiences are not only challenging, but also diverse. Diversity in job challenges is achieved through rotating managers among positions, among functional units, making domestic and foreign assignments. When working conditions remain static, people usually feel no need to step out of their comfort zone and adopt new ways of thinking and acting. The same pattern applies for assessment and training. Feedback that confirms previous beliefs and training in skills that are already developed creates comfort, which is the enemy of growth and effectiveness. The sources of challenging experiences are typically novelty, ambitious goals, conflict, or dealing with adversity (Van Velsor et al. 2010:8-9). Some examples of challenging situations include problems to be solved, obstacles to overcome, and difficult decisions to make. Such situations typically appear when a manager, dealing with changes due to merger or reorganization, is required to influence people without authority in leading a cross-functional team, working under pressure when needed to turn around a weak unit, or managing in a foreign country with different culture (Yukl 2006:395). According to Lombardo and Eichinger (1989), challenge can be added to virtually all managerial jobs. While some organizations are slimming down and are less frequently offering competitive compensation packages for international assignees, they can add challenge and growth to existing jobs in place. Challenging developmental activities are usually carried out in conjunction to, or incorporated into operational job assignments. These activities can take many forms, but the emphasis lies on learning from experience (Yukl 2006:387).

Although experiencing success will improve manager’s self-confidence, experiencing failure might also be a positive outcome. The research at Centre for Creative Leadership found that hardship experiences, such as failure in business decisions, career setbacks, or mistakes in dealing with important people, were significant for development. However, in order for failure to become a benefit, it is essential that a manager accepts responsibility, acknowledges personal limitations and manages to overcome them (Yukl 2006:395). In order to guarantee that the manager gets the most out of on-the-job challenges, support and feedback from others is essential (CCL 2009:13).

Developmental relationships are an essential source of on-the-job learning and are viewed as having a significant effect on leadership development and personal growth (McCall and Hollenbeck 2002). McCauley and Young (1993) define
developmental relationships as relationships that motivate individuals to learn and grow, expose them to learning opportunities, and provide needed support” (Douglas and McCauley 1997:203). McCall et al.’s (1988) model suggests that 20 percent of learning is delivered through developmental relationships with others: through receiving mentoring, coaching and feedback, observation and working with other people and especially with role models (Berke et al. 2008; Van Velsor et al. 2010:6-7; McCall and Hollenbeck 2002). The feedback element contains data on a gap between person’s current capacities and performance, and the ideal state of an individual. The data used to clarify needed changes to close the gap comes from oneself, or other surrounding people: peers in the workplace, superiors, customers, subordinates, etc. Formal assessment includes such processes as 360-degree feedback, performance appraisals or customer evaluations (Van Velsor et al. 2010:6-7). In order to turn accurate feedback into developmental tool, it is important that managers use it to analyze their experiences and behavior. Developmental relationships are also important in supporting learning from experiences and challenging assignments. As McCall (2004:128) put it, “People don’t automatically learn from experience. They can come away with nothing, the wrong lessons, or only some of what they might have learned”. Corporate Leadership Council’s 2001 Leadership Survey research indicates that relationships and feedback are viewed as even more effective for development than job experiences and education (Berke et al. 2008:61).

However, taking into account the hectic pace of business environment, the main goals of developmental relationships, introspection and self-analysis, are difficult to achieve (Yukl 2006:396). Van Velsor et al. (2010) point out that future leaders must take an active stance in their own development, actively seek to learn and encourage their subordinates to contribute.

According to McCall et al.’s (1988) model, 10 percent of learning occurs through support, usually in the form of **formal training**. There can be various methods, pedagogical techniques and content employed, depending on the purpose and target outcomes. Formal leader development programs provide individuals with off the job, structured events that gather groups together for shared learning experiences. Formal training usually takes place during a fixed period of time, away from the trainee’s workplace and is delivered by and facilitated by training professionals. The methods of development used usually are action learning and classroom training, which combine face-to-face interactions with web-based technology, such as e-learning and virtual classes (Van Velsor et al. 2010). Self-help activities are carried out individually, examples being reading books, watching videos, listening to audio material or using
computer programs for skill building (Yukl 2006:409).

However, the key to successful development is not only 70/20/10 formula, but also how managers internalize and apply the learnt material, variety of experiences and emotional intelligence (Berke et al. 2008:54; Evans et al. 2011).

2.2 Leadership development practices

There is an extensive amount of research, mostly qualitative, on the kinds of work experiences that support development of managerial skills and enhance performance (Lombardo and Eichinger 1989; McCall and Hollenbeck 2002). It is important to note that some experiences matter more than others (McCall 2010). In extension of Lombardo and Eichinger's work, McCauley with colleagues from CCL proposed that some job assignments bring the challenge necessary for the managers to enhance on the job learning and developed a measure for assessing the developmental quality of managerial assignments. McCauley et al. (1994) clustered the developmental assignments into ten dimensions:

1. Unfamiliar responsibilities
2. Developing new directions
3. Inherited problems
4. Problems with employees
5. High stakes
6. Scale and scope
7. Influencing without authority
8. Handling external pressure
9. Managing work group diversity
10. Working across cultures

McCall (2010) proposes that developmental experiences, reported by successful managers, could be classified into early work experiences, short-term assignments, major line assignments, other people, hardships and training programs.

In order to facilitate testing which developmental activities are perceived as more effective and preferable by the talents, based on thorough literature review on leadership development, the practices have been divided into clusters, illustrated in Figure 1 below. Building on the 70/20/10 framework, this thesis suggests that there are three main clusters of leadership development practices: Challenges, Relationships and Training. The challenges cluster is further divided into shorter or longer-term job rotation assignments across functions or units, shorter or longer-term assignments
across borders, cross boundary assignments, and change management through start ups or reorganizations. Development through Relationships is delivered in the shape of coaching, mentoring relationships, feedback from the boss and from multiple sources (360 degree feedback). Training is further broken down to action learning projects and other types of training.

![Figure 1 Clusters of leadership development practices](image)

The distinction between developmental challenges, developmental relationships and formal training is useful to some degree, but in reality they are highly interconnected and may also be overlapping. Skills learned from one approach can be supported or enhanced by learning through other methods. For example, courses, workshops or mentors are useful to prepare someone for an international assignment. In addition, mentors and coaches might be very helpful during the assignment.

Next, each cluster will be explained in detail, presenting examples of application in real business environments, benefits, drawbacks and effectiveness.
2.2.1 Challenging developmental assignments

Challenging developmental assignments generally involve a high variety of challenges, such as working at a hectic pace, aiming to acquire great amount of information orally, and dealing with ambiguity, change, contradiction or paradox. They also involve being closely watched by people whose opinions count (e.g. the superiors or outsiders). Such supervision can develop managers’ political skills. The experience is highly challenging also when something important is missing, such as support from the top of the hierarchy, alignment with strategy, key skills, technical knowledge, or credibility. Faced with deficiency in these key elements, a manager is compelled to learn. Typically challenging assignments create additional personal pressure, rooting from tight deadlines, high stakes, large scope job, heavy travel or long hours. Such challenge increases the probability of learning to decrease the tension between where the managers are and where they would like to be (Lombardo and Eichinger 1989: 3-5).

Empirical research shows that managers who have undergone highly developmental assignments report higher level of on the job learning (McCall and Hollenbeck 2002). Developmental assignments sharpen many different leadership skills and teach more lessons than any other leadership development activity. For instance, receiving new responsibilities or start-up assignments often leads to learning how to build trust, motivate and inspire subordinates as well as superiors, often without authority. Moving to new positions in other functions or regions makes managers gain a holistic perspective on the operations, strategy and culture of an organization (Van Velsor et al. 2010).

There is an extensive amount of research suggesting reasons why developmental managerial assignments, such as managing diversity, change or high levels of responsibility, are assumed to be effective in enhancing managers’ leadership competencies. First of all, developmental assignments put managers in situations where they have to use previously untested skills, strategies and behaviors (McCauley et al. 1994). Through assuming and playing different roles in various situations, talents are provided with an opportunity to acquire new skills and job knowledge in a meaningful and productive way, as well as to gain self-awareness and introspection into one’s leadership values (Dragoni et al. 2009). Second, managers are exposed to experiencing greater diversity of organizational stimuli due to novel and ambiguous situations in different business areas. Such experiences enable managers to refine and augment their existing knowledge, and take other perspectives in accomplishing work and working with others (McCall and Hollenbeck 2002). Also, since developmental experiences require managers to test new ways of behaving and thinking, it makes it
easier for them to practice underdeveloped skills and in turn enhance their performance (Dragoni et al. 2009). Furthermore, developmental assignments enhance insightfulness in dealing with problems and persistence to carry on in the face of adversity through motivational and emotional means. Challenge motivates managers to reduce the skill and capability gap and succeed in the assignment. In unfamiliar situations, managers are more likely to start seeing new patterns and relationships, therefore developing more sophisticated mental models and their creative problem solving skills (Dragoni et al. 2009).

Evans et al. (2011:338) provide a number of reasons why it is beneficial for organizations to develop leaders by placing them outside of their comfort zone. For example, cross-functional mobility develops a better quality leadership due to forced development of new competencies. Also, it guarantees that the perspectives of the leaders at the top are broad and global. Furthermore, it develops relationships between leaders in different disciplines. In addition, leadership development practices permeate into the corporate culture, signaling to young professionals that it is important to not only master one’s discipline, but also to build a network of relationships outside one’s function.

As illustrated in Figure 1 above, developmental challenges are delivered mainly through assignments outside one’s unit, functional expertise, or home country. According to McCall and Hollenbeck (2002), the executives must be able to work across borders, be it business, product, function or country borders. Moving through different functions and managerial responsibilities, potential talents develop knowledge and skills in people management, goal setting, planning, and budgeting, therefore transitioning from being an individual contributor to being a people manager. Cross functional or cross national assignments remove prior experience and expertise, and put talents in a situation where they are required to learn leadership skills of setting direction and managing people, while at the same time keeping strategic development in mind (Evans et al. 2011:313). The first type of challenging assignments is job rotation, which is also one of the most prevalent tools for leadership development.

### 2.2.1.1 Job rotation

Job rotation programs are lateral transfers of employees between varieties of different functional units of the organization for periods of time often varying from six months to three years (Campion, Cheraskin and Stevens 1994:1518; Yukl 2006:402; Stahl et al. 2007). In other words, job rotation is fundamentally meant to move people to “new challenges outside their expertise so they will learn how to lead and gradually develop
the authority of leadership as opposed to the authority of expertise” (Evans et al. 2011:313). Rotated employees change jobs not as a result of promotion, but for developmental reasons and usually do not return to former jobs (Campion et al. 1994). Typically job rotation programs are not tailored for each manager, instead they pattern of assignments is similar for all participants. The substantial benefits of job rotation are many. First of all, managers are exposed to a challenge to swiftly establish new relationships and learn new technical skills crucial for adequate performance. Managers get a chance to learn about specific processes and problems in different units and therefore improve their big picture view of the organization (Yukl 2006:402).

Cheraskin et al.’s (1994) study on the benefits and costs of job rotation shows that job rotation enhances managerial, technical, business skills and knowledge. Specifically, the respondents most frequently reported broadened perspective on other business functions, enhanced adaptability and flexibility, leadership skills, exposure to various management styles, opportunities for building network of contacts and interpersonal skills. Findings propose that the amount of rotation is positively correlated with the rate of career advancement. However, such correlation could be interpreted in such way that high-potential managers are more likely to be chosen for rotation assignments.

One of the benefits of job rotation is affect benefits, such as satisfaction, involvement and commitment to the organization. Another benefit of job rotation is organizational integration benefits, such as expanded networks of contacts and dissemination of corporate culture. The third advantage is stimulating work benefits, such as variety of tasks and skills. Furthermore, rotated employees benefit from development personal skills, such as coping skills and insight into one’s strengths (Campion et al. 1994: 1536-1537). Rotation could also be perceived as a one step before promotion, therefore acting as positive reinforcement for managers to perform well (Campion et al. 1991 in Campion et al 1994).

However, although there are many benefits of job rotation, there are also costs, such as diminished productivity of rotated employees, due to normal learning curve for new job. Therefore, research reveals that job rotations across functions or units remain underutilized developmental tools (Stahl et al. 2007). Unfortunately, job rotation incurs costs due to decreased productivity and increased workload not only for the unit gaining the newcomer, but also for the unit losing a member. When newly rotated managers are put in charge of a unit, the productivity of an entire unit can be hindered. The subordinates might also feel unmotivated and unsatisfied with increased workload, such as extra tasks requiring them to help the newcomer get familiarized with the
functional unit. (Campion et al. 1994: 1537). Furthermore, although organizations believe in the effectiveness of such assignments as career development means, there appears to be a lack of capacity to utilize them. Stahl et al. (2007) suggest that a possible explanation for this is “silhouette thinking,” which depicts the tendency of managers to favor the productivity of their own units, other than the whole organization.

The other type of assignments requires employees to not only cross their functions or units’ boundaries, but also national borders and cultural divides.

2.2.1.2 International assignments

International assignments have been advocated as primary drivers for developing global leadership skills (McCall and Hollenbeck 2002; McCauley et al. 1994). By the end of the 20th century, most companies realized that the future of their operations is global and recognized expatriates as a key to business success. In order to develop essential skills and competencies, future leaders must possess the ability to learn from experience in a global context, where the demands of job assignments are compounded by a multitude of contextual and cultural factors (Spreitzer et al. 1997; Evans et al. 2011). Future leaders must be capable to communicate goals clearly and understand the needs of their followers, all while adapting efficiently to new markets and unusual settings (Cohen 2007:153). Furthermore, global operations are becoming part of every manager’s responsibility, not only the concern of expatriates. International business travel, managing virtual and co-located teams, and both shorter and longer-term global assignments are emerging as a part of the most accomplished managers’ business careers (Adler 2007).

Regarding the length of an international assignment, the most successful international rotation programs tend to be short- to medium-term assignments, varying from six to eighteen months (Eddy, Hall and Robinson 2006:7). The authors propose that during this time the assignees develop an international perspective, are able to build an appropriate network of colleagues and can easily integrate into their original units upon return.

International assignments involve working with unfamiliar groups- foreign governments, unions, multi-functional task forces or problematic subordinates. Such unusual situations require managers to develop an understanding of others. Also, international assignments often have a major strategic component and are intellectually challenging. Such challenges enhance strategic thinking and ability to cope with ill-defined areas (Lombardo and Eichinger 1989).
The benefits of the expatriate assignments are often overshadowed by drawbacks (potential traumas, frustration) of repatriation process and the tendency of talented people to leave the organization. It is crucial to manage expectations before the assignments, because managers who accept international assignments tend to expect that upon completion of the assignment they are on a very speedy career progress and if their expectations are not met, they may leave subsequently to the return (Stahl et al. 2007; Yan, Zhu and Hall 2002). However, the challenges of repatriation also present a valuable developmental opportunity (McCall and Hollenbeck 2002).

The next type of assignments avoids such drawbacks, because there is no need for relocation. Cross-boundary assignments are performed alongside one’s job.

2.2.1.3 Cross-boundary assignments

Cross-boundary assignments, or working in “split egg” way, refer to horizontal leadership initiatives, alongside one’s regular job. Examples of cross-boundary assignments are lateral steering groups, innovation groups, post-merger integration teams and other types of complex change projects. Various groups are typically formed to standardize organizational processes, explore new ways of doing things, or plan projects. Therefore, employees, in addition to performing their operational job, take part in, or lead, various project assignments (Evans et al. 2011). Research shows that cross-functional exposure, which enhances project management skills and business acumen, is at the top of the list of tools for effective leadership development (Development Dimensions International Inc. 2008). Working in split egg roles is believed to be developing leadership skills because an individual has to, in addition to being an effective manager and performing the operational role, be an effective leader and perform the project role, take initiative and follow the guidelines of strategic priorities of the firm. Evans et al. (2011:315-316) suggest five important skills that can be learned through cross-boundary assignments:

- Leadership without authority – exercising influence laterally on people, without having any formal authority over them.
- People management skills – being accountable for one’s operational job and having to find time for project initiatives requires finding the right people who to delegate tasks, as well negotiating performance objectives, and coaching subordinates.
- Team skills – building trust and respect, managing conflict, negotiating clear goals on ambiguous tasks, taking time out to build relationships, balancing the
internal focus on team cohesion with the external focus on managing stakeholders.

- Distance working and virtual team skills – knowing how to effectively use face-to-face and virtual communication, building a rhythm in distributed work, and preventing complications from becoming self-fulfilling problems.
- Dualistic thinking and global mindset – building a sense of responsibility for both short- and long-term results; for performance or exploitation and innovation or exploration; for local and regional or global results. Cross-boundary assignments are essential in developing a strategic global mindset.

Although cross-boundary assignments may involve a task of starting up a project or managing reorganization, such developmental challenges fall into the next cluster of assignments – change management.

2.2.1.4 Change management

“Leadership and managing change are almost two sides of the same coin” write Evans et al. (2011:315). Assignments, requiring managing change, typically are business turnarounds, start-ups, fixing or turning around a project in trouble, strategic shifts or reorganizations in regional or global business. Examples of such challenges include downsizing, restructuring, layoffs, assessing people, or a poor-performing unit. Such challenging jobs incorporate fixing failing operations or expanding them, from systems installations to managing crises. Management skills and resourcefulness are required to address these issues. Change management assignments require learning new skills quickly, working under tight deadlines, building and managing new teams of people and creating visions for change. Such experiences become powerful when there is a start-to-finish mandate, end-result accountability and need for appreciation of perspectives of other people to learn new content. Success and failure are both possible in this kind of assignments, and will be obvious to others, meaning that challenges such as planning a new site or handling a negotiation will offer a visible score, telling how things went, to everyone (Lombardo and Eichinger 1989). Start-ups are challenging and developmental because one is required to carry out something that hasn’t been done before. The leadership challenge lies in learning what must be learned and accomplishing objectives without a roadmap to follow. Regarding turnarounds and reorganizations, one is required to diagnose problems at a deep level, and consequently, understand what drives the business and design new organization to achieve the objectives (McCall 2010: 3).
The second cluster of developmental practices, often needed to support learning from challenges, is relationships with others and feedback.

2.2.2 Relationships with others and feedback

According to the leadership development activities framework described above, relationships with others and feedback is acting as a bridge between on-the-job experiences and formal learning programs. This cluster of developmental practices includes all kinds of sources, formal and qualitative as well as more formal and quantitative such as a 360-feedback process. The essence of this category is that it provides talents with a different perspective of how well or poorly they are doing and helps to identify behavioral changes needed to continue their development process (Oliver et al. 2009:210). Relationships programs typically include coaching, mentoring by the superiors or consultants. Other types of developmental practices in this cluster are relationships with the boss and 360-degree feedback.

2.2.2.1 Coaching

While decades ago coaching was perceived as professional embarrassment, a signal that something was wrong with a person, now it is a perk, indicating that a person is on the fast track to the executive floor (Kets de Vries et al. 2007:xli) and many new companies have sprung up to offer coaching services (Thach 2002). Leadership coaching became a tool for leadership development over the last decade, when the growth in coaches, coaching programs and literature, accelerated (Ely et al. 2010). In 2008, a survey by CIPD in the United Kingdom found that 71% of organizations provide coaching for their employees, 72% of whom found it an effective tool for development (CIPD 2008).

Leadership coaching is in essence a relationship between a coach and a client, who is in need of facilitation to become a more effective leader (Ely et al. 2010: 587). According to Hall, Otazo and Hollenbeck (1999:39) coaching fills a gap, left by 360 feedback and training courses, with guidance. 360-degree feedback, which will be discussed in chapter 2.2.2.4, is often used to ´diagnose´ developmental needs and collect data on areas to be addressed in coaching meetings (Thach 2002:206). Coaching, as well as mentoring, is different from other developmental activities in a way that it focuses on individuals’ needs, characteristics and is tailored around a specific organizational setting (Ely et al. 2010). In addition, coaching is used as an effective way to support learning from challenging tasks (Oliver et al. 2009:198). Usually only higher level managers are provided with an opportunity to receive coaching by internal or external consultants, perhaps due to high costs of coaching (Yukl 2006: 405).
Coaches are typically former executives or experienced management consultants (Yukl 2006:405). Internal coaches are beneficial when there is a critical need for knowledge of corporate culture and internal politics (Thach 2002:206), and when personal trust and comfort are desired (Hall et al. 1999:40; Thach 2002:206). External coaches are preferable in situations when there is a need for extreme confidentiality, broad business experience or extreme objectivity, in other words “to speak the unspeakable” (Hall et al. 1999:40).

The advantage of coaching over other activities is that it is practical, one-on-one, face-to-face learning suitable for busy executives. Such intimate relationship that is built over a longer period of coaching becomes an ideal comfortable environment for exploring and coping with identity-related issues (Van Velsor et al. 2010:166), micromanagement, mistrust and low emotional intelligence (Kets de Vries et al. 2007). The uses of coaching vary from aiming at improving performance or behavior to enhancing career or preventing derailment. Essentially, coaches provide talents with objective and valuable feedback about personal, performance, career and organizational issues. Furthermore, through coaching relationship talents gain the basis for becoming coaches themselves (Kets de Vries et al. 2007: xl). Research on the effects on leadership of executive coaching shows that executives rate this activity as very satisfactory for acquiring new skills, attitudes and perspectives. As a result of coaching, the participants of Hall et al.’s study (1999) were able to solve problems better and accomplish new tasks they couldn’t complete beforehand. The duration of coaching relationship varies from short-term aimed at solving specific problems to bi-weekly meetings on topics in accordance with current challenges (Hall et al. 1999:40-41). However, high costs associated with coaching services forces companies to limit this developmental activity (Yukl 2006:406). Another solution, delivering similar results at cheaper price, is mentoring.

### 2.2.2.2 Mentoring

Mentoring is a relationship between a more experienced manager and a less experienced protégé, who is not an immediate subordinate of the mentor. Research on mentorship proposes two distinct functions for a protégé: psychosocial and career-facilitation functions. The psychosocial function refers to acceptance, encouragement, coaching and counseling. The career-facilitation function takes the form of sponsorship, protection, challenging assignments, exposure and visibility. Numerous studies show that mentoring results in more career advancement and success of the protégé (Yukl 2006).
The benefits associated with mentoring relationship include facilitation of adjustment and learning, stress reduction during relocation across borders or units, and promotion to the first managerial position or during the times of reorganization or downsizing (Kram and Hall 1989 in Yukl 2006:404). Interestingly, mentoring relationship brings mutual benefits, therefore mentors also benefit from the experience: their job satisfaction is likely to improve, as well as their own leadership skills (Yukl 2006: 404).

The difference between formal and informal mentoring is that the former occurs between assigned pairs, and in the latter, senior executive or a protégé are free to approach each other to initiate mentoring relationship (Yukl 2006: 404). Also, informal mentoring is voluntary, which might be a reason for informal mentoring being more effective (Noe et al. 1988).

2.2.2.3 Relationship with the boss

Potential future leaders should be provided with constructive, relevant and timely feedback from a variety of sources. Feedback is beneficial when the receiver is using an appropriate mental model which allows him or her to analyze, interpret and self-evaluate their progress and performance in operational assignments (Yukl 2006:409). The immediate boss plays a significant role in an individual’s leadership development (McCall et al. 1988 in Berke et al. 2008: 66). Using bosses’ values as a model helps managers to better understand how to put their own values into action (Lombardo and Eichinger 1989). Other superiors or other exceptional people have a power to exemplify how to act with integrity in management settings, and what to be or do and what not to be or do. It is important that the immediate superiors treat mistakes by subordinates as learning experiences, rather than personal failures, and support development rather than impede it due to threat of growing a competitor. Furthermore, bosses have to balance between providing guidance and empowering to make decisions independently, between being protective and providing enough challenge (Yukl 2006:409). Unfortunately, due to the hectic pace of the management job, self-analysis and introspection are difficult to implement. In addition, the extent to which a manager is willing to seek and accept feedback varies from individual to individual (Yukl 2006:396), often due to cultural differences (Evans et al. 2011:320). Although organizations might try to standardize direct feedback, in some cultures it might be difficult to implement.

2.2.2.4 360-degree feedback

Behavioral feedback from multiple sources has many names, including “multirater feedback” and “360-degree feedback”, and is primarily aimed at assessing strengths
and identifying developmental needs of the managers. Feedback is collected by structured questionnaires filled out by managers themselves, their subordinates, peers, superiors and often clients. The report is produced to compare the self-ratings to ratings by others as well as to the norms for other managers. Typically, significantly overrated self-ratings and ratings by others below the norm are an indication of a potential developmental need (Yukl 2006:398-399). In order for a manager to get the most out of feedback, they should be provided with aids to interpret it, followed by a one-on-one meeting with a facilitator and if possible, attendance at a workshop with a group of managers and a facilitator to help interpret their feedback reports (Yukl 2006:398).

Given the reluctance of managers to seek honest feedback and the tendency to reject the feedback that is inconsistent with self-perceptions, Kets de Vries et al. (2007:76) suggest that properly designed 360 feedback questionnaires can be very useful. They can launch an introspective journey and provide a useful way to initiate changes for developmental needs.

The reason why multisource feedback systems give a more accurate picture is due to the minimization of the phenomenon called social desirability factor, which reflects the tendency among people to present themselves in a more positive way, either consciously or unconsciously (Kets de Vries, Korotov and Florent-Treacy 2007:79).

Unfortunately, 360-degree feedback sometimes has a tendency to be a source of anxiety, rather than a personal developmental tool (Stahl et al. 2007).

However, as already mentioned before, developmental practices are highly interconnected and overlapping on some dimensions. For example, in some sources, 360-degree feedback, coaching and mentoring are categorized as part of formal training practices (Van Velsor et al. 2010).

2.2.3 Formal training

The last cluster of developmental practices is formal training. Effective formal training takes into account learning theory, specific learning objectives, characteristics of the trainees and organization's strategic objectives. External training of leadership skills is provided though universities or consultancy firms, where trainees come from different organizations. Such training can be also used as a comparison against other managers from other firms and used to build confidence. Also, courses can serve as a networking medium, a forum for trading tips, and sharing problem-solving methods (Lombardo and Eichinger 1989).
Internal training is provided by in-house training centers for participants from all parts of an organization. There appears to be relatively little research on the effectiveness of formal training. The most prevalent formal techniques for enhancing leadership skills are action learning projects, behavior role modeling, case discussions, business games and simulations (Yukl 2006:390). These techniques can be provided both by internal and external training centers. Although formal training is often used as an auxiliary tool to development of a leader, it is important to get this element right. In most of the formal training activities trainers act as facilitators and provide feedback, which helps trainees to gain introspection (Adair 2006:71).

2.2.3.1 Action learning projects

Action learning projects combine formal management training with learning from experience (Revans 1982). Revans, considered the ‘father’ of action learning, defines it as “a means of development, intellectual, emotional or physical that requires its subjects, through responsible involvement in some real, complex and stressful problem, to achieve intended change to improve their observable behavior...” (Revans 1982: 626-627). Typically action learning program takes several months to complete and individually or in teams, trainees conduct field projects on solving complex organizational problems requiring application of skills learned in the formal seminar sessions. Action learning projects are typically designed to develop cognitive and interpersonal skills rather than technical knowledge. Periodical meetings are facilitated by a trained professional who leads the discussion, and analysis of lessons learned from the experiences. Optimally the teams are composed of people from different professional backgrounds to allow exposure of diverse perspectives. While generally action learning is part of formal training, it can be linked to real organizational problems and a manager can seek help of mentors and other colleagues to find solutions (Marsick 1990 in Yukl 2006:404). However, the impact of action learning projects on leadership skills development highly depends on the project, its scope, the team and the coaching provided. Commonly the projects that do not pose significant challenges are unlikely believed to provide much learning of leadership skills (Yukl 2006:395).

For example, General Electric started using action learning to develop their HR executives’ business acumen in 1986. The key component of the two-week course was analysis and problem solving of company problems or issues. Later on the program managers added the best practices component, where course participants would visit sites external to GE, learn about how other companies solved similar problems, and reported back to the GE management. Thus, action learning broadened the perspective
of managers who may have not worked outside the company or the HR function (Tourlouki 2002:91).

**2.2.3.2 Other forms of formal training**

Another kind of training, behavior role modeling, incorporates two methods, namely demonstration and role playing, and is also typically aimed at enhancing interpersonal skills. Behavior role modeling has its roots in social learning theory, which posits that learning occurs via observation, imitation, and modeling (Bandura 1986). Training takes place in small groups and starts with demonstration of handling a particular interpersonal situation. Subsequently, the trainer explains the learning points and the trainees participate in a role-play to practice applying the learning points. After the enactment, which is often videotaped, the trainer and other trainees provide feedback to obtain guidance and encouragement. Such training appears to be useful for certain behaviors that are crucial in certain situations. It is important to ensure that trainees understand the general principles upon which the learning points are based to avoid rigid, arbitrary learning (Yukl 2006:391).

Case discussions are aimed at developing decision-making, analytical and management skills through analyzing detailed descriptions of actual business situations in organizations. Trainees are often divided into small groups and asked to discuss the situations and present recommendations based on their findings. Consequently the proposed recommendations are evaluated and compared to the actual proceedings of the actual actions taken by the organization in question. Through case discussions trainees gain broader understanding of situations that managers often face and effective managerial behavior (Yukl 2006: 392).

In business games and simulations, similarly like in cases, trainees are given the task to analyze complex problems and make decisions. However, the stakes are higher in business games, because the losers of the game have to deal with consequences of their resolutions. Business games are used to practice interpersonal, analytical and decision-making skills, assess training needs or trainees’ mental models. The games usually require participants to make decisions, individually or in groups, on pricing, advertising, production, or capital investment among others. After the game or the simulation observers provide trainees with feedback on their individual and group performance (Yukl 2006:393).
2.3 Willingness to undertake leadership development practices

An extensive amount of research suggests that top performers developed their talents through years of purposeful and willful practice. Thus, there is a shared belief that leaders, or experts, are made and not born. Developing as a leader requires passionate devotion, supportive environment to provide guidance and feedback, and willingness to continuously practice achieving tasks beyond one's comfort zone (Ericsson, Prietula and Cokely 2007).

Spreitzer, McCall and Mahoney (1997) conducted a study on characteristics, distinguishing high-potential global leaders from other high performers lacking the leadership potential. One of the dimensions, capturing the willingness to assume challenge, was found to be differentiating the two groups. Another dimension was learning agility, characterized by seeking out feedback and insightfulness. Willingness to take a challenge was characterized by top performers' courage to take risks, seeking for opportunities to learn and commitment to making a change (Evans et al. 2011:321).

It has been argued that, theoretically, motivation is a determinant of performance (Campbell 1990 in De Pater et al. 2009). Therefore, the more willing and the more motivated talents are to undertake the challenging assignments, the better they will perform at them and the better leaders they will become. To foster their own career development, employees signal both their aspiration and capabilities by engaging in challenging activities that are developmental. Most research on willingness to engage in leadership development activities appears to be investigating willingness to accept longer or shorter-term international assignments. The following part of literature review focuses on factors influencing the willingness to undertake leadership development among diverse groups of employees, with different experiences, demographic characteristics and relationships with their employers.

This section first addresses social exchange theory, which is further divided into psychological contract fulfillment and the effects of talent status awareness. Hypotheses are derived from the literature and presented at the end of the two sections.

The second part of this section addresses other factors, which might have an influence on talents’ willingness to develop. However, due to a lack of theory on these factors and scope constraints, the hypotheses are not formed. Instead, these factors are used to explore their intercorrelations with other variables and as control variables in the empirical study described in the methodology chapter.
2.3.1 Social exchange theory

“Exchange theories assume that group members make contributions at a cost to themselves and receive benefits at a cost to the group, organization or other members” (Bass 2008:63). In terms of leadership development, it means that organizations contribute resources and effort to develop their talents, who will pay back by leading the organization towards profitability. Talents contribute their resources in hopes of receiving career advancement or recognition. One of the basic principles of social exchange theory (SET) is that if both parties abide by certain “rules”, relationships between those parties develop over time into mutual commitments, based on trust and loyalty. Trust is assumed to cause job satisfaction, commitment, and organizational citizenship behavior and is therefore posited as a critical social exchange mediator. In an organizational setting, this means that employees can develop clear social exchange relationships with their supervisors, coworkers, or employing organizations in general (Cropanzano and Mitchell 2005). SET’s explanatory power has been used in understanding psychological contracts.

2.3.1.1 Psychological contract

Psychological contracts, first discussed by Argyris (1960) and defined by Rousseau (1989:121), are “individual beliefs in a reciprocal obligation between the individual and the organization”. Psychological contract emerges when an individual perceives that contributions made by organization obligate them to reciprocity, or vice versa (Rousseau 1989: 124). The difference from formal written contracts is that the nature of psychological contracts is individual and perceptual. Each party to an employment relationship has a distinct and unique perception of the contract (Robinson and Morrison 2005). It is important to note that the psychological contract concept focuses on the employee perspective. While only individuals have perceptions and psychological contracts, organizations provide context for them to be created. Nevertheless, individual employers can personally perceive psychological contracts with their subordinates (Rousseau 1989:126). Generally, organizational theorists use the term psychological contracts for unwritten expectations that circulate between employees and their superiors (Schein 1980).

The relationship is enduring and both parties have incentive to contribute to another when both parties hold and believe in promise of future exchange. The length of the relationship and the repeating cycles of contributions make the employee perceive the relationship as deep and therefore use a broader array of contributions and
inducements (Rousseau 1989:125). The process of psychological contract development is illustrated in the figure below:

<table>
<thead>
<tr>
<th>Interactions</th>
<th>e.g. Offer and acceptance of employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reciprocal expectations</td>
<td>e.g. Belief that hard work results in continued employment</td>
</tr>
<tr>
<td>Consistent inducements and contributions</td>
<td>e.g. Retention of satisfactory employees over time, hard work by employee</td>
</tr>
<tr>
<td>Trust</td>
<td>e.g. Trust and confidence in the organization and its management</td>
</tr>
<tr>
<td>Psychological contract</td>
<td>e.g. Belief in an employer’s obligation to continue employment into the future</td>
</tr>
</tbody>
</table>

Figure 2 The process of psychological contract development
(adapted from Rousseau 1989:125)

Psychological contracts are dynamic and as an employee is developing in an organization, the needs of an employee and an organization are changing over time and so does the psychological contract (Schein 1980). The goods used for exchange are typically hard work, acceptance of training or transfers in return for pay, promotion, growth or advancement (Robinson and Rousseau 1994:245). In addition, employee inducements can be long-standing service to the company, enduring low pay in hopes of keeping the job and development of company-specific skills which might hinder one’s employability elsewhere (Rousseau 1989:129). Organizations expect employees to be loyal, enhance the image of the organization, keep organizational secrets and do their best. Employees expect organizations to provide them with growth opportunities and feedback on their progress (Schein 1980). However, both employers and employees can fall short of, fulfill or exceed those obligations (Robinson and Morrison 2005).

Contract fulfillment can be partial, and depends on the matter of degree. A contract party can be perceived as fulfilling not all contract’s terms, but to a certain degree. Psychological contract violation occurs when organization or employee fail to deliver contribution in ways that they are obliged to do. The outcomes of violated contract are not solely unmet expectations. Failures to meet the terms of contract signals damaged trust relationship between the parties (Rousseau 1989:128). Furthermore, perceived violation of psychological contract has been found to contribute to higher turnover of international managers (Feldman and Thomas 1992).
Psychological contracts are known to be influential determinants of behavior in organizations (Schein 1980:24). If an employer has been consistently fulfilling psychological contracts by meeting employees’ expectations, employees are expected to fulfill their part of the contract through hard work and loyalty.

Van der Velde, Bossink and Jansen (2005) studied managers’ willingness to accept international assignments in regard to the influence of the psychological contract variables, namely organizational commitment, job satisfaction and career satisfaction. The three factors defining commitment are acceptance of the organization’s values, willingness to exert effort on behalf of the organization, and desire to remain an employee (Mowday et al. 1982: 26-28 in Rousseau 1989:125). Van der Velde et al (2005) found that in regard to high organizational commitment, women were more willing to accept international assignments, while for the men, the opposite effect emerged. The more committed men were to an organization and the more satisfied they were with their jobs, the less willing they were to accept the offer. Interestingly, the findings reveal that the more satisfied women were with their career, the less willing they were to accept a posting, but the results for men were the opposite.

However, the current literature lacks research on the effects of psychological contract fulfillment on talents’ willingness to develop their leadership skills.

Nevertheless, building upon psychological contract and belief of reciprocal obligation, one can hypothesize that talents, who feel that their employers have contributed resources and effort to develop them, will pay back by eagerness to develop as potential top leaders and eventually lead the organization towards profitability.

In order to address this gap in the literature, four hypotheses are formed, based on each of the categories described in chapter 2.1, namely “all practices” (please see Appendix 1), “challenging assignments”, “relationships and feedback” and “formal training”.

**H1a:** Talents who perceive their employers have fulfilled psychological contract will be more willing to engage in leadership development practices.

**H1b:** Talents who perceive their employers have fulfilled psychological contract will be more willing to engage in challenging leadership development practices.
**H1c:** Talents who perceive their employers have fulfilled psychological contract will be more willing to engage in relationship-based leadership development practices.

**H1d:** Talents who perceive their employers have fulfilled psychological contract will be more willing to engage in formal leadership development training.

### 2.3.1.2 Talent status awareness

Organizations often have to make a difficult decision about making their talents’ status explicit. Such decision presents a dilemma: whether to risk loss of motivation and attrition of good performers by communicating that they didn’t quite make it to the talent pool, or to risk dissatisfaction of those identified as talent by not meeting their expectations about advancement. Unfortunately the first risk is unavoidable, as there has to be some limit to a number of members in the talent pool and a border separating good performers from the best. An explicit talent pool has the potential to create destructive internal competition between the employees and may overemphasize individual performance, while undermining teamwork (Mellahi and Collings 2010:145). Regarding the second risk, identified talents should acknowledge that their status entitles them to a challenge, which together with high performance may lead to career advancement (Evans et al. 2011:325). What identified talents sometimes fail to recognize is that talent status is not lifelong and is subject to continuous review. An organization has to be careful not to develop an elitist arrogant attitude of their talents (Mellahi and Collings 2010:145).

Evans et al. (2011:325) suggest that organizations can reduce the dissatisfaction associated with transparency about talent status by encouraging self-motivation and regularly reviewing judgments of potential.

According to previous research, companies rarely explicitly inform their talents about their talent pool membership. A global survey, of HR professionals and leaders from 76 countries, by Development Dimensions International (DDI) found that only 50% of organizations in their study had a process of identifying talents, and even less (39%) had a program to actually accelerate the development of their talents. A quarter (25%) of high-potentials reported they were in ‘a high-potential program’, which is a type of developmental program for a talent pool. The larger part of identified potential leaders didn’t know they were a part of this exclusive program, or thought they weren’t. This
indicates that many companies are secretive about providing special development for talents. Many companies choose to keep it a secret to avoid discouraging non-talents and politicizing the working environment. However, if talents’ development is to be accelerated, keeping talent pool membership secret from the talent or those who are involved in supporting development is not logical (DDI 2008).

There appears to be very little research on the effect of formally informing talents about their status on their performance, organizational commitment or willingness to undertake developmental activities. Therefore, this thesis aims at reducing this gap in the literature by exploring potential leaders’ awareness or unawareness of being identified as talent, or non-talent, on their willingness to assume all types of leadership development in general, challenging assignments, engage in developmental relationships and formal training.

Based on the social exchange theory, talents might be more willing to sacrifice more than non-talents. As Robinson and Rousseau (1994:245) suggest, the usual goods used for exchange between an employee and a company are hard work, acceptance of training or transfers in return for pay, promotion, growth or advancement. In addition, employee inducements can take a form of development of company-specific skills which might hinder one’s employability elsewhere (Rousseau 1989:129).

Therefore, talents might perceive an award of talent status as an “advance pre-payment” of future promotion and career advancement. As a result, talents could be willing to develop as a result of reciprocity: returning a favor to a company in return for career opportunities among other benefits and investments from the company’s side. On the other hand, it is possible that they view their willingness to develop as an obligation: an unwritten liability to return the favor provided by the company and therefore fulfill the psychological contract.

Taking into consideration previous research on talent status awareness, the following hypotheses are tested:

**H2a:** Individuals who know that they are identified as talent will be more willing to engage in leadership development practices than will those who know that they are not identified as talent or do not know they are talent.
H2b: Individuals who know that they are identified as talent will be more willing to engage in challenging leadership development practices than will those who know that they are not identified as talent or do not know they are talent.

H2c: Individuals who know that they are identified as talent will be more willing to engage in relationship-based leadership development practices than will those who know that they are not identified as talent or do not know they are talent.

H2d: Individuals who know that they are identified as talent will be more willing to engage in formal leadership development training than will those who know that they are not identified as talent or do not know they are talent.

2.3.2 Other factors and leadership development

In addition to the factors outlined above, this thesis aims at describing and explaining the variance in talents’ willingness to engage in leadership development by differences between different corporations, gender, age, tenure in corporation or international experience. However, as already mentioned, due to a lack of theory on these factors and scope constraints, the hypotheses are not formed. Instead, these factors are used to explore their intercorrelations with other variables and as control variables in the empirical study described in the methodology chapter.

2.3.2.1 Corporation and leadership development

According to Stahl et al. (2007) corporate culture that is development-oriented makes employees aware of their own responsibility for their own development. Therefore, employees of such corporations are more likely to seek challenging assignments, cross-functional projects, or new jobs within the corporation. Although there is no current theory providing support for the claim that employees of different corporations would report different levels of willingness to engage in leadership development, this thesis will investigate this possible relationship.

2.3.2.2 Gender and leadership development
Basic statistics show that adding women to the talent pool doubles the selection of potential executive rank and therefore increases competitiveness. In the context of economic competitiveness, organizations that discriminate women for leadership positions are likely to be outperformed by those that let talent rise regardless of where it comes from and whether it is male or female. Beyond capturing the unique contributions of women, such as feminine approaches to leadership (more cooperative, participative and interactional), some scholars suggest that increasing the number of women executives increases the potential to achieve synergies. Synergy arises when a combination of men and women’s approaches leads to creativity and compound benefits that would otherwise be not achieved. However, synergy, similar to complementary-contribution perspective, relies on the assumption that women differ from men in their approaches to leadership (Adler 2007).

Adler writes about the international assignments’ availability to women. She begins with pointing out that due to the globalization of the economy it is crucial for managers to develop a global worldview through extensive multi-country business experience in order to assume leadership positions in the 21st century. Taking into account the shorter and longer-term global assignments being a part of successful managers’ careers, women are provided with such must-have career experience less frequently than men (Adler 2007). While the proportion of female managers working domestically has been on the rise in such countries as the United States, the numbers of women working across borders, although increasing, have not been growing at the same pace (Adler 2003). The most commonly believed reasons, or rather myths, for this inequality are that 1) women do not want to go abroad, 2) companies do not want to send women abroad, 3) due to foreigners’ prejudice women would not succeed even if sent, and 4) dual-career marriages make expatriation impossible for most women (Adler 1994; Stroh et al. 2000). However, all these myths were disapproved by a number of studies.

While some research on women’s interest in international careers shows that women are as interested as their male colleagues are (Stroh et al. 2000; Adler 2007), some claims to have found that women are less willing to accept international assignments (Ribbens and Powell 1995 in Van Der Velde et al. 2005). However, women continue to doubt their companies’ acknowledgement of, and commitment to, act on their interest in international careers. One of the earlier Adler’s studies show that women, unlike men, had to approach their employer about willingness to go an international assignment (Adler 1987 in Adler 2007). In addition, results of Stroh et al.’s (2000) study suggest that although in general women are interested in and likely to accept
international assignments, women with children are less likely to accept global assignments than women without children.

A study by Ohlott, Rudermann and McCauley (1994) on gender differences in managers’ developmental job experiences tested the idea, arising from previous research, that one of the reasons so few female managers have reached the senior management positions is that during their professional development they experience fewer developmental job opportunities than men (McCall et al. 1988). Their findings suggest that while men experience developmental challenges stemming from tasks, women experience greater developmental challenges when coping with obstacles they face in their jobs. Also, contrary to previous research, they found that male and female managers are receiving similar opportunities to engage in responsibilities that are new and different from previous ones, categorized as ‘unfamiliar’, as well as to engage in creating change and developing new directions. However, there were differences found on the scales measuring level of responsibility: high stakes and diversity management. While a female and male manager might be at the same level in organization, their responsibilities in terms of criticality, visibility and breath differ. Women might be promoted to senior levels, but they will not be getting the key assignments, negotiation roles, or management of multiple functions. On the other hand, women were found to be engaging in influencing without authority more than men. The authors suggest that this could be due to stereotypical assumption that women are nurturing in nature, and therefore are better in handling difficult relationships (Ohlott et al. 1994).

2.3.2.3 Age and leadership development

While there is not much research on the effect of an individual’s age on willingness to undertake developmental assignments in general, there is enough on eagerness to engage in international assignments. Young well-educated and career-oriented employees often have partners, who also have careers and are unwilling to sacrifice their relationships. Such young couples are typically unwilling to accept longer term international assignments (Brett and Reilly 1988 in Van der Velde 2005).

Research on employee mobility reviewed by Campion et al. (1994) shows that early-career, young, low-tenure employees have both more opportunities and more willingness to accept mobility assignments than older, more experienced employees (Campion et al. 1994:1522). In general, rotation as a form of career development is more common in early career of potential leaders. Campion et al.’s (1994) explanation for this suggests that younger employees may perceive rotation as of high value for their career development, than do older employees. Also, younger employees may be
offered rotation assignments more frequently due to “bigger pay-off” of an investment that companies make.

### 2.3.2.4 Tenure and leadership development

There is not much research on willingness to undertake leadership development practices in regard to tenure. Nevertheless, as in regard to other influential factors above, there are studies on willingness to accept mobility and international assignments. Research on correlation between professional tenure and willingness to pursue international career move shows quite contradictory results. Based on a human capital perspective, employees who had worked for shorter periods were more willing to pursue career movement opportunities than their colleagues who had been working for longer period of time (Slocum and Cron 1985 in Van der Velde et al. 2005). One explanation for this could be that employees who have committed considerable time and effort to acquiring specialized skills may be less willing to move laterally because of human capital concerns: individuals will seek to maximize return on their investment in specific skills and training. In effect, professionals who have invested many years in mastering specialized skills will be more willing to stay in positions where those skills are appreciated (Noe et al. 1988). Noe et al.’s study (1988) shows that younger employees in the early stages of their careers were more willing to accept lateral transfers, both involving geographical relocation and not. On the other hand, other studies from the 1980’s posit that willingness to accept international assignment is higher in longer tenure professionals (Meyer and Allen 1984). Gould and Penley (1985) found that time-based variables, such as age and job tenure, explained 18% of the variance in willingness to relocate.

### 2.3.2.5 International experience and leadership development

McCall and Hollenbeck (2002) stress the importance of business experience in a culture significantly different from one’s own due to a scale of different lessons that can be learned. The first time trying to run a business abroad is priceless, the second time, in a substantially different culture, it can be transformational.

Most of the research on international experience and leadership development focuses on the effect of expatriate adjustment on performance. If an international assignee adjusts well to the new context, his performance is more likely to be better and therefore his experiences more positive. In regard to correlation of previous international experience with willingness to assume international assignment in the
future, the research shows diverse outcomes. While some researchers (Brett, Stroh and Reilly 1993; Kirschenbaum 1991 in Van der Velde et al. 2005) found no correlation between the two, others found a positive correlation, suggesting that managers with previous international experience are more willing to accept new ones (Forbes 1987). Such findings can be explained from a human capital perspective: previous international experience indicates that an employee has invested in an international career, to which he or she is willing to commit (Van der Velde et al. 2005). Also, it could be implied that due to personal differences certain people are more inclined to seek and undertake international assignments in the first place.

Furthermore, Jan Selmer’s (2002) study on expatriates’ adjustment and interplay between current and prior international experience found that prior experience in Asia was significant, but other international experience outside Asia was not. In general, the more extensive past international experience, either by length or by number of episodes, the higher general and work adjustment was reported, as a result of exposure to more opportunities to learn variety of skills, such as intercultural communication and cognitive skills (Selmer 2002).

Forster (2000) however, proposes quite a contrary view on international assignments and the existence of international managers. He claims that ‘international manager’ is largely a myth because most managers go one a one-off international assignment, and do not become ‘globe-trotting nomads’, moving from region to region at regular intervals, because they are psychologically not capable to do so. His study on UK expatriates suggests that only 13 per cent of expatriates reported that they would surely accept international assignments in the future, regardless of their nature or duration. However, Riusala and Suutari’s (2000) study in the Nordic context shows counter-evidence. Ninety-one per cent of their respondents reported readiness to consider new international assignments in the future and 59 % would consider a longer period expatriate assignment after repatriation. In a Japanese context, even higher percentage, 95.6% of respondents would be ready to consider going on another international assignment (Japan Institute of Labour 2002).

2.4 Conceptual model of factors influencing willingness to engage in leadership development practices

Consistent with the literature on leadership development and talents’ willingness to engage in it, this thesis proposes a conceptual model, illustrated in a figure below. The empirical study investigates whether there are significant differences across the talent’s
willingness to engage in different types of leadership development activities. The hypotheses are formed to test whether talents' perception of psychological contract fulfillment and awareness of their talent status are significant in predicting their willingness to engage in leadership development in general, in challenging assignments, in development through learning from others and their willingness to engage in formal training. In addition, univariate analyses will be carried out while controlling for company, gender, age, tenure in company and international working or studying experience.

Figure 3 The conceptual model
3 METHODOLOGY

After having reviewed the literature and presented the conceptual framework in the previous chapter, this chapter concentrates on describing how the empirical study was conducted. The methodology chapter presents concepts employed in this thesis and the data collection method. The purpose of methodology chapter is to outline data collection and analysis process and to justify choices made regarding methodology to make it easier for the reader to scrutinize this thesis and assess its validity. Therefore, limitations of the research method are also addressed. This chapter illustrates research techniques applied in collection and analysis of empirical data, as well as explains the reasons for choosing these techniques.

As stated in the first part, the aim of this thesis is to explore key talents’ willingness to undertake leadership development activities and identify significant influencing factors. Therefore, the empirical data focuses on key talents’ perspective on leadership development activities.

3.1 Background of the study and my role in the research process

This quantitative study is a part of Leadership2020 project, carried out by Hanken&SSE Executive Education consortium. The project consists of three phases, qualitative interviews with over 40 HR directors of top 100 Finnish companies, quantitative survey of potential future leaders’ perspective on leadership, and interviews with the CEOs. The survey was designed by Professor Ingmar Björkman, head of Management and Organization department in Hanken School of Economics (Currenently Dean of Dean of the Aalto University School of Economics) and myself, with significant input from the Hanken&SSE Executive Education staff. The survey was designed to explore talents’ perceptions about leadership development and to produce a report. The questionnaire was conducted in English and took between 15 and 20 minutes to complete. A small part of the survey, demographic information and experience, and questions on willingness to undertake leadership development practices were used for generating empirical data for this thesis. Therefore, only a part of the survey, which was used for this thesis, is attached as an Appendix 1.

Once the survey was finalized, Hanken&SSE Executive Education staff entered it into Webropol online survey and analysis software and sent out the link to the survey to the HR managers of participating companies for further distribution to their identified
talents. After a few reminders, when the final talents sent their responses, I received an Excel sheet with the final data set and entered it into SPSS data analysis software. From there, with significant help and guidance of my thesis supervisor Professor Ingmar Björkman, data preparation and analysis was initiated. First, with instructions from the supervisor, I recoded the variables and constructed them into new ones where required. I also received significant support with the data analysis and interpretation.

Before explaining in detail the data collection and analysis methods, research approach, strategy and variables are presented in the sections below.

### 3.2 Research approach

The first part of the research question is descriptive, while the second part is explanatory. Such studies, where description is a precursor to explanation, are called descripto-explanatory studies. As Saunders (2009:140) points out, sometimes descriptive research projects face a problem illustrated by a question: “That’s very interesting… but so what?”. Therefore, the explanatory part of the research question aims to answer the “so what” question by establishing causal relationships between variables. Explanatory research is based on studying the situation in order to explain the relationships between variables.

This thesis utilizes a deductive research approach in pursuit to develop and test a conceptual framework, based on previous research. The questionnaire is used to analyze and explore the proposed conceptual framework for talents’ willingness to engage in leadership development.

This thesis employs a deductive research method, meaning that the researcher, building on what is already known and theorized about a particular subject, deduces hypotheses that are subjected to empirical scrutiny (Bryman and Bell 2007:11). According to Robson (2002 in Saunders et al. 2009:125), there are five stages of the progress of the deductive research:

- Deduction of a testable hypothesis about the relationship between variables, based on the theory;
  - Expression of the hypothesis in terms of exact concepts or variables and the relationship between them;
  - Testing of the hypothesis;
• Examination of the outcome and either confirmation of the theory, or modification of it;
• Modification of the theory if necessary.

Deductive research approach is characterized by the search for an explanation of causal relationships between variables. Furthermore, various controls are employed to allow testing of hypotheses. These controls are used to ensure that the change in a variable in question is a function of other variables characterizing the subject. Deductive approach is also characterized by a highly structured methodology, allowing replication and thus increasing the reliability. Furthermore, the concepts have to be operationalized. In other words, the concepts have to be reduced to simple elements and defined carefully. For example, based on the work of Eddy, Hall and Robinson (2006:7) in this thesis, “short term assignment” is defined as an assignment taking two months or less. Finally, deductive approach is characterized by generalization, which is achieved by selecting samples of a large numerical size (Saunders 2009:125).

The most suitable research method for the purposes of this thesis is a quantitative study, which is characterized by exposure to a large sample and fairly high generalizability. Saunders et al. (2009:144) write that survey strategy is usually associated with the deductive approach and is usually used for exploratory and descriptive research. In a quantitative survey, generalizability is higher because the respondents are asked to answer the same set questions. The benefits of using questionnaire are not only the capacity to collect a large amount of data and reach out to a large sample of population (Hair et al. 1998), but also because the data can be standardized to facilitate comparison (Saunders et al. 2009:144). According to Esterby-Smith et al. (2002:133), the strength of closed questions is the short time taken to complete them and the ease of analysis. The results obtained through surveys are comparatively easy to explain, understand and illustrate visually (Saunders et al. 2009:144). On the other hand, such quickly and easily collected data may be superficial.

3.3 Research strategy
According to Creswell (2009:108), research questions and hypotheses outline the specific purpose of the study. While research questions serve more as interrogative statements or queries that are sought to be answered, hypotheses serve as predictions made by the investigator about the relationship among variables. Hypotheses are tested using statistical analyses where a researcher draws conclusions about the population
based on data collected from a representative sample. The alternative hypothesis (as opposed to null hypothesis) can be directional and nondirectional (Creswell 2009:110). Due to a lack of previous research on investigated area, in this thesis the hypotheses were nondirectional, meaning that a prediction was made, but the exact form of differences was not indicated (e.g. higher, lower, more, or less). Creswell (2009:109) advises researchers not to use both research questions and hypotheses to avoid redundancy. However, he also points out that in some cases, where hypotheses build on the research questions, using both is acceptable. In some research, classic hypotheses aren’t easily formulated because the variables and issues to be studied are contextual and difficult to translate into simple constructs. Therefore, in some cases deductive approach shifts towards more inductive approach (Bryman and Bell 2007:13).

3.4 Measures and variables

The empirical part of this thesis is based on data collected from potential future top leaders through an online questionnaire. The questionnaire design is based on literature review on leadership, managerial and executive development as well as social exchange theory. Due to some participating companies’ policies regarding talent identification, the questionnaire is designed so that participants are not aware of why they have been chosen to participate in the study. The wording used in the questionnaire generally refers to a leadership development study. After completing the content of the questionnaire, it was pilot-tested. Taking into consideration the feedback received after three respondents filled the pilot questionnaires, some changes were made in wording of the questions. The following sections cover the explanation of variables and operationalizations of the constructs.

3.4.1 Control variables

The first part of the questionnaire (Section A in Appendix 1) includes questions about demographics and experience of the respondents. The demographic characteristics such as age and gender are selected to control for their potential influence on talent’s willingness to develop. Other control variables are respondents’ corporation (employer), tenure in corporation, and previous experience studying or working abroad.

Experience of studying or working abroad are operationalized as dummy variables, meaning that they take the values 0 or 1 to respectively indicate the category “no” or “yes”.

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Gender is operationalised as a nominal variable, where male gender is coded as “1” and female- as “2”. Company is operationalized as a scale variable, where each company is assigned a number from 1 to 15. Age and tenure in the company are also scale variables and measured in intervals of number of months or years (the intervals are outlined in the questionnaire attached in Appendix 1).

### 3.4.2 Independent variables

The third part of the questionnaire (Section C) includes questions on talents’ perceptions about their employers’ (companies’) psychological contract fulfillment. To conceptualize a measurement for employer fulfillment, items developed by Rousseau and Tijoriwala (Rousseau 2000:5) were applied:

- All the promises made by my employer during recruitment have been kept so far;
- I feel that my employer has fulfilled the promises communicated to me;
- So far my employer has done an excellent job of fulfilling its promises to me.

Cronbach’s alpha value for grouping these three items together is quite high at 0.95.

In order to measure the second independent variable, talent status awareness, the respondents were asked to indicate if they are, aren’t or don’t know if they are “formally identified by their corporation as belonging to a talent pool/group of high potentials or similar”. Based on the responses, three groups were formed and each of the three answers was given a number. Those who responded that they know that they are identified as talent are category 1, those who do not know whether they are identified as talent are group 2 and group 3 are those who know that they are not identified as talent. To carry out analyses, a new dummy variable was constructed where 1 represents “Yes” and 0 represents “No or Don’t know”.

### 3.4.3 Dependent variable

The third part of the questionnaire measures talents’ willingness to engage in leadership development practices. The question is phrased as follows: “How willing are you to undertake the following leadership development activities during the next ten years?”. The respondents were asked to rate their willingness to engage in 16 different activities, which were mainly derived from the research by the Centre for Creative Leadership. The 16 activities were grouped into three clusters based on the 70/20/10 framework described in chapter two and outlined below. In order to operationalize this construct, four new variables were constructed. The first one, “willing all”, includes all
16 activities and has Cronbach’s alpha value of 0.92. The operationalization of the following three constructs is adapted from previous research by CCL and the items are outlined below.

The cluster of challenging activities includes (Cronbach’s alpha 0.88):

- Moving to new positions (for at least one year) in other countries;
- Moving to new positions (for at least one year) in other division/business unit;
- Moving to new positions (for at least one year) in other functions (e.g. service, sales, HR, finance);
- Doing shorter term job assignments in other countries (for 2-12 months);
- Doing shorter term (for 2-12 months) job assignments in another functions (e.g. service, HR, finance);
- Doing shorter term job assignments in other division/business unit (for 2-12 months) Working on cross-boundary (borders, functions, business units/division) project assignments alongside regular job;
- Implementing reorganizations;
- Starting new business units.

The cluster of learning from others includes (Cronbach’s alpha 0.88):

- Receiving coaching;
- Receiving mentoring by senior executives;
- Receiving feedback from your superior;
- Receiving 360° degree feedback.

Finally, the cluster of formal training includes (Cronbach’s alpha 0.88):

- Participating in formal training programs with participants from other parts of the own corporation;
- Participating in formal training programs with participants from other companies;
- Participating in action learning projects (carrying out business projects with others).

In addition, I performed factor analysis to increase the validity of the constructs. The findings of factor analysis are described in 3.7 Data analysis section.

3.5 The data collection

The data collection period took place between the months of March and June in 2011. As mentioned in the “3.1 Background of the study” section, Hanken&SSE Executive Education staff carried out a significant share of data collection. The HR managers were contacted directly per e-mail messages, which briefly described the project and the following steps to be taken in case the company was interested to join. The HR managers were asked to identify from 20 to 100 talents. The HR managers of participating companies were kindly asked to forward the request to fill in the web-based questionnaire (by clicking on an URL-link) to the identified key talents. After between 1-2 weeks the HR managers were asked to forward an e-mail reminder. In
order for a company to participate in the survey, a minimum of 10 responses was required. Therefore, in some companies where the response rate remained low after one reminder, the HR managers were contacted with a request for a second reminder. As a result, a relatively high response rate of 60 percent was generated. The final number of respondents and a sample for this thesis consists of 546 respondents from 15 multinational companies, mainly headquartered in Finland. The companies varied in size from 1000 employees to over 17000 employees and their talent pools varied from 8 to 111 respondents. The participating companies represent a variety of industries, including finance and service sectors, manufacturing, and telecommunications. The participating companies are outlined in the Appendix 3.

3.6 The respondents
The target group is defined as key talents that the companies believe might be potential top managers/management team members in the year 2020. The potential top leaders ranged in age from under 31 years old to over 50 years old (median 36-40 years), were 30% females, were well educated (55% with Master’s degree) and averaged 1-2 years in their current role and 6-10 years in their current corporation. Although the majority of the respondents were Finnish (69%), there were a number of Swedes (8%), Poles (1%), and Germans (1%). Thirty-four per cent of the respondents have studied and 37% have worked abroad for a period of at least 2 months. The majority of respondents’ current role was general management (21%), followed by manufacturing, production, operations (13%), and sales and marketing (13%). The characteristics of the respondents are illustrated in a table attached as Appendix 2.

3.7 Data analysis
The purpose of this thesis is to investigate the influence of two independent variables, psychological contract fulfillment and awareness of being identified as talent on their willingness to engage in leadership development. Willingness to engage in leadership development is measured using sixteen items, which were measured on a seven-point Likert scale, where 1 represents “not at all” and 7 represents "to a great extent". Respondents were asked how willing they were to undertake each of the sixteen leadership development practices during the coming 10 years. After collecting and preparing all the data, various analyses were performed to check reliability of the constructs and generate results. Apart from reliability analyses, linear
regression, Pearson correlation and univariate data analyses are used. Although correlation and regression are closely related, they are used for different purposes. While regression makes predictions between variables, correlation is concerned with the degree of relationship between the variables (Bryman and Cramer 2005:237). Univariate analysis is used to test the conceptual model proposed in chapter two.

3.7.1 Reliability analysis

To start with, factor analysis was performed to check the reliability of the constructs of the variables.

First, reliability analysis was performed on the three clusters of 16 items measuring willingness to engage in various developmental activities, based on CCL’s 70/20/10 framework. Factor analysis is typically used to reduce data by a complex association technique. In this case factor analysis is used to reduce the number of variables to a more manageable set of variables. Once the factors are extracted, their reliability, measured by Cronbach’s alpha, is measured. It is important to note that in SPSS, principal components analysis (PCA) is performed with the factor analysis program, which at the same time extracts principal components (Morgan and Griego 1998).

The analysis revealed three principal components, indicated in a table below:
From the rotated component matrix and the values indicating factor weightings it is clear that there is no correlation between the challenging assignments and the other two types - relationships with others and training. However, interestingly within the cluster of challenging activities there is a third component including three types of shorter-term challenging assignments.

Although factor analysis produces different results as expected, the rest of the analyses are carried out by dividing the 16 developmental practices, based on the literature and the 70/20/10 framework, into three clusters discussed in the literature review chapter.

In order to test the internal consistency reliability of these clusters, I computed Cronbach’s coefficient alpha. This coefficient indicates a consistency of a multiple item scale and is based on a mean correlation between the items (Morgan and Griego 1998).
Each of these three clusters’ reliability was analyzed and produced high reliability statistics:

- Challenges (9 items): Cronbach’s alpha 0.88;
- Learning from others (4 items): Cronbach’s alpha 0.88;
- Formal training (3 items): Cronbach’s alpha 0.88.

After checking the reliability of the dependent variable, I checked the reliability of the construct measuring talents’ perceptions about their employers’ (companies’) psychological contract fulfillment. To conceptualize this independent variable, items developed by Rousseau and Tijoriwala (Rousseau 2000:5) were applied:

- All the promises made by my employer during recruitment have been kept so far;
- I feel that my employer has fulfilled the promises communicated to me;
- So far my employer has done an excellent job of fulfilling its promises to me.

Since the items have been used in research before, their validity was expected to be relatively high. As predicted, Cronbach’s alpha value for grouping these three items together is quite high at 0.95.

### 3.7.2 Pearson correlation

After conducting reliability analyses, I ran bivariate Pearson correlation analysis to explore the strength and direction of intercorrelations between all variables used in the study. Pearson correlation coefficients provide initial support for the hypotheses, which are later tested using regression analysis.

### 3.7.3 ANOVA analysis

To test the conceptual model proposed in chapter two, ANOVA analysis was performed four times to test the effects of independent variables, while controlling for company, age, gender, tenure and experience working or studying abroad, on willingness to undertake three types of leadership development practices, and all practices in general.

### 3.7.4 Linear regression

Linear regression analysis is used to test the eight hypotheses and thus to explore the predictive ability of psychological contract fulfillment and talent status awareness on the dependent variables- willingness to undertake developmental practices in general, challenging assignments, development through relationships with others, or formal training.
Before presenting the results of the analyses in chapter 4, I address the limitations of the method used and discuss the reliability of the findings.

3.8 Limitations of the method used

The empirical part of this thesis suffers from some limitations regarding research methods employed. To start with, although the sample size used for the study was large and diverse, I had no control over ensuring that the respondents were really the top performers. The sample was obtained based on HR managers’ or top management’s evaluations of the individuals’ potential to become future leaders.

This thesis relies heavily on self-report data to assess talents’ perceptions of leadership development practices. Unfortunately, in conducting self-administered questionnaires, it is possible that the respondents did not answer truthfully. Also, it is possible that they didn’t understand the questions or misinterpreted them, that way polluting the responses. There is, however, considerable evidence that perceptual measures do reflect reality (Spector, 1992).

Although the part of the questionnaire used for this thesis is rather concise, the actual questionnaire the respondents had to fill in was rather extensive and covered many areas regarding attitudes toward the employer and developmental practices. Thus, the questionnaire required the respondents to concentrate for approximately 20 minutes.

Easterby-Smith et al. (2002:133) advise that the number of items under each question should be constricted to a maximum of six. However, in this case it was necessary to include more than six types of leadership development activities. Therefore, such complex and long list of items may have caused the respondents to lose interest after ranking 6-10 items, giving the rest of items very little thought.

Mono-method bias, arising when using a single data collection technique and therefore applying a single corresponding analysis procedure, may have negative implications on the reliability of this thesis (Saunders et al. 2003).

3.9 Validity and reliability of research findings

As with any kind of research, quantitative research design produces results that reduce the possibility of getting the answer, or causality relationship, wrong. In order to reduce the possibility of getting the answers to the research questions wrong, reliability and
validity of the research design have to be assessed. While reliability concerns the consistency of the findings by using different data collection techniques or procedures, validity is concerned with making sure that findings are measuring what is intended to be measured. The main threats to reliability are participant error or bias, and observer error and bias. Participant error arises when the respondents are influenced by the circumstances of that specific time and place of response. Participant bias occurs when the respondents aren’t completely honest and answer what they think is expected of them. The observer error and bias concern the researcher’s ability to be consistent with asking the questions and interpreting the responses. However, in questionnaire design, the questions are presented the same way to everyone, eliminating possible observer error. Nevertheless, observer bias might remain, as the interpretation of the results is done by the researcher (Saunders et al. 2009:156-157).
4 ANALYSIS AND RESULTS

This chapter presents the results and analysis of empirical data obtained through a quantitative study described in the previous section. In order to answer the research questions presented in the first section and test the hypotheses presented in the second section, IBM analysis software PASW Statistics 18.0 (SPSS) was used. The analysis of the descriptive part of the research question, namely “How willing are talents to engage in different leadership development activities?” is conducted using descriptive statistics. The second part, namely “Which factors are associated with potential top leaders’ willingness to engage in different leadership development activities?” is conducted using univariate analysis ANOVA and regression analyses. However, before presenting descriptive and explanatory findings, I present the correlation matrix of all the variables used in the study.

4.1 Correlations

The table below presents the intercorrelations between all the variables. From the significance levels we can already see that some of the hypotheses will receive support. Willingness to develop in general seems to be the most strongly correlated with talent status awareness and international studies’ and work experience. However, it is negatively correlated with tenure in the company and talent’ age, meaning that the longer they have spent working in the company, and the older they are, the less willing they are to engage in development. Similarly, regarding talents’ willingness to undertake challenges, the strongest correlations are also with talent status awareness, international studies and work experience, as well as negative correlation with tenure and age. The strength of the correlations suggests that younger age, previous international experience and talent status awareness are the most able to predict talents’ willingness to accept challenging developmental assignments.

Interestingly, willingness to engage in developmental relationships and formal training is strongly positively correlated with psychological contract fulfillment and gender, suggesting that women are more willing to undertake these types of development than men.
Table 2 Pearson correlations

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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. PC fulfillment</td>
<td></td>
<td>.095* .058 .139** .091*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Talent status awareness</td>
<td></td>
<td>.140** .152** .087* .069 .085*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Company</td>
<td>-.049 -.077 .017 -.004 -.103** -.158**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Gender</td>
<td>.092* .039 .144** .134** -.054 .101* .101*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Tenure</td>
<td>-.133** -.132** -.082 -.108* .126** .045 -.023 -.023</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Age</td>
<td>-.087* -.065 -.107* -.072 .057 .032 -.044 -.044 .135**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Work abroad</td>
<td>.132** .169** .028 .053 -.043 -.079 -.076 -.096* -.152** .215**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Studies abroad</td>
<td>.200** .220** .118** .099* .064 -.035 .101* .077 -.107 -.136 .201**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

4.2 Descriptive statistics

In order to answer the first research question, aiming at describing the extent of talents' willingness to engage in leadership development, simple descriptive statistics were drawn. As demonstrated in the Appendix 1 (the questionnaire), the respondents were asked to answer “How willing are you to undertake the following leadership development activities during the next ten years?”. The results show that on a scale from 1 to 7, the mean extent of willingness to engage in all 16 activities is 5.51 (standard deviation 1.02). As illustrated in Table 3 below, the statistics for willingness to engage in 9 challenging activities is 5.14 (standard deviation 1.21), for learning from others – 6.01 (standard deviation 1.08) and for training 5.92 (standard deviation 1.19).
Table 3 Talents' willingness to engage in leadership development

<table>
<thead>
<tr>
<th>Talents' willingness to engage in leadership development practices</th>
<th>Mean</th>
<th>SD</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>N=546</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Willing to develop through all practices</td>
<td>5.51</td>
<td>1.02</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Willing to develop through relationships and learning from others</td>
<td>6.01</td>
<td>1.08</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Willing to develop through formal training</td>
<td>5.92</td>
<td>1.19</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Willing to develop through challenging assignments</td>
<td>5.14</td>
<td>1.21</td>
<td>0</td>
<td>7</td>
</tr>
</tbody>
</table>

The Table 4 below illustrates talents’ willingness to engage in each of the 16 activities, in the order from the highest mean to the lowest:

Table 4 Talents' willingness to engage in each of leadership development activities

<table>
<thead>
<tr>
<th>70% Challenge</th>
<th>20% Feedback &amp; Relationships</th>
<th>10%Training</th>
<th>Mean</th>
<th>SD</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>N=546</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receiving feedback from your superior</td>
<td>6.17</td>
<td>1.14</td>
<td>0</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receiving mentoring by senior executives</td>
<td>6.07</td>
<td>1.26</td>
<td>0</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participating in formal training programs with participants from other companies</td>
<td>6.04</td>
<td>1.22</td>
<td>0</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receiving 360° degree feedback</td>
<td>5.96</td>
<td>1.32</td>
<td>0</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participating in formal training programs with participants from other parts of the own corporation</td>
<td>5.90</td>
<td>1.25</td>
<td>0</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receiving coaching</td>
<td>5.86</td>
<td>1.28</td>
<td>0</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participating in action learning projects (carrying out business projects with others)</td>
<td>5.85</td>
<td>1.27</td>
<td>0</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moving to new positions (for at least one year) in other division/business unit</td>
<td>5.69</td>
<td>1.44</td>
<td>0</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working on cross-boundary (borders, functions, business units/division) project assignments alongside regular job</td>
<td>5.53</td>
<td>1.46</td>
<td>0</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implementing reorganizations</td>
<td>5.28</td>
<td>1.55</td>
<td>0</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moving to new positions (for at least one year) in other functions (e.g. service, sales, HR, finance)</td>
<td>5.19</td>
<td>1.68</td>
<td>0</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Starting new business units</td>
<td>5.18</td>
<td>1.70</td>
<td>0</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Doing shorter term (for 2-12 months) job assignments in another functions (e.g. service, HR, finance)</td>
<td>4.99</td>
<td>1.74</td>
<td>0</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Doing shorter term job assignments in other countries (for 2-12 months)</td>
<td>4.93</td>
<td>1.84</td>
<td>0</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moving to new positions (for at least one year) in other countries</td>
<td>4.77</td>
<td>1.99</td>
<td>0</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Doing shorter term job assignments in other division/business unit (for 2-12 months)</td>
<td>4.74</td>
<td>1.78</td>
<td>0</td>
<td>7</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As seen from the mean values in the table 4 above, the most ‘popular’ developmental activity among the talents is receiving feedback from supervisor, mentoring by senior executives as well as formal training. Talents seem to be the least willing to undertake shorter-term cross-unit rotation and longer-term international assignments. It appears
that talents are the most willing to develop their leadership potential through a nurturing relationship, rather than by fighting for survival in an unfamiliar environment and going through hardships.

4.3 Explanatory statistics

To test the conceptual model presented in Figure 3 at the end of chapter 2, ANOVA analysis is used. The analysis is carried out using four dependent variables to test the effects of independent and control variables on each type of developmental activity and on all activities in general.

To assess the effects of independent variables on talents’ willingness to develop in general and through 3 types of developmental activities, I use standard linear regression analysis.

4.3.1 ANOVA analysis

Univariate analysis of variance is used to perform an analysis on one dependent variable at a time. Below I present the results illustrated in four tables, with each of four dependent variables.

Table 5 below illustrates significance of the first part of the conceptual model. From the adjusted R squared value we can see that the variance in willingness to engage in all developmental activities as explained by the model is 18%. Of the control variables, regarding willingness to develop in general, all variables are significant apart from corporation and age. Studies abroad, in addition to strong statistical significance level, have a positive beta value (.297), which indicates a positive relationship with willingness. Longer tenure, on the other hand, has a negative beta coefficient of -.084, indicating a negative relationship with talents’ willingness to develop in general.
Table 5 ANOVA analysis on dependent variable 1

<table>
<thead>
<tr>
<th>Tests of Between-Subjects Effects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source</td>
</tr>
<tr>
<td>Corrected Model</td>
</tr>
<tr>
<td>Intercept</td>
</tr>
<tr>
<td>Corporation</td>
</tr>
<tr>
<td>Gender</td>
</tr>
<tr>
<td>Age</td>
</tr>
<tr>
<td>Tenure in company</td>
</tr>
<tr>
<td>Studies abroad</td>
</tr>
<tr>
<td>Work abroad</td>
</tr>
<tr>
<td>PC fulfillment</td>
</tr>
<tr>
<td>Talent status awareness</td>
</tr>
<tr>
<td>PC fulfillment * Talent status</td>
</tr>
<tr>
<td>a. R Squared = .175 (Adjusted R Squared = .106)</td>
</tr>
</tbody>
</table>

The adjusted R squared value of .113 indicates that the variance in willingness to engage in challenging developmental activities as explained by the model is 11%. Of the control variables, corporation, gender and age appear to be statistically insignificant. Studies and work experience abroad appear to be the most significant controls, with positive beta values of, respectively, .402 and .296. Tenure in corporation is again negatively related to talents willingness to assume challenging assignments, with a beta value of -.098.
Table 6 ANOVA analysis on dependent variable 2

<table>
<thead>
<tr>
<th>Source</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corrected Model</td>
<td>2.655</td>
<td>.000</td>
</tr>
<tr>
<td>Intercept</td>
<td>338.990</td>
<td>.000</td>
</tr>
<tr>
<td>Corporation</td>
<td>.771</td>
<td>.380</td>
</tr>
<tr>
<td>Gender</td>
<td>3.060</td>
<td>.081</td>
</tr>
<tr>
<td>Age</td>
<td>1.785</td>
<td>.182</td>
</tr>
<tr>
<td>Tenure in company</td>
<td>5.508</td>
<td>.019</td>
</tr>
<tr>
<td>Studies abroad</td>
<td>12.900</td>
<td>.000</td>
</tr>
<tr>
<td>Work abroad</td>
<td>6.728</td>
<td>.010</td>
</tr>
<tr>
<td>PC fulfillment</td>
<td>1.658</td>
<td>.043</td>
</tr>
<tr>
<td>Talent status awareness</td>
<td>8.108</td>
<td>.005</td>
</tr>
<tr>
<td>PC fulfillment * Talent status</td>
<td>1.178</td>
<td>.278</td>
</tr>
</tbody>
</table>

a. R Squared = .181
(Adjusted R Squared = .113)

Regarding willingness to engage in developmental relationships, from the adjusted R squared value of .14 we can conclude that the variance in willingness as explained by the model is 14%. Of the control variables, all variables are insignificant apart from gender and age. Gender is positively (beta value .365) related to willingness, indicating that women report higher willingness to engage in developmental relationships. Age is negatively related (-.087), suggesting that with years, talents are less willing to engage in this type of development. In contrast to other two types of developmental activities, studies and work experience abroad appear to be the least significant controls in this case.
Table 7 ANOVA analysis on dependent variable 3

<table>
<thead>
<tr>
<th>Tests of Between-Subjects Effects</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Source</td>
<td>F</td>
<td>Sig.</td>
</tr>
<tr>
<td>Corrected Model</td>
<td>1.951</td>
<td>.000</td>
</tr>
<tr>
<td>Intercept</td>
<td>487.689</td>
<td>.000</td>
</tr>
<tr>
<td>Corporation</td>
<td>1.284</td>
<td>.258</td>
</tr>
<tr>
<td>Gender</td>
<td>12.861</td>
<td>.000</td>
</tr>
<tr>
<td>Age</td>
<td>5.263</td>
<td>.022</td>
</tr>
<tr>
<td>Tenure in company</td>
<td>3.290</td>
<td>.070</td>
</tr>
<tr>
<td>Studies abroad</td>
<td>3.544</td>
<td>.060</td>
</tr>
<tr>
<td>Work abroad</td>
<td>.250</td>
<td>.617</td>
</tr>
<tr>
<td>PC fulfillment</td>
<td>2.284</td>
<td>.002</td>
</tr>
<tr>
<td>Talent status awareness</td>
<td>3.923</td>
<td>.048</td>
</tr>
<tr>
<td>PC fulfillment * Talent status</td>
<td>.482</td>
<td>.961</td>
</tr>
<tr>
<td>a. R Squared = .140</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Adjusted R Squared = .068)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Regarding willingness to engage in formal training, the variance in willingness as explained by the model is 7.5%. Interestingly, of the control variables, the only significant variable is gender. Again, the beta value of .357 indicates that women report higher willingness to engage in formal training than men.
### Table 8 ANOVA analysis on dependent variable 4

<table>
<thead>
<tr>
<th>Tests of Between-Subjects Effects</th>
<th>Source</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Corrected Model</td>
<td>2.060</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Intercept</td>
<td>442.985</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Corporation</td>
<td>.526</td>
<td>.469</td>
</tr>
<tr>
<td></td>
<td>Gender</td>
<td>11.618</td>
<td>.001</td>
</tr>
<tr>
<td></td>
<td>Age</td>
<td>2.953</td>
<td>.086</td>
</tr>
<tr>
<td></td>
<td>Tenure in company</td>
<td>2.349</td>
<td>.126</td>
</tr>
<tr>
<td></td>
<td>Studies abroad</td>
<td>1.400</td>
<td>.237</td>
</tr>
<tr>
<td></td>
<td>Work abroad</td>
<td>1.012</td>
<td>.315</td>
</tr>
<tr>
<td></td>
<td>PC fulfillment</td>
<td>2.313</td>
<td>.002</td>
</tr>
<tr>
<td></td>
<td>Talent status awareness</td>
<td>1.494</td>
<td>.222</td>
</tr>
<tr>
<td></td>
<td>PC fulfillment * Talent status</td>
<td>.883</td>
<td>.595</td>
</tr>
</tbody>
</table>

a. R Squared = .147
(Adjusted R Squared = .075)

### 4.3.2 Linear regression analysis

The main purpose of regression analysis is to describe a linear relation between variables and to measure its strength. To test the hypotheses, I carried out regression analyses. The outcomes of the hypotheses are presented below. The table illustrating the statistical significance levels with standardized beta coefficients is presented in the next section.

My first set of hypotheses argue for differences between the talents who perceive their employers have fulfilled psychological contract or not, on their willingness to engage in leadership development practices.

Hypothesis 1a, which anticipates that individuals who perceive their employers have fulfilled psychological contract will be more likely to be willing to undertake leadership development practices in general, is supported (p < 0.05).

Conversely, hypothesis 1b, anticipating similar relationship in terms of challenging assignments, is **not** supported (p > 0.05).

Hypothesis 1c, where positive relationship is expected regarding learning from others, is supported (p < 0.01).
Hypothesis 1d, which anticipates that individuals who perceive their employers have fulfilled psychological contract will be more likely to be willing to engage in formal training, is also supported \((p < 0.05)\).

The second set of hypotheses, anticipating positive relationship between talent status awareness and willingness to engage in leadership development, are supported, except for willingness to engage in formal training, with the significance levels indicated below.

Hypothesis 2a, regarding willingness to engage in all developmental practices, is supported \((p < 0.01)\).

Hypothesis 2b, predicting positive relationship between talent status awareness and willingness to develop through challenging assignments, is strongly supported \((p < 0.001)\).

Hypothesis 2c, suggesting that talents who are aware of their status will be more willing to engage in learning from others through relationships and feedback, is also supported \((p < 0.05)\).

Conversely, hypothesis 2d, which posits that talent status awareness increases the willingness to engage in formal training, is not supported \((p > 0.05)\).

These results are discussed in more detail in the discussion chapter.
### 4.4 Summary of explanatory findings

The table below illustrates the hypotheses and the statistical significance levels with standardized beta coefficients, derived using regression analyses.

Table 9 Summary of the hypotheses and results

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Result</th>
<th>$\beta$</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a  Talents who perceive their employers have fulfilled psychological</td>
<td>Confirmed</td>
<td>.095</td>
<td>.027</td>
</tr>
<tr>
<td>contract will be more willing to engage in leadership development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>practices.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1b  Talents who perceive their employers have fulfilled psychological</td>
<td>Unconfirmed</td>
<td>.058</td>
<td>.177</td>
</tr>
<tr>
<td>contract will be more willing to engage in challenging leadership</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>development practices.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1c  Talents who perceive their employers have fulfilled psychological</td>
<td>Confirmed</td>
<td>.139</td>
<td>.001</td>
</tr>
<tr>
<td>contract will be more willing to engage in relationship-based leadership</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>development practices.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1d  Talents who perceive their employers have fulfilled psychological</td>
<td>Confirmed</td>
<td>.091</td>
<td>.034</td>
</tr>
<tr>
<td>contract will be more willing to engage in formal leadership development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>training.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2a  Individuals who know that they are identified as talent will be more</td>
<td>Confirmed</td>
<td>.140</td>
<td>.001</td>
</tr>
<tr>
<td>willing to engage in leadership development practices than will those</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>who know that they are not identified as talent or do not know they are</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>talent.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2b  Individuals who know that they are identified as talent will be more</td>
<td>Confirmed</td>
<td>.152</td>
<td>.000</td>
</tr>
<tr>
<td>willing to engage in challenging leadership development practices than</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>will those who know that they are not identified as talent or do not</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>know they are talent.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2c  Individuals who know that they are identified as talent will be more</td>
<td>Confirmed</td>
<td>.087</td>
<td>.041</td>
</tr>
<tr>
<td>willing to engage in relationship-based leadership development practices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>than will those who know that they are not identified as talent or do not</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>know they are talent.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2d  Individuals who know that they are identified as talent will be more</td>
<td>Unconfirmed</td>
<td>0.069</td>
<td>.107</td>
</tr>
<tr>
<td>willing to engage in formal leadership development training than will</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>those who know that they are not identified as talent or do not know they</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>are talent.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The objectives of this thesis are to investigate the extent of key talents’ willingness to undertake a range of leadership development practices and the influence that demographic and experiential factors may have on their perceptions.

Based on the literature and research on leadership, managerial and executive development, three categories of developmental activities were identified: challenges, relationships and formal training. Consequently, based on the literature on actual leadership development practices used in a business environment, sixteen activities were used in the survey to investigate talents’ willingness to engage in them.

To reach the aim of the study, the relationship and the significance of the relationships between various demographic and experiential factors and talents’ reported willingness have been examined with statistical analyses on a sample consisting of 546 top performers of 15 mainly Finnish companies.

The first research question aims at describing the extent of talents’ willingness to engage in 16 different types of developmental activities. The second research question is designed to explain why some groups might have different levels of willingness to engage in three types of leadership development activities.

To start with, the first research question is discussed, followed by the discussion of the findings of the second research question and the hypotheses.

5.1 Descriptive findings

Regarding the first research question, in general, talents are willing to engage in leadership development. On a scale of 1 to 7, talents mean willingness to engage in all activities is 5.51. Although it is rather difficult to appraise this value, it indicates that talents are more willing to assume leadership development activities rather than unwilling. As expected, there are differences between talents’ willingness to engage in three clusters of developmental activities (challenges, relationships and formal training), as well as to engage in each of the 16 practices used in the business environment.

The findings show that top talents of surveyed companies are the most willing to be ‘fed’ leadership development, rather than earn it through challenging themselves. The
challenging assignments, which are often accompanied by a lower than 100% success rate, are not rated as high as the other types of developmental practices.

The subsequent two sections address the findings in more detail, starting with learning from others and training, followed by the discussion of willingness to engage in challenging assignments.

5.1.1 Relationship-based leadership development and formal training

As shown in Table 4, talents seem to be the most willing to develop their leadership potential through receiving feedback from their superior, mentoring, coaching, 360-degree feedback as well as training with their colleagues or participants from other companies.

Perhaps developing oneself through relationships with superiors, feedback and formal training is perceived as the easiest method, requiring the least amount of effort, sacrifices, and guaranteeing a higher success rate. This finding is somewhat contrary to McCall and Hollenbeck’s (2002) research, which suggests that managers who have undergone highly developmental assignments report higher level of on the job learning. However, talents possibly understand the effectiveness and impact of highly challenging assignments, but are still more open to the less challenging ones. Douglas and McCauley write that feedback and relationships with superiors motivate individuals to learn and grow, expose them to learning opportunities, and provide needed support (1997:203). It is likely that such support is highly needed and highly helpful while an assignee is working on a challenging assignment.

Strong willingness to receive coaching could be explained by Kets de Vries et al. (2007:xli), who propose that coaching is seen as a perk, implying that the receiver is among the elite of the talents and possibly on the fast track to the board room. Also, according to CIPD (2008) study in the UK, a strong majority (72%) of coaching receivers rate it as an effective tool for development. Mentoring is also proven to benefit talents’ career advancement and professional success (Yukl 2006).

Given the positive results coaching and mentoring have on one’s development as a leader and the fact that these relationships reduce, rather than induce, stress (Kram and Hall 1989 in Yukl 2006:404), it is obvious why talents would be strongly willing to participate in this kind of activities.

Since 360-degree feedback is often used to ‘diagnose’ developmental needs (Thach 2002:206), it is easy to understand why talents would be willing to be evaluated using
this tool. It serves not only as a tool to identify needs for developing one’s leadership potential, but also poses as a tool for identifying ways in which one could improve professionally in general and possibly apply those improvements to enhance one’s employability.

As visualized in Table 4, talents report relatively high willingness to participate in formal training activities ($\bar{x} = 5.92$). One explanation for this finding could be that formal training often takes place in retreats, serving as kind of a vacation from one’s everyday work. Therefore, it is easy to understand why talents don’t mind participating in formal training. However, the question remains whether talents prefer formal training for developing their leadership skills, or for skill development in general.

Furthermore, formal training might be attractive to talents because it is more structured and straightforward type of development. Participants of formal training can easily take in the knowledge provided and assess their progress. In contrast, learning from challenging assignments is, although more rewarding, significantly more complicated, time consuming and ambiguous.

Interestingly, although not to a great extent, talents seem to be more willing to engage in formal training with participants from other companies ($\bar{x} = 6.04$) than from their own ($\bar{x} = 5.90$). This finding suggests that formal training is beneficial in expanding one’s social network, learning from and with people from different industries (Lombardo and Eichinger 1989). In other words, this finding supports the idea that ‘to be the best, you have to put yourself among the best’. Lombardo and Eichinger (1989) also claim that formal training can serve as a medium for managers to compare themselves against others and build confidence.

Having discussed the first part of the descriptive findings, the following section covers the third cluster of developmental activities.

5.1.2 Challenging assignments

As presented in Table 3, talents report relatively lower willingness to engage in challenging assignments ($\bar{x} = 5.14$), in comparison to the other two types of leadership development (learning from others $\bar{x} = 6.01$ and training $\bar{x} = 5.92$). This finding is contradictory to the CCL’s 70/20/10 framework, which suggests that the largest part of development should come from challenges. Although challenging assignments are believed to teach more lessons in a shorter time (Van Velsor et al. 2010), they also create extensive personal pressure, originating from tight deadlines, high stakes and sacrifices (Lombardo and Eichinger 1989: 3-5). Since challenging assignments are
designed to put talents outside of their comfort zone and their expertise, they impose
the most challenge to the assignees (ibid). In other words, challenging assignments,
such as job rotation, are fundamentally meant to move people to “new challenges
outside of their expertise so they will learn how to lead and gradually develop the
authority of leadership as opposed to the authority of expertise” (Evans et al. 2011:313).

The findings regarding challenging assignment are contrary to the CCL’s 70/20/10
framework of learning and development, which suggests that optimally 70 percent of
development should happen on the job, 20 percent should come from relationships
with coaches, mentors, role models, and others. Just 10 percent should come from
classes, training, and coursework” (CCL 2009:13).

Out of the three longer term (over 1 year) rotation assignment practices, talents seem
to be the most willing to rotate across divisions or business units. Again, this appears to
be the least challenging type of rotation. Interestingly, regarding shorter term (2-12
months) rotation assignments, talents are the least willing to engage in cross-divisional
assignments. When the international assignment is shorter, it seems to be more
attractive. This finding supports Eddy, Hall and Robinson’s (2006:7) suggestion that
the most successful international assignments vary from six to eighteen months. They
propose that this time period is enough for assignees to develop an international
perspective, expand their network of colleagues and to reintegrate to their previous
units without difficulty upon return.

As Stahl et al. (2007) point out, job rotations can possibly diminish the productivity of
rotated employees, since they take time to adapt to new environment and re-integrate
into the old one. Also, the productivity diminishes in the unit losing a member as well
as in the unit gaining a member. Furthermore, Stahl et al. propose that there is a lack of
capacity among corporations to successfully utilize rotation assignments. These
inconveniences could be the reason for talents’ low willingness to assume rotation
assignments.

Regarding international assignments, it is important to acknowledge that talents’
williness to undertake them depends not only on the duration of the assignment but
also on a number of other factors. A study by Konopaske, Robie and Ivancevich (2009)
on managerial willingness to assume traveling, short-term and long-term global
assignments offers support for an argument that the factors influencing managers’
williness to assume global assignments are family (eldercare, children at home,
spouse), individual (adventurousness and destination), and organizational (career fit
and rewards).
Further expanding on Konopaske et al.’s explanations, the actual destination, rural or urban areas (Noe and Barber 1993) might influence the decision to relocate. Without a doubt, some destinations are perceived as more challenging than others (Brookfield Global Relocation Trends 2010:25; Takeuchi et al. 2005).

Regarding assignee’s family situation, marital situation, children, dependents and elderly care might be important factors discouraging talents from relocating internationally on an assignment (Hanks and Sussman 1993). Talents who are parents, perhaps depending on their children’s age, may have different attitudes toward international assignments. Furthermore, commonly there are dual-career couples, where a partner is not willing to give up his or her career in order to support their partners’ career development assignment.

In addition, the decision to assume an international assignment might depend on the kind of compensation package offered. Due to organizations’ pursuit to reduce costs, many expatriates do not receive any special compensation packages.

As suggested by McCall and Hollenbeck (2002), the benefits of expatriate assignments are often overshadowed by the risk of frustration associated with repatriation process. Unfortunately, there is a risk associated with international assignments that an assignee will not integrate well back into the unit or feel like they have come back to ‘square one’. Low willingness to move to other countries for assignments could also be a result of ‘horror’ repatriation stories, illustrated by colleagues who have not been satisfied upon returning to the organization. Thus, employers, and especially HR departments, are under a lot of pressure to effectively manage repatriation.

Moreover, leadership development initiatives do not offer immediate payback, which might explain why talents would be unwilling to make short-term sacrifices in terms of time and money investment in leadership development.

To further expand on the reasons for differences between talents’ willingness to assume leadership development activities, the explanatory findings of the second research question are discussed in the following section.

### 5.2 Explanatory findings

The second research question is designed to explain the factors contributing to why some groups might have different levels of willingness to engage in leadership development. The factors covered in the literature on the topic and therefore, tested in
this empirical study, are psychological contract fulfillment and awareness of being identified as a talent. In addition, differences in willingness to engage in leadership development were expected to be found between the respondents from different companies, respondents of different genders, age, tenure in the company and exposure to international experience.

In addition to research questions, hypotheses were formed based on previous research on the topic. The findings show support to the research conceptual model proposed in Figure 3. While six of eight hypotheses received support, some were supported with greater significance than others.

5.2.1 Psychological contract fulfillment

In line with Schein’s (1980) proposition that psychological contracts are influential determinants of behavior in organizations, the empirical evidence from this thesis gives sufficient support for the claim that employer’s fulfillment of psychological contract can have a positive influence on talents willingness to undertake leadership development practices.

Interestingly, the summary of the findings presented in Table 8 indicate a lack of clear relationship regarding challenging assignments. The regression analysis results show this relationship is only at the 0.177 significance level. This study therefore provides only limited support for the argument that psychological contract fulfillment has a positive influence on talents’ willingness to assume challenging assignments. Therefore, due to lack of significance, this hypothesis can be neither accepted nor rejected.

Nevertheless, talents’ willingness to develop can be explained by the principle of reciprocity. By engaging in development though relationship and formal returning, talents return a favor to a company in return for career opportunities among other benefits and investments from the company’s side. Moreover, it is possible that talents view their willingness to develop as an obligation, or an unwritten liability to return the favor provided by the company and therefore fulfill the psychological contract on their part.

It is important for the companies to be aware of their key talents’ willingness to engage in certain developmental activities in order to fulfill talents’ expectations and therefore make sure that the psychological contract is not breached. From the findings we can see that perception of fulfilled psychological contract has a significant effect on talents’ willingness to assume various practices. The effort put into taking talents’ views into
account and acting accordingly can potentially have a positive effect on talent retention and an overall morale of the employees.

5.2.2 Talent status awareness

Given the lack of previous research on the effect of formally informing talents about their status on their willingness to undertake developmental activities, this study offers some interesting results.

As indicated in Appendix 2, 43% (233) of the respondents report being aware of their talent status. The empirical evidence from this thesis gives sufficient support for the argument that talent’s awareness of their talent status can have a positive influence on their willingness to undertake leadership development practices, especially the challenging ones. Similarly as with psychological contract fulfillment, talents might perceive that a company, by awarding them talent status and providing serious development opportunities, expect talents to return this favor by being willing to accept these opportunities.

Interestingly, the relationship between awareness of talent status and willingness to engage in formal training is of a lower significance (p=0.107) than the relationship with other two types of leadership development practices. Thus, the hypothesis anticipating that talents who aware of their status, will be more willing to engage in formal training, is not confirmed. This finding generates an idea that talents, knowing about their somewhat ‘elite’ status, are not as willing to participate in formal training and perhaps expect to receive more demanding responsibilities as means of professional development.

Regarding the effects of formally informing talents about their status, there are many. Essentially, it is a tradeoff, meaning that a company should carefully consider the upsides and downsides before officially nominating talents their status. Also, it is important to have a leadership development plan in the first place, before engaging into commitments with talents. In such case, the company will be prepared to fulfill its psychological contract with the talent.

By informing talents about their status, the organizations implicitly commit to provide development and career advancement. Consequently, the informed talent builds up expectations, which can be difficult to meet. In the worst case, talents may faultily assume that they will significantly advance in their careers within a year regardless of their performance. However, as already discussed in chapter 2, identified talents sometimes fail to recognize that talent status is not lifelong and is subject to continuous
review. An organization has to be careful not to develop an elitist arrogant attitude of their talents (Mellahi and Collings 2010:145) and can reduce the dissatisfaction associated with transparency about talent status by encouraging self-motivation and regularly reviewing judgments of potential (Evans et al. 2011:325).

The effects of informing talents perhaps depend on organizational culture as well. As Mellahi and Collings (2010:145) suggest, explicit talent pool has the potential to create destructive internal competition between the employees and may overemphasize individual performance, while undermining teamwork. In more competitive environments non-talents might get hostile towards talents, who might also leave to other companies who would offer a better compensation package.

Having discussed the effects of the independent variables on talents willingness to undertake developmental activities, I discuss the significance of control variables in predicting talents’ willingness.

5.2.3 Corporation, previous international experience, age, gender and tenure

Current research on individuals’ willingness to develop as leaders is rather scarce. Researchers have been mainly investigating influencing factors behind employees’ willingness to accept mobility and international assignments other than to accept leadership development practices in general. There is only a limited amount of theory behind the influencing factors used as control variables in this thesis. However, this study aims at exploring various interrelationships and possibly presenting some interesting findings.

As indicated in the results chapter, the differences between talent’s willingness to engage in leadership development among different corporations are not significant. This finding is rather counter-intuitive. Stahl et al. (2007) suggests that employees of development-oriented corporations are aware of the importance of their own development and therefore are more willing to seek developmental assignments. Therefore, one would expect there are significant differences due to organizational culture of specific companies. While the findings show that some leadership development practices are more popular or possibly perceived as more effective than the others, it is important to point out that those practices are “the best” only in a given context. In other words, what is right for one company may not work for another (Stahl et al. 2007). As McCall and Hollenbeck write, there is no magic-bullet (2002:10; McCall 2004:130).
As expected, it was found that people with international experience are more willing to engage in developmental activities, especially the challenging ones. This finding gives support to the research by Selmer (2002), who found that an extensive past international experience resulted in better adjustment and therefore better attitudes toward international assignments. Van der Velde et al. (2005) offer support for this finding from a human capital perspective, which suggests that previous international experience serves as an investment towards a commitment to an international career. In addition, although research by Riusala and Suutari (2000) and Japan Institute of Labour (2002) show that previous international experience is a strong proxy of willingness to assume international assignments in the future, the empirical evidence from this study shows that international experience is a proxy of developmental assignments in general. One of the reasons for this finding could be because either these talents are different from others in their personality and ambitions in the first place. Also, since they have stepped put of their comfort zone before, they might be ready to undertake many more challenges in the future. However, one might also expect that since they have already worked or studied abroad, they would feel like they have already ‘sacrificed’ enough of their effort and personal life, and be reluctant to do it again.

Regarding the relationship between tenure and willingness to engage in leadership development, the results indicate a negative relationship. It was found that the older the talent, the lower willingness to develop was reported. As Noa et al. (1988) explain, this could be due to human capital concerns: professionals who have invested many years in mastering specialized skills will be more willing to stay in positions where those skills are appreciated. Noe et al.’s study (1988) shows that younger employees in the early stages of their careers were more willing to accept lateral transfers, both involving geographical relocation and not. On the contrary, Rousseau (1989) suggests an explanation based on a social exchange theory. In an enduring relationship, when both parties hold and believe in promise of future exchange, both parties feel like they have an incentive to reciprocate to another. According to the author, the longer the relationship, the more employees perceive the relationship as deep and therefore use a broader array of contributions and inducements (Rousseau 1989:125).

Pearson correlation and ANOVA analyses indicate a positive significant relationship between gender and willingness to engage in developmental activities. Positive beta values indicate that women report higher willingness to engage in leadership development (male gender was coded “1”, female- “2”). This finding is somewhat in line with Adler’s study, which shows that women, unlike men, often approach their
Previous research also shows that women are less often offered challenging assignments. However, the findings of this thesis suggest it is likely that female talents are more pro-active in seeking development and challenges, as means to advance in their career. Strong positive correlations of female gender with willingness to develop through relationships and formal training indicate that female talent of the participating companies either currently lack such types of development or would like to continue receiving it in the future. In either case, the findings suggest that if companies seek talents who are willing to develop their leadership potential to become top managers, they should seriously consider female candidates, particularly since females represent significantly less than a half (30%) of talent sample in this study.

Regarding age of the talents, it appears that with age, talents’ willingness to engage in developmental activities diminishes. Younger people tend to take in information easier and be more flexible. The research on employee mobility reviewed by Campion et al. (1994) shows support to this finding. The authors claim that early-career, young, low-tenure employees have both more opportunities and more willingness to accept mobility assignments than older, more experienced employees (Campion et al. 1994:1522). Furthermore, Campion et al. (1994) explain that younger employees may perceive challenging assignments as of high value for their career development, than do older employees. Also, it is possible that younger employees are offered challenging assignments more frequently due to “bigger pay-off” of an investment that corporations make. However, regarding such developmental activities, which require relocation, young age could be negatively related to willingness. Other researchers provide counter-evidence to the findings of this thesis. They claim that young professionals often have partners and are typically unwilling to accept longerterm international assignments (Brett and Reilly 1988 in Van der Velde 2005).
6 CONCLUSIONS

The purpose of this study is to assess the extent of talents’ willingness to develop their leadership potential and shed light on the factors which might have an influence on differences between the willingness of talents to engage in developmental activities. Inherently, this empirical study, together with a thorough literature review, aims at improving an understanding of leadership development from the talents’ point of view. Given the current business environment, encompassing unstable economy and a “war for talent” (Michaels, Handfield-Jones and Axelrod 1991), it is important for management to take into consideration the talents’ perspective on their development wants, needs and concerns in order to retain them.

In order to achieve the aims of this thesis and to maintain the focus throughout, the following research questions were answered:

1. How willing are talents to engage in different leadership development activities?

2. Which factors are associated with potential top leaders’ willingness to engage in different leadership development activities?

First, the extent of willingness was described, followed by an explanation why some groups might have different perceptions towards leadership development. In order to answer the research questions, an empirical study was carried out, based on a literature review of social exchange, leadership, and executive development theories. The findings of this thesis propose that talents are the most willing to engage in such leadership development activities, which involve learning from others through feedback, mentoring, or formal training. Talents are the least willing to engage in developmental activities, which present excessive challenge or require one to step out of the comfort zone.

The significant factors, influencing talents’ willingness to develop, were found to be psychological contract fulfillment, talent status awareness, age, gender, tenure in the company and previous international experience.

The following sections provide consideration of the study’s managerial implications, limitations and ideas for further research.
6.1 Managerial implications

This research identified the preferred kinds of leadership development practices so that managements can address probable misconceptions and shape their leadership development programs accordingly. The managerial implications of this thesis point to ways in which companies can positively influence talents’ development as future top leaders. Majority of the predicaments of talents’ willingness to develop their leadership potential are within companies’ scope of influence, such as psychological contract fulfillment, talent status awareness or experience of working abroad. As was pointed out earlier, with the knowledge of the factors influencing talents’ willingness to engage in leadership development, managements have the power to effectively manage their talent pools’ development. This can be done by ensuring psychological contract fulfillment from the part of the company, carefully planning assignments with the long-term perspective and by simply having a dialogue about the concerns that a talent might have.

Development Dimensions International (DDI 2008) study proposes that talents’ willingness to develop might be negatively influenced by the lack of organizational support and follow-up. Thus, managements can easily eliminate this drawback by taking the time to design a mechanism for supporting their talents who might face difficulties.

Based on the empirical results, the managements can communicate the benefits of certain developmental activities, in pursuit to maximize the effectiveness of the development of their future top leaders. For example, talents from some companies may perceive certain activities as ineffective or excessively challenging and therefore are not willing to undertake them. To avoid these misconceptions, the supervisors or HR managers can communicate the benefits of certain assignments and by such means motivate the talents to engage in those developmental practices.

Previous research and the findings of this thesis emphasize the importance of talent status awareness as a tool to motivate talents. However, companies must acknowledge the power of talent status awareness to raise false expectations and create unhealthy competition among the talent pool members as well as with all the employees (Mellahi and Collins 2010).

Furthermore, the findings of this thesis can be used to imply that certain type of individuals with certain experience would be more willing to accept developmental practices. In other words, there is a profile of an employee or a candidate that can be more attractive to employers. For example, the findings suggest that perhaps HR
should select applicants who have previously studied or worked abroad, because international experience was found to be a strong determinant of willingness to engage in development. Also, younger talents and female talents seem to be more eager to undertake leadership development practices. Building on the findings, selection of the right applicants from the beginning can save managers a lot of time and other resources.

Leadership development is neither easy to design or implement. Companies are obligated to make sure the developmental practices are in line with the strategic goals and are possible to change together with the changes in strategy.

It is worthy to mention that some talents’ unwillingness to develop might indicate that they are satisfied where they currently are professionally. Some talents might not aspire to become top managers or leaders in the future. As mentioned before, in order to develop one’s leadership potential, there has to be a “supply and demand”. Without talent’s willingness to become a top leader, they will never become one.

Although the findings of this thesis propose some interesting implications for talent management in the business environment, there are a few limitations, which are addressed in the next section.

6.2 Limitations

This thesis suffers from a few limitations, which deserve to be acknowledged. Limitations regarding the method were discussed in the methodology chapter above; nevertheless there are other observations worth mentioning.

Due to a lack of recent research on the topic, this thesis relies to a large part on quite dated literature from the nineties and late eighties. For example, the 70/20/10 framework extensively used in this thesis has been developed in 1988 and literature on psychological contracts has been published in 1989.

The sample used was relatively diverse in terms of country of origin, industry and size of the company. However, while this increased the generalizability of the findings, the results should be interpreted with some caution because the sample is predominantly of Finnish origin and working in Finnish or Scandinavian companies.

This thesis presents a preliminary insight into talents’ perceptions of leadership development practices offered by their employers. Due to constraints of space and time,
only the most apparent influencing factors were investigated. Suggestions for improvement, deepening of breadth and depth of the research are presented in the following section.

6.3 Further research

Given the scarceness of current literature on the topic, there are numerous areas for further research regarding talents’ willingness to engage in leadership development activities. While this thesis presents interesting findings regarding talents’ perceptions of leadership development, the question remains whether their reported willingness predicts actual acceptance of assignments and engagement in developmental practices. Therefore, it would be interesting to test not only willingness, but also an actual acceptance of developmental assignments and the factors influencing talent’s acceptance of them.

Furthermore, family situation, marital status and children might be important factors influencing talents’ willingness to engage in developmental assignments, especially the ones requiring geographical relocation. The survey used for this thesis could be adapted to include more questions about talents’ family life and dependents, including elderly care, to further investigate factors influencing their willingness and readiness to develop their leadership potential.

As already addressed in the discussion, regarding rotations across different regions or countries, actual destination might be influencing talents’ willingness to relocate. Perhaps rural areas or areas perceived as dangerous would be less preferred as destinations for rotation and international assignments. Current survey could be adapted to investigate whether a destination is an important determinant of talents’ willingness to accept an international assignment.

Naturally, due to constraints, this thesis did not cover all the possible developmental practices used by companies around the world. However, it might be interesting to look into talents’ willingness to engage in such developmental assignments that would take them across borders, divisions and functions at the same time. In other words, another type of developmental activity would be combining the characteristics of three different types of rotation assignments. Although greatly effective, such assignments would perhaps be perceived as excessively challenging.

Further research could also take into account talents’ language skills. Perhaps multilingual talents or the ones fluent in two or three languages would be more
comfortable with international assignments and working with people from different cultures. Also, in general, people with foreign language skills might be more open to new challenges, and more willing and capable to acquire new skills.

Regarding talent identification, during the course of writing this thesis an idea emerged that there aren’t only three groups of talents- those who know about their status, those who do not know and know they aren’t, but also the talent pool dropouts. These are the people who have been identified as talents but due to diminished performance or other circumstances, are no longer among the top performers or potentials for top leadership positions. Future research could explore their organizational commitment and willingness to take on challenging assignments.
7 REFERENCES


Noe, R.A. and A.E. Barber, 1993. Willingness to accept mobility opportunities: Destination makes a difference. *Journal of Organizational Behavior, 14*, 159-175


APPENDIX 1 Questionnaire

SECTION A: BACKGROUND INFORMATION

| 1. Please select the corporation that you work for | Aktia, Cargotec, Elisa, F-Secure, Fortum, ISS Services, Kemira, Kesko, NCC, Orion Corporation, Outotec, Ruukki, Tapiola Group, Tieto, Wärtsilä |
| 2. Gender | Male  Female |
| 3. Age | Drop-down list with the following items: -30, 31-35, 36-40, 41-45, 46-50, 51- |
| 4. Length of employment in the corporation | Drop-down list with the following items: 0-6 months, 7-12 months, 1-2 years, 3-5 years, 6-10 years, 11+ years |
| 5. Have you ever studied abroad for a period of at least 2 months? | Yes  No |
| 6. Are you formally identified by your corporation as belonging to a talent pool/group of high potentials or similar? | Yes  No  Don’t know |
| 7. Have you ever worked/done an assignment abroad for a period of at least 2 months? | Yes  No |

SECTION B: LEADERSHIP DEVELOPMENT PRACTICES

How WILLING are you to undertake the following leadership development activities during the next ten years?

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<th>Not at all</th>
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<td>9. Moving to new positions (for at least one year) in other division/business unit</td>
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<td>10. Moving to new positions (for at least one year) in other functions (e.g. service, sales, HR, finance)</td>
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<td>11. Doing shorter term job assignments in other countries (for 2-12 months)</td>
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<td>12. Doing shorter term job assignments in another division/business unit (for 2-12 months)</td>
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<td>13. Doing shorter term (for 2-12 months) job assignments in other functions (e.g. service, HR, finance)</td>
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14. Working on cross-boundary (borders, functions, business units/division) project assignments alongside regular job

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15. Starting new business units

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16. Implementing reorganizations

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17. Receiving coaching

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18. Receiving mentoring by senior executives

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19. Receiving feedback from your superior

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20. Receiving 360° degree feedback

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21. Participating in formal training programs with participants from other parts of the own corporation

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
</table>

22. Participating in formal training programs with participants from other corporations

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
</table>

23. Participating in action learning projects (carrying out business projects with others)

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
</table>

### SECTION C: YOU AND YOUR CORPORATION

Now indicate your level of agreement on statements about how well your employer (corporation) has FULFILLED the promises it has made to you.

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
</table>

24. All the promises made by my employer during recruitment have been kept so far

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
</table>

25. I feel that my employer has fulfilled the promises communicated to me

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
</table>

26. So far my employer has done an excellent job of fulfilling its promises to me

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
</table>

THANK YOU VERY MUCH FOR YOUR INPUT!
### APPENDIX 2 Characteristics of participants

<table>
<thead>
<tr>
<th></th>
<th>Category</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td>Male</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>30</td>
</tr>
<tr>
<td><strong>Tenure in corporation</strong></td>
<td>Years (median)</td>
<td>36-40</td>
</tr>
<tr>
<td><strong>Talent status awareness</strong></td>
<td>Yes</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Don’t know</td>
<td>45</td>
</tr>
<tr>
<td><strong>Have studied abroad</strong></td>
<td>Yes</td>
<td>34</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>66</td>
</tr>
<tr>
<td><strong>Have worked abroad</strong></td>
<td>Yes</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>63</td>
</tr>
</tbody>
</table>
### APPENDIX 3 Participating companies

<table>
<thead>
<tr>
<th>Respondents (n)</th>
<th>Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>Aktia</td>
</tr>
<tr>
<td>13</td>
<td>Cargotec</td>
</tr>
<tr>
<td>53</td>
<td>Elisa</td>
</tr>
<tr>
<td>35</td>
<td>F-Secure</td>
</tr>
<tr>
<td>43</td>
<td>Fortum</td>
</tr>
<tr>
<td>8</td>
<td>ISS Services</td>
</tr>
<tr>
<td>57</td>
<td>Kemira</td>
</tr>
<tr>
<td>111</td>
<td>Kesko</td>
</tr>
<tr>
<td>17</td>
<td>NCC</td>
</tr>
<tr>
<td>20</td>
<td>Orion Corporation</td>
</tr>
<tr>
<td>47</td>
<td>Outotec</td>
</tr>
<tr>
<td>38</td>
<td>Ruukki</td>
</tr>
<tr>
<td>24</td>
<td>Tapiola Group</td>
</tr>
<tr>
<td>40</td>
<td>Tieto</td>
</tr>
<tr>
<td>22</td>
<td>Wärtsilä</td>
</tr>
<tr>
<td><strong>546</strong></td>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>
ACKNOWLEDGEMENTS

I would like to use this opportunity to thank my supervisor professor Ingmar Björkman and the staff at Hanken&SSE Executive Education, who made it possible to conduct this research. I would like to also thank the participating companies, and their talents who responded to the survey request. Thank you Aktia, Cargotec, Elisa, F-Secure, Fortum, ISS Services, Kemira, Kesko, NCC, Orion Corporation, Outotec, Ruukki, Tapiola Group, Tieto and Wärtsilä. I hope this thesis will be useful to these companies in developing their future leaders, as well as others interested in the field.