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Key talent differentiation without utilization of performance ratings at Noble Energy

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KEY TALENT DIFFERENTIATION WITHOUT UTILIZATION OF

PERFORMANCE RATINGS AT NOBLE ENERGY

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A Research Project

Presented to the Faculty of

The George L. Graziadio

School of Business and Management

Pepperdine University

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In Partial Fulfillment

Of the Requirements for the Degree

Master of Science

in

Organization Development

_____

by

Catherine K. Molitoriss

August 2017

This research project, completed by

CATHERINE K. MOLITORISS

under the guidance of the Faculty Committee and approved by its members, has been

submitted to and accepted by the faculty of The George L. Graziadio School of Business

and Management in partial fulfillment of the requirements for the degree of

MASTER OF SCIENCE
IN ORGANIZATION DEVELOPMENT

Date: August 2017

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Abstract

The main purpose of this study was to determine an innovative approach for identification of key employees at Noble Energy without imposing company-wide performance ratings. The study was designed to answer the following questions: What criteria do Noble Energy leaders use to determine select talent for consideration in talent reviews and succession planning? Is Noble Energy identifying select talent through their new talent review process successfully without the use of performance ratings? This research study was conducted using a qualitative method involving a survey and interviews, designed to draw on specific events surrounding the initial Spring talent review at Noble Energy which involved discussion between senior leaders. Analysis of the survey and further validation in subsequent interviews identified 11 criteria used to identify select talent at Noble Energy. It was also determined that performance ratings were not needed to identify select talent.

Keywords: performance ratings, performance appraisals, performance management

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Chapter 1: Introduction

There is ongoing debate in organizations about the effectiveness of traditional performance management (PM) practices, specifically the performance appraisal process (e.g., CEB, 2014; Coens and Jenkins, 2002; Pulakos, Hanson, & Moye, 2015; Rock, 2013; Wilkie, 2015). In 2014, CEB Corporate Leadership Council released statistics indicating 95% of managers are dissatisfied with their PM processes, 59% of employees feel performance reviews are not worth the time put into them, 56% of employees said they do not receive feedback on areas to improve, and nearly 90% of Human Resources (HR) leaders report their performance management systems do not represent accurate information (CEB, 2014). Coens and Jenkins (2002) suggested "the net effect of fifty years of intense efforts at improving the process has failed to yield any form of appraisal that can consistently and accurately measure an individual's performance over an extended period of time" (p. 55).

In 2015, Deloitte, General Electric (GE), and Accenture announced plans to revamp their PM approach, moving away from annual performance appraisals and their associated ratings and rankings and instead replacing the annual process with more frequent, forward-looking development conversations (Wilkie, 2015). This drastic deviation from what many companies have leveraged as a 'best practice' has many HR professionals and business leaders looking at their own organization's PM processes and questioning what innovative solutions might be more effective to drive employee performance and engagement. As noted by Coens and Jenkins (2002), "the practice of giving employees annual ratings or performance evaluations is widely accepted as an

essential and valuable tool throughout the business world. Indeed, it is difficult to find large organizations that do not subscribe to the practice of appraisal" (p. 3).

Through the lens of Organization Development, additional understanding can be gained from both a science and organizational perspective to enhance effective performance management. Current research in neuroscience and psychology suggest alternatives to traditional approaches to performance management (Pulakos, Hanson, & Moye, 2015; Rock, 2013; Rock, Jones, & Inge, 2015). Rock (2013) points out conventional approaches inherently emphasize a belief that talent is fixed, and states:

> *"Research illustrates that a belief in fixed talent is far more limiting than it might at first appear. A belief that talent can be developed, by contrast, should lead to more effective feedback, goal achievement, evaluation effectiveness and a culture of collaboration and growth" (p. 16).*

Shifting the emphasis of performance management away from placing people into buckets and alternatively, creating different types of scales that address employee growth (not just their output) is a necessary change (Rock, 2013).

Starting in 2011, the NeuroLeadership Institute has been actively studying the movement away from performance ratings in corporate settings. They suggest in lieu of ratings, the advancement of performance management practices should be centered on quality conversations about goals, growth, and development which should be designed to improve performance and employee engagement. They also acknowledge companies' unique values, business goals, and culture factor into the design which is why there is no 'one size fits all' model. They suggest companies which have moved away from ratings are successfully figuring out how to assess, compensate, and reward their employees based on what makes sense for their organization. The NeuroLeadership Institute suggests challenges that face organizations undertaking a movement towards a no-rating

performance management approach include: (1) clarifying the link between performance and compensation, (2) determining effective ways to conduct talent reviews and succession planning, (3) improving real-time feedback tools and processes, and (4) developing managers' coaching capabilities with training and tools (Rock, Jones, & Inge, 2015).

The main purpose of this study is to determine an innovative approach for identification of key employees at Noble Energy without imposing company-wide performance ratings. These high potential succession candidates are referred to as 'select talent' at Noble Energy. Those deemed as select talent are included in the population of individuals discussed in talent reviews, where leaders explore opportunities for accelerated development for succession planning purposes. A traditional approach for identification of key employees is to assess all employees' performance and potential, plotting the two factors on a nine-box grid to determine the organization's high-potential population (Effron & Ort, 2010). This study will explore an alternative method to identify select talent using a non-traditional approach.

There are two secondary goals for this study. First, the researcher intends to suggest neuroscience and psychology research to strengthen Noble Energy's current approach to performance management. Second, this study will provide guidance regarding the effect of sharing performance related ratings and labels to employees. One of Noble Energy's compensation components is through a short-term incentive plan (STIP) which allows differentiation with labels and associated allocation factors. Many considerations are factored into this rating, including current year contribution and performance. The current approach to STIP involves sharing the labels and associated

allocation factor with employees, with the intent of motivating the high performance. This study will draw conclusions based on other research if transparency of ratings is recommended going forward at Noble Energy.

Chapter 2: Literature Review

This research project explores an alternative approach to gauge employee performance with the intent to identify and retain select talent without imposing performance ratings throughout the organization. This study will address the following questions:

(1) What criteria do Noble Energy leaders use to determine select talent for consideration in talent reviews and succession planning?

(2) Is Noble Energy identifying select talent through their new talent review process successfully without the use of performance ratings?

A review of existing literature addressing several aspects of performance management was conducted. The information is organized into four categories: work motivation theories, fixed vs. growth mindset, employee engagement and performance measurement. A summary of findings is also included.

Work Motivation Theories

Employee motivation is an important aspect of evaluating and encouraging high performance in the workplace, not just from the employee's point of view but from the manager's perception of what motivates an employee (Lawter, Kopelman, & Prottas, 2015; Keating & Heslin, 2015). One of the earliest approaches to understanding motivation originated from the Greek philosophers. Hedonism was a term used to explain how individuals focus their efforts on seeking pleasure and avoiding pain (Steers, Mowday, & Shapiro, 2004). According to Steers, Mowday, and Shapiro (2004), motivation theory evolved into instinct theories, which were followed by drive and reinforcement models in the 1920s, at which time Taylor (1911) and his colleagues

applied pay-for-performance incentive programs, job redesign, and other techniques in their effort to increase factory production. Reinforcement theories, such as Skinner's (1953) operant conditioning theory, is one of many theories by behaviorists that suggested reinforced behavior is strengthened as repeated while behavior not reinforced tends to be weakened (Skinner, 1953). Reinforcement models continue to underpin many performance management practices today (Steers, Mowday, & Shapiro, 2004).

In the 1950's and 1960's content theories emerged aimed at identifying factors associated with motivation (e.g., Maslow, 1954; McClelland, 1961). Perhaps one of the most well-known theories is Maslow's (1954) need hierarchy theory, which suggested the importance of satiating basic needs (e.g., physiological, safety and security, and belongingness) sufficiently in order to free up the psyche to satisfy higher needs. Once those basic needs are met, people can focus on esteem needs, which included achievement, mastery, and respect. Lastly was the pursuit of self-actualization needs, which is realization of personal potential (Maslow, 1954). A second need theory developed by McClelland (1961) suggested at any given time individuals have competing needs that serves to motivate behavior. This was in direct contrast to a hierarchical and static approach as defined by Maslow (1954). McClelland's (1961) human motivation theory implies everyone has three driving motivators and someone's predominant motivator is learned through culture and life experiences. The theory comprises of the need for achievement, need for affiliation, and need for power (McClelland, 1961). Herzberg's (1974) motivation-hygiene theory suggested job satisfaction and job dissatisfaction are produced by different work factors, each acting independent of one another. Motivation factors determine what make people satisfied at their workplace and

relate to the content of their jobs and included achievement, recognition for achievement, interesting work, increased responsibility, and growth and advancement. Alternatively, what made people dissatisfied at work related to how they are treated, not the content of the job, and were referred to as hygiene factors. The dissatisfaction hygiene factors included company policy, administration practices, supervision, interpersonal relationships, working conditions, salary, status, and security. Herzberg (1974) warns managers not to confuse the two types of factors. Satiating hygiene factors does not motivate someone; it just minimized their dissatisfaction.

McGregor (1960) claimed managers have a theory of human work motivation, comprising of two primary views about the nature of people at work. McGregor (1960) called these theories Theory X and Theory Y. Theory X is the more negative view which suggested: (1) people are inherently lazy and avoid work whenever possible, (2) people are naturally irresponsible so close monitoring is necessary, and (3) most workers have little to contribute intellectually to an organization. Theory Y is the more positive view which suggested: (1) people can find work enjoyable and experience motivation and fulfillment, (2) people are capable of self-direction and self-control because they are not inherently irresponsible, and (3) people have the potential to make important intellectual contributions to their work. McGregor (1960) theorized that managers with Y-type attitudes would show more Y-based behaviors such as providing higher levels of encouragement, delegation, autonomy, responsibility, and more general guidance versus close supervision. McGregor (1960) argued that a manager's assumption about people at work was potentially a self-fulfilling prophecy. A recent study proved McGregor's (1960) theory that a manager's Y-type mindset would be reflected in his behaviors,

resulting in higher performance of individuals and work groups, as opposed to a manager's X-type mindset (Lawter, Kopelman, & Prottas, 2015). Simply put, Lawter and colleagues (2015) confirmed managers' mindsets about human potential have a direct impact on individual, team and therefore organization performance.

Self-Determination Theory (Deci, 1975; Ryan & Deci, 2000) was introduced as an approach to human motivation and personality that addressed people's inherent growth tendencies and their innate psychological needs (competence, relatedness, and autonomy). SDT also focused on the degree to which an individual's behavior was self-motivated and self-determined. Deci and Vansteenkiste (2004) claimed these elements to the theory: (1) Humans are inherently proactive with their potential and master their inner forces (i.e., drives and emotions), (2) Humans have inherent tendency toward growth development and integrated functioning, and (3) Optimal development and actions are inherent in humans but it does not happen automatically (Deci & Vansteenkiste, 2004). SDT considers what motivates a person at any given time, recognizing it is not static (Deci & Vansteenkiste, 2004). Intrinsic motivation is a person's inherent tendency to seek out novelty and challenges, to expand and utilize one's capabilities, to explore and to learn, as opposed to doing an activity to obtain an external goal, which is characterized as extrinsic motivation (Deci & Vansteenkiste (2004). With intrinsic motivation, there is a natural inclination toward assimilation, mastery, spontaneous interest, and exploration which is a principal source of enjoyment and vitality throughout life (Csikszentmihalyi & Rathunde, 1993; Ryan, 1995). Cognitive Evaluation Theory (CET) explains variability with intrinsic motivation and how social and environmental factors help or hinder intrinsic motivation as CET focuses on the fundamental needs for competence and

autonomy (Ryan & Deci, 2000). Deci (1975) found that positive feedback on work or work rewards led to feelings of competence so it enhanced intrinsic motivation and negative feedback diminished it. What is equally important to note regarding performance management is the results of a meta-analysis by Deci, Koestner, and Ryan (1999) which confirmed that all expected tangible rewards made contingent on task performance undermine intrinsic motivation due to diminished autonomy. Similarly, threats, deadlines, directives, pressured evaluations, and imposed goals also diminished intrinsic motivation due to diminished autonomy. On the other hand, choice, acknowledgement of feelings, and opportunities for self-direction were found to enhance intrinsic motivation because they increase the feeling of autonomy (Deci & Ryan, 1985).

Extrinsic motivation refers to the performance of activities to attain some separable outcome (Ryan & Deci, 2000). When looking at performance management practices, it is important to recognize SDT proposes that extrinsic motivation can vary greatly in its relative autonomy. The most autonomous form of extrinsic motivation is integrated regulation, which occurs when the undertaking is fully assimilated to the self and they align with one's other values and needs (Ryan & Deci, 2000). Actions characterized by integrated motivation is very similar to intrinsic motivation, the only difference is they are done to attain separable outcomes (Ryan & Deci, 2000). Facilitating integration of extrinsic motivation is therefore another consideration in performance management (Ryan & Deci, 2000).

Daniel Pink (2009) shared additional insight regarding motivation, noting "for too long, there's been a mismatch between what science knows and what business does" (p. 9). Pink (2009) suggested that for algorithmic tasks, those which rely on following a

set of established instructions without additional thought, rewards were successful mechanisms to help narrow one's focus. According to a study by McKinsey, only 30% of job growth in the US comes from algorithmic work, mainly because routine work can be automated or outsourced (Johnson, Manyika, & Yee, 2005). On the other hand, heuristic tasks, those which do not have a predefined pathway towards a solution, rely on experimentation of possibilities to find a novel outcome (Pink, 2009). Because rewards narrow one's focus, Pink (2009) warns that rewards limit one's creativity and notion of possibility, which leads to lower performance of heuristic work. "What science is revealing is that carrots and sticks can promote bad behavior, create addiction and encourage short-term thinking at the expense of the long view" (Pink, 2009, p. 48). Pink (2009) continues, "If we watch how people's brains respond, promising them monetary rewards and giving them cocaine, nicotine or amphetamines look disturbingly similar" (p. 53). Pink (2009) suggested that "Type I" behavior is ideally fueled by intrinsic desires and is dependent on three elements which are mastery, purpose, and autonomy. "Type I behavior is self-directed. It is devoted to becoming better and better at something that matters. And it connects that quest for excellence to a larger purpose" (Pink, 2009, p. 78).

Fixed vs. Growth Mindsets

Growth and fixed mindsets are mental frameworks that influence how people think, feel, and act in achievement contexts (Dweck, 1999). An entity implicit theory, also referred to as fixed mindset, reflects the belief that ability and intelligence is static and is not subject to change to much degree (Dweck, 1986). Alternatively, incremental implicit theory, or growth mindset, assumes that abilities are flexible and can be

cultivated through concentrated efforts (Dweck, 1986). Research has shown that adopting one or the other mindset impacts both neural responses and individual performance (Schroder, Moran, Donnellan, & Moser, 2014). Research has also shown that educating people about how the brain changes increases growth mindset (Rock, Davis, & Jones, 2013). As noted by Fitzakerley, Michlin, Paton, and Dubinsky (2013), "with hard work, you can change how smart you are" (p. 7).

Differences in mindset predict distinct differences in how people respond to information that challenges their performance and the way their brain processes this data which is an important consideration in designing performance management practices (Halvorson, Cox, & Rock, 2016). Research shows that one can expect that a person working from a fixed mindset will shut down in response to feedback, avoid stretch goals, be motivated by seeking approval, avoid effort, see others' success as a threat, and focus on big achievements for proving who they are (Rock, Davis & Jones, 2013). Most would agree these are undesirable outcomes of performance management practices. Alternatively, a person working from a growth mindset will leverage feedback as a chance to learn, find stretch goals helpful, be motivated by mastery, believe effort is critical, view other's success as an opportunity to learn, and focus on the learning journey versus big achievements (Rock, Davis & Jones, 2013). Unfortunately, many HR practices in organizations today are unintentionally priming people for fixed mindset (Rock, Davis & Jones, 2013). Traditional fixed mindset practices often include focusing only on past performance and results, comparing one employee's performance to another, and focusing on snapshots of an employee's performance, especially to call attention to mistakes (Neuroleadership Institute, 2016).

Performance feedback is a common element of an organization's performance management strategy, so it is important to explore the effects of growth and fixed mindsets. Employees are prone to embrace fixed mindsets when they repeatedly receive praise from managers that emphasize who they are, rather than what they did to achieve high performance (Keating & Heslin, 2015). As employees attempt to live up to the labels assigned to them (McNatt, 2000), an employee labeled 'superstar' may consequently avoid challenging tasks and contexts which might jeopardize their identity and reputation for being talented (Dweck, 2006). Alternatively, employees are primed to hold growth mindsets when successful performance is attributed to working hard and people are praised for their effort and initiative (Mueller & Dweck, 1998). As a result, people are more likely to pursue substantial investments in knowledge and skill development, even when the payoff for doing so is not apparent (Dweck, 2006).

Employee Engagement

Kahn (1990) provided the first formal definition of employee engagement as "the harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances" (p. 694). Kahn (1990) suggested people are emotionally and cognitively engaged when they know what is expected of them, have what's necessary to accomplish their work, have opportunities to feel an impact and accomplishment in their work, perceive they are part of something significant with coworkers who they trust, and have an opportunity to improve and develop themselves. Engagement is a gratifying psychological state characterized by energy, dedication, and absorption in one's work (Macey & Schneider, 2008). According to Keating and Heslin (2015), "When employees

are engaged, they experience their work as something to which they really want to devote time and vigorous effort; as a significant and meaningful pursuit to which they feel genuinely dedicated; and as sufficiently absorbing to concentrate their full attention" (p. 329).

Keating and Heslin (2015) suggested that mindsets potentially influence employees' engagement by their enthusiasm for development, understanding of effort, focus of attention, interpretation of setbacks, and interpersonal interactions with others. A growth mindset belief of one's capability leads people to engage in developmental opportunities, even if there are potential risks encountering setbacks or poor performance (Beer, 2002). When people have a growth mindset, they hold more positive beliefs about the value of their effort, as they believe that effort is the path to mastery and success (Rock, Davis, & Jones, 2013). A growth mindset facilitates the alertness to new, useful information that characterizes the psychological availability associated with engagement (Keating & Heslin, 2015). Response to setbacks with a growth mindset generally encompasses determined task focus, resolute effort, and disciplined strategy development, resulting in enhanced learning and performance on complex tasks (Blackwell, 2007). Interacting with others in an open, respectful, and supportive manner generally results in relationships that are meaningful and psychologically safe (Edmondson, 1999). Mindsets play an important role in whether interactions unfold this way or instead in an antagonistic way that leaves the other person feeling judged, disengaged and irritated (Keating & Heslin, 2015).

Performance Measurement

There is a significant amount of research addressing the impact of performance measurement, often referred to as performance appraisal (e.g., Coens and Jenkins, 2002; Keating & Heslin, 2015; Lawter, Kopelman, & Prottas, 2015; Pulakos, Hanson, & Moye, 2015; Rock, 2013). Coens and Jenkins (2002) described performance appraisals as:

> *"The practice of performance appraisal is a mandated process in which, for a specified period of time, all or a group of employees' work performance, behaviors, or traits are individually rated, judged, or described by a person other than the rated employee and the results are kept by the organization" (p. 14).*

Studies have been done on rater personalities (Harari, Rudolph, & Laginess, 2015), rating categories (Bartol, Poon, & Durham, 2001), rater biases (Kromrei, 2015), ratee reactions (Iqbal, Akbar, & Budhwar, 2015), implications of using narrative comments (Brutus, 2010), motivation considerations (Dahling, O'Malley, & Chau, 2015), and a phenomenon labeled conscious rating distortion (Spence & Keeping, 2011). Pulakos, Hanson, & Moye (2015) suggested ways to 'fix' performance management:

> *"We have created procedures that sometimes end up being complex and elaborate rating processes to differentiate employee performance, some of which require fine-tuned judgments on many rating factors or require stack ranking each and every employee. When the rating task is overly complex or onerous, managers can become frustrated by the burden of making judgments. It is also demotivating and disengaging for employees to have their performance boiled down to a single number, with which they are then labeled, unless it is the highest rating or ranking that is available. Because managers do not want to disenfranchise employees unnecessarily, ratings are often clustered at the high end of the scale" (p. 53).*

Performance ratings are often seen as a critical component of merit pay increases (Pulakos, Hanson, & Moye, 2015). "A good number of managers have reported that instead of using the rating processes, they retrofit their ratings to align with the pay

increase they want or need to give employees" (Pulakos, Hanson, & Moye, 2015, p. 60).

Further, bonuses and equity offerings usually result in more differentiated rewards, so

manager calibration sessions are often used to increase fairness. "During these [sessions],

initial ratings can be realigned; thus, it is often the discussion and not the ratings

themselves that drives decisions" (Pulakos, Hanson, & Moye, 2015, p. 60).

Growth mindset organizations avoid relative rankings and ratings, and strongly

promote goals that inspire someone to learn and grow (Halvorson, Cox, & Rock, 2016).

In a fixed mindset organization, people focus their attention on proving their ability

through their performance rather than exploring strategies to improve it, so focusing

evaluations and incentives with a 'get better' vs. 'be good' orientation is advised

(Halvorson, Cox, & Rock, 2016).

Rock (2008) suggested an annual review, especially one that reduces a person's

performance and development into a single variable can trigger a threat response across

five drivers described by his SCARF model: Status (an individual's relative importance

to other), Certainty (ability to predict future outcomes), Autonomy (personal control over

events), Relatedness, (safety relating with others), and Fairness (being treated justly

compared to others). Rock and colleagues (2015) suggested:

> *"When people feel threatened, their capacity to make decisions, solve problems, and collaborate with others is hindered, which may explain the losses in engagement and increases in attrition some companies see following conventional annual reviews. Conversely, rewards in all five domains may be activated when employees feel their growth and development is firmly supported by frequent, informal, strengths-based conversations with their managers" (p. 15).*

As stated earlier, a fixed mindset will shut down in response to feedback, and past mistakes will be construed as a reflection of their fixed level of intelligence or ability (Halvorson, Cox, & Rock, 2016).

Summary

This chapter examined literature on work motivation theories, fixed vs. growth mindset, employee engagement and performance measurement to support strategic decisions for enhancing performance management practices. Lawter and colleagues (2015) confirmed managers' mindsets about human potential have a direct impact on individual and team performance. Understanding the power of intrinsic motivation as a person's inherent tendency to seek out novelty, challenges, and to learn, it is compelling to consider that leaders can increase an employee's performance by simply enhancing their own belief that a person's potential has no bounds. Exposing leaders to growth mindset could therefore be a powerful catalyst to inspire a new philosophy about people development.

This research provides evidence to strengthen Noble Energy's approach to performance management which emphasizes more casual, frequent, forward looking development conversations. Rather than introduce company-wide performance ratings to identify select talent, this study will explore the criteria senior leaders at Noble Energy use when selecting people to include in talent review discussions. This new criteria model as a single purpose assessment, decoupled from other appraisal purposes like compensation considerations, should reduce many of the causes of distortion and manipulation, resulting in more accurate information (Coens & Jenkins, 2002). If it is determined that additional measures are needed for compensation differentiation, a

separate criteria model could be developed using a similar approach. However, as mentioned, it is often the calibration discussion, not the initial ratings that drive decisions about compensation (Pulakos, Hanson, & Moye, 2015).

As Noble Energy continues to enhance talent management, performance management, and compensation practices, this study also suggests that any use of labels or ratings can have unintentional, undesirable effects when shared with employees. First, with the vast amount of literature on rater bias and subjectivity of ratings, what purpose is served telling the 'truth' when there is no truth or precision in the rating or label in the first place? Second, studies indicate that most workers perceive themselves as top performers when compared to their coworkers (Coens & Jenkins, 2002) so managers are potentially demotivating a significant population by telling employees that they are not performing as well as they believe they are. Third, studies also show that even positive rewards and labels can decrease intrinsic motivation, lower performance (Pink, 2009) and instill a fixed mindset, encouraging people to avoid challenging tasks to preserve their status (Dweck, 2006). It is therefore recommended to take a growth mindset approach to these practices, recognizing effort is the key to mastery (Rock, Davis, & Jones, 2013), with awareness of what motivates people intrinsically, always conscious of the key ingredients of mastery, autonomy, and purpose (Pink, 2009).

Chapter 3: Methods

This study examined an alternate approach to identification of select talent at Noble Energy in lieu of assigning performance ratings to all employees. This study attempted to answer the following questions:

1. What criteria do Noble Energy leaders use to determine select talent for consideration in talent reviews and succession planning?

2. Is Noble Energy identifying select talent through their new talent review process successfully without the use of performance ratings?

This chapter describes the methods the researcher used in this case study at Noble Energy, including an outline of the research design, a description of the participants selected for the study, an explanation of data collection, an overview of data analysis, and validity.

Research Design

In the first half of 2016, Noble Energy piloted a new talent review and succession planning process where talent factors were discussed for all Senior Managers, Directors and Senior Directors, as well as other individuals identified as select talent outside of the required scope of managers. In total, 380 individuals were the topic of talent review discussions, which comprised of 266 in-scope leaders and 114 additional select talent. There were seven talent factors for leaders to capture and discuss for each individual: performance, capability, retention risk, impact of loss, knowledge, skills and abilities, development recommendation, and talent development actions. Guidance on how to identify select talent was not articulated in this talent review pilot.

This research study was designed using a qualitative method which included a survey and interviews which were designed to draw on specific events surrounding the initial Spring talent review to leverage 'episodic memory' as a way of avoiding generalizations or abstract opinions (Maxwell, 2013) about talent management practices. Following the first talent review cycle, the researcher sent a survey to a group of key leaders inquiring what criteria they used to identify select talent within their organization. The survey data was collected, analyzed, and summarized into an initial criteria model. Structured, open-ended interviews were conducted to gather respondent validation of the select talent criteria model in addition to capturing other talent review process recommendations. The model was not tested in a talent review cycle as part of this study.

Participants

Because this study influences the strategy for how select talent is identified for the purposes of accelerated development and succession planning, a purposeful selection (Maxwell, 2013) of the top leaders of Noble Energy were selected as survey participants. Noble Energy has an Extended Leadership Team (XLT) which consists of the CEO, his senior Executive Team, and their direct reports, totaling 42 leaders. The researcher is a member of XLT, so relationships are already established with all members of this team. All 42 XLT leaders were invited to participate in the survey portion of the research and the survey was anonymous to encourage openness and prevent researcher bias during analysis.

After the survey data was analyzed and a criteria model was constructed by the researcher, a sample of Noble Energy's XLT leadership team (n = 12) participated in the interview portion of the research. The one-hour interviews were conducted by the

researcher and Noble Energy's Talent Management Program Manager. These 12 leaders were chosen to represent a broad perspective of the organization in terms of multiple disciplines and business units and they were all seen as champions of the talent review pilot. It was determined by the researcher, the Talent Management Program Manager, and the Senior Vice President (SVP) of Human Resources that visible champions would provide the best data for this study, hence the purposeful selection of interview participants within the XLT leadership team.

Data Collection

To allow input from all 42 XLT leaders in an anonymous and efficient manner, a survey was chosen to capture criteria each of them used to identify select talent in the Spring talent review pilot. An e-mail was sent to the XLT leadership team (Appendix A) requesting their feedback via a survey (Appendix B), referencing the scope of the Spring talent review to remind them of past decisions made regarding their identification of select talent. The researcher shared the background context of the survey with the HR Business Partners in the event business leaders chose to turn to them instead of the researcher with questions about the survey.

Survey data was collected, analyzed, and summarized to create an initial select talent criteria model (Appendix C). A sample of leaders were requested to participate via an e-mail (Appendix D) in a structured, open ended interview (Appendix E) designed to solicit advice on recommended enhancements for subsequent talent reviews. The two outcomes of the interviews pertinent to this study is the validation of the select talent criteria, as well as the proposal made by the researcher and Talent Management Program Manager to drop the talent factor 'performance rating'. The performance data referenced

was outdated and was established for a different purpose in 2015. The rating scale, which included a forced distribution among peer groups, was designed and implemented in 2015 to support decisions regarding a workforce reduction.

Data Analysis

The survey data collection was deemed complete after the deadline elapsed. There was one prompting e-mail right before the deadline to elicit more feedback. The survey generated a 31% response rate as 13 of the 42 XLT leaders shared their feedback.

The select talent criteria for each survey participant were combined to create a master list which comprised of 50 descriptors. The researcher then read the criteria and began an initial coding exercise as categories emerged. A secondary coding exercise took place to determine if any categories could be combined and to verify initial coding was accurate.

Following the initial and secondary coding exercises, a frequency was assigned to the number of responses in each category. The criteria were then ranked by frequency and any category that had a frequency of one was considered an outlier. Any category which had a frequency of two or more was identified as a descriptor to be incorporated into the model and the categories were listed by frequency, indicating the highest frequency category first. The researcher then took the list of categories and made small adjustments to the language to create a criteria model to be later shared and validated with leaders in follow-up interviews. Before piloting the interview with the HR Leadership team, the researcher asked the Talent Management Program Manager to review the raw survey results and compare the results to the criteria model to incorporate an independent view of survey data interpretation.

Lastly, the suggestions captured in the interviews were collected, and select talent criteria was modified based on recommendations from leaders interviewed. Any new criteria that emerged in the interview was shared with the subsequent interviewees to validate an evolving model. All feedback was collected, analyzed, and compiled to create Noble's Select Talent Criteria Model (Appendix F). Outside of this study, all feedback will be shared with the HR Leadership team, the Sr. Executive team and then modified if needed before using in subsequent talent reviews.

Validity

This study is relevant to Noble Energy, subjective to the cultural environment. Because recent talent reviews were conducted by each member of the XLT Leadership team, there was an advantage of exploring what basis each leader previously used to make a determination of select talent. While the model will not be tested in this study, the interview questions provided additional insight on next steps for Noble Energy to refine talent management practices. Because of the purposeful selection of interview participants, there is a possibility that leaders who may not be perceived as strong champions of the talent review process have ideas that are not represented in these findings. Also, as a member of XLT, the researcher runs the risk of sharing bias throughout this study.

Summary

This research study was conducted using a survey and qualitative interview design. 42 senior leaders at Noble Energy were selected to participate in the survey designed to capture the criteria they use to differentiation select talent. A purposeful

selection of 12 XLT leaders validated the model created by the researcher. The leaders

also provided guidance on enhancements to talent management processes at Noble

Energy, including the proposed removal of performance ratings from the list of talent

review talent factors.

Chapter 4: Findings

This chapter reports the findings of the survey and interview analysis. These findings supported the two research questions: (1) What criteria do Noble Energy leaders use to determine select talent for consideration in talent reviews and succession planning? and (2) Is Noble Energy identifying select talent through their new talent review process successfully without the use of performance ratings?

Analysis of the survey and further validation in subsequent interviews identified 11 criteria used to identify select talent at Noble Energy. They considered select talent as individuals who: have influence without authority, work well with others across organizational lines, deliver results in a positive manner, demonstrate leadership and executive presence internally and externally to NBL, exercise good judgment, are technically competent, have good communication skills, are committed to outcomes, have background experience and capability, resolve complex issues, and take initiative. It was also determined that performance ratings were not needed to identify select talent. The sections below describe the results in detail.

Discussion on Successfully Meeting Talent Management Business Outcomes

In the first quarter of 2016, Noble Energy piloted a new talent review and succession planning process where talent factors were required for all Senior Managers, Directors and Senior Directors. It was optional to identify additional select talent to include in the talent review discussions. In total, 380 individuals were included in the first round of talent review discussions, which comprised of 266 in-scope leaders and 114 additional select talent. Before the first round of reviews, Noble Energy determined the business outcomes of their talent review approach was to provide a standard and

sustainable process for cross-organization talent assessments, succession planning and development planning that enables Noble to build organizational capabilities, identify and retain select talent, develop leadership and technical pipeline of talent, identify and develop successors for key positions, identify individuals for accelerated development, increase the ability to quickly move talent across the organization, and allow Noble to make the right development investment decisions.

During the interviews, each leader validated these business outcomes were achieved in their first annual cycle of talent reviews and succession planning. An interesting observation was how these individuals were referenced. Only once did an interviewee reference individuals as 'select talent', yet other descriptors such as succession candidates, pipeline, and future leaders were occasionally used. Not once was the descriptor 'select talent' questioned however.

In describing the effectiveness of the talent management approach, one leader commented "In terms of quality of the product, I have seen this process take three years to introduce to an organization, and what we have done in one year is better than others have done in three." Most leaders stressed the importance of keeping the data current and keeping conversations action oriented to ensure development is occurring and the pipeline of talent is accurately represented.

Performance Ratings

As previously mentioned, the performance ratings referred to in the talent review were established in 2015 to support decisions associated with a reduction in workforce. All leaders interviewed agreed that performance ratings should be removed from the list of talent factors for a variety of reasons. One leader stated, "There is a negative hangover

of these ratings from our workforce reduction. There was a forced distribution a few

years ago that is old, and both people and situations change." While the vast majority of

leaders had a similar response, two leaders had a different approach to performance

ratings. One leader "finds value in performance ratings, but the issue is normalization."

They felt what was captured was outdated and skewed because of the forced distribution.

Similarly, the second leader supporting performance ratings shared:

> *"We should use performance ratings, but we would need to be really good*
> *at it. I have seen it done well, where the leaders were in the room and*
> *there was a forced relative ranking, and leaders argued until there was*
> *consensus. HR then took the information and looked for natural breaks*
> *and assigned treatment to each section. It was fair relative to*
> *performance of peers, and leaders never communicated out where their*
> *people stood. I would like to see us get good at performance ratings."*

While all interviewees agreed to remove the performance rating factor, nearly all

leaders acknowledged they referenced annual STIP ratings and the 2015 performance

ratings as a data point in the initial talent review process. They all recognized the factors

were simply snapshots in time and nearly all experienced a negative reminder of the

workforce reduction after looking at the performance ratings. One leader articulated their

view,

> *"I understand why we are moving away from them. Performance ratings*
> *and capability of advancement labels can pigeonhole someone. It gets*
> *stuck in your head if a manager is labeled a 'C'. Factors can become*
> *engrained, and it creeps into conversations, maybe even with peers who*
> *weren't in the initial conversation."*

Another leader cautioned "labels can box people in. They change over time, and

if you have a bad year for whatever reason, you want to be able to recover." Another

leader experienced labeling firsthand early in his career. They shared,

"At a previous organization, "potential" factors were put on people after a year or two at the company, and they were never changed. I was fortunate to get a high mark which opened up an attractive expat assignment in Europe, but I don't agree with a system that doesn't take into account that people grow and develop."

As a follow-up to the recommendation not to use performance ratings, one leader shared "we have found there aren't enough difficult conversations with people. We haven't shared those talent review discussions with the person being discussed. Maybe the person needs to hear how they are perceived by others; both strengths and weaknesses."

Criteria Used to Identify Select Talent

The initial criteria summarized from the XLT leadership survey was coded and summarized in Table 1.

Table 1

Initial Criteria from XLT Survey

Category coding from survey	Frequency	Criteria shared in the model
Leadership	11	Demonstrate leadership
Works well with others	7	Work well with others
Technical aptitude	5	Are technically competent
Delivers results	4	Deliver results in positive manner
Communication	4	Have good communication skills
Commitment	3	Are committed to outcomes
Experience	3	Have background experience and capability
Resolve complex issues and projects	2	Resolve complex issues
Initiative	2	Take initiative
Influence without authority	2	Have influence without authority

It was suggested by Noble Energy's HR Leadership team to move "Deliver results in a positive manner" to the top of the list when sharing with leaders in the follow-up interviews. With that one exception, the list stayed in order of frequency as noted in

Table 1. During the interviews, each leader agreed this list was a good representation of criteria they used to determine select talent. Nearly every leader referenced one or more of these three criteria as being extremely important: works well with others, delivers results in a positive way, and influences without authority. Several interview participants recommended that these should be moved to the top of the list. Two leaders expanded on "works well with others" pointing out the importance to work across their boundaries, or organizational lines another articulated. One leader suggested, "They need to be bigger than his/her role … and spill into other areas. Teams don't have to be adversarial … someone doesn't have to win."

In the third interview, when asked if there were any criteria missing, one leader recommended one more consideration regarding someone's ability to influence external parties. With Noble's increased interaction with regulatory agencies, local governments and communities, an element of influence and presence was needed. They indicated the importance of representing Noble Energy well when sitting on boards of trade groups, in industry partnerships and other stakeholder engagement. As subsequent interviews took place, several other leaders agreed and built on the concept, and the researcher landed on the language "demonstrate executive presence" as the first addition to the select criteria model.

In the fourth interview, the leader agreed with all criteria including the addition of executive presence. They articulated it as someone "who you can send into a room with anyone internal or external and know things will be handled well." They said the list was missing one more characteristic regarding demonstrating good judgment. They shared "how do they analyze or assess a situation, put it into context, then create a path forward

with this context." A second descriptor was added to the criteria model referenced as

"exercise good judgment."

     All subsequent interviews were asked to validate the criteria, including executive

presence and exercise good judgment. All interviews agreed with the initial criteria and

the additions. As part of the final analysis, the researcher questioned if "demonstrates

leadership" and "demonstrates leadership presence" could be combined. Given the fact

the code "Leadership" had the highest frequency during the coding exercise, the

researcher went back to the raw data for further guidance. Table 2 represents the survey

data and associated frequency of survey responses coded to "Leadership."

Table 2

Criteria Coded to "Leadership" Category

Survey response	Frequency
Leadership	3
Ability to work through others	1
Are they consistently bigger than their role	1
Future potential for leadership role	1
Leadership abilities	1
Leadership capabilities under difficult situations	1
leads change effectively	1
level of commitment to other's success	1
Potential	1

     The researcher determined it was acceptable to combine "Demonstrates

leadership" and "Demonstrates executive presence" to capture the survey and interview

feedback. The revised select talent criteria model is represented in Table 3.

Table 3

Revised Select Talent Criteria

When considering additional select talent to include in the talent review, consider individuals who:
Have influence without authority
Work well with others across organizational lines
Deliver results in positive manner
Demonstrate leadership and executive presence internally and externally to NBL
Exercise good judgment
Are technically competent
Have good communication skills
Are committed to outcomes
Have background experience and capability
Resolve complex issues
Take initiative

Criteria When Looking at Technical vs. Leadership Track

The second question on the survey asked when considering individuals on a technical track vs. leadership track, are select criteria the same. Three of the 13 survey respondents indicated they were different. Survey responses to this question are shown in table 4.

Table 4

Select Criteria as a Function of Technical Track vs. Leadership Track

Survey response	Frequency
Yes (the criteria are the same)	10
No; technical expertise	1
No; communication skills and being consistently bigger than their current role might be more critical on a leadership track while the others tend to be for both	1
Mastery, coaches others, subject matter expert internally/externally	1

These responses were shared with each of the leaders interviewed and each one agreed the criteria were the same. They all confirmed the exceptions noted in the survey were already captured in the model. As for communication skills and leadership presence, only one leader indicated it might be a little less needed for technical roles but was comfortable using the same criteria model. One leader suggested to "take the lens of 'technical' off of people. Sometimes I see bias in the conversation about geography and someone's willingness to move. I think those on a technical track can experience similar bias." They shared that sometimes people change their mind about what roles they want next for a multitude of reasons and encouraged leaders to remain open minded to both people and circumstances changing.

All interview participants agreed with the recommendation to expand the required scope of talent review to include the technical equivalents of Senior Manager, Director and Senior Directors. Nearly all leaders commented how important it is to have technical expertise at Noble Energy. Two leaders warned that individuals who are not looking to be leaders of people need to know that it is okay. One of them shared, "We need to encourage individual contributors that they have a very important role." One leader challenged,

> *"How much do we value the technical track? Individuals are given the Advisor or Director role but is there a true appreciation of technical expertise? If you truly value it, everyone would know who the experts were. They would be known inside of the organization just like Business Unit managers, and they would also be seen outside of the organization as an expert. You would bring their views into the conversation and appropriately compensate them."*

Suggested Use of Criteria in Future Talent Reviews

When the interview participants were asked if sharing this criteria model would be helpful in future talent reviews, all responded yes. One leader shared, "This will help us have a consistent view across the organization which is important when looking at talent at a consolidated level." Another leader recommended, "These criteria are not a short term rating, so you may need to help people understand that." One leader recommended it be shared with the entire organization, yet another said their preference is to share it with leaders only to help guide development discussions. This individual's resistance to sharing too broadly would be the misrepresentation of the list and it might become a "check it off the box" exercise for some people looking for promotions.

There were some opposing views on how you might shape this list going forward. One leader suggested HR adds some type of objective criteria to the list to help frame thinking around the list. Another said this list could stand on its own as a mechanism to share "what does good look like at Noble Energy?" A third leader warned to "be aware that people like to have creative liberty to choose what they want. Think of this list as a teaser; treat the criteria as a starting point to think of their select talent, and frame it up as such."

Summary

This chapter presented the findings of the study, which was designed to answer two questions: (1) What criteria do Noble Energy leaders use to determine select talent for consideration in talent reviews and succession planning? and (2) Is Noble Energy identifying select talent through their new talent review process successfully without the use of performance ratings?

Through a survey sent to the XLT leadership team, initial data was collected, analyzed and summarized into a select talent criteria model which was validated in structured, open-ended interviews with a subset of XLT leaders. All interview participants confirmed this model reflected their definition of their select talent and advised the model would be helpful in future talent reviews.

Through the interviews, it was also confirmed by all leaders that they are confident they are identifying select talent as part of the talent review process. All agreed last year's performance ratings should be removed from the list of talent factors, although two of the 12 leaders indicated they could see some benefit in performance ratings if Noble Energy approached it in a new way that encouraged normalization through leader calibration sessions.

Chapter 5 will draw conclusions from the study and offer suggestions for further research within Noble Energy.

Chapter 5: Summary, Conclusions, and Recommendations

The main purpose of this study was to determine an innovative approach for identification of select talent at Noble Energy without imposing company-wide performance ratings. There were also two secondary intentions of the study. First, the researcher offered neuroscience and psychology research to strengthen Noble Energy's current approach to performance management. Second, the study provided guidance regarding the effect of sharing performance related ratings and labels to employees.

This chapter concludes the study by discussing and summarizing the research to provide overall conclusions and shares findings for the three goals of this study. Study limitations, recommendations, and suggestions for future research projects are also explored.

Conclusions

A review of the research data, academic research, and other sources of company data led to three conclusions. First, there is no 'silver bullet' solution for organizations looking to optimize talent management practices with a focus on moving away from performance rating-centric practices. Second, senior leaders at Noble Energy demonstrate a growth mindset, which the organization should keep in mind as they continue to improve talent management and performance management practices. Third, there is an aversion at Noble Energy to "box people in" with labels, which is helpful to understand when supporting various HR initiatives as well.

Finding 1: An organization's performance management approach should be tailored to align with cultural and company-specific context.

Regarding the first conclusion, Rock (2015) noted:

> *"Companies are creating bespoke performance management structures that meet their unique needs and cultures. Benchmarking is often done to build the business case for eliminating ratings. But rather than being used to identify a hard set of best practices, the experiences of other companies are informing an agile responsiveness to an organization's unique and changing needs" (p. 6).*

Rock (2015) goes on to say "the takeaway is that there is no 'templated' right approach to revamping PM" (p. 6). This was found to be true at Noble Energy as well, as much of the work on talent management and performance management processes were tailored to align with cultural and company-specific context. The HR team worked closely with leaders before, during, and after the first cycle of talent reviews to fine-tune language and overall approach with a constant focus on Noble Energy's business objectives. Several focus groups were conducted outside of this study to determine how the performance management materials might resonate with employees, and they shared candid advice regarding subsequent roll-out strategies to the broader organization. The point to be made is that an iterative and 'co-creation' process with senior leaders is key to developing talent management and performance management processes to ensure cultural context is considered and specific business outcomes are achieved.

Finding 2: The Noble Energy senior leadership team conveys a growth mindset, which should be considered as further performance management supporting materials are developed.

The second conclusion drawn from the research data and other interactions with Senior Leaders is that Noble Energy exhibits growth mindset at the top, which is an important consideration when continuing to develop performance management supporting materials. There were several comments in the interviews that reflected

growth mindset principles such as leaders believing everyone has the ability to grow and develop. Several leaders warned of the importance of keeping talent data evergreen to ensure that developmental progress is captured and is never static, nor does it become a 'check the box' exercise. It is also worth noting the word 'potential' is intentionally avoided when discussing talent at Noble Energy. At many organizations, what Noble considers 'select talent' are referred to as 'high-potentials'. More than one Sr. Executive has shared the sentiment that as soon as they assess what they believe someone's potential is, there is a good chance that they live up to (and not beyond) that bar that was set for them. One Sr. Executive recently shared "I believe everyone's potential is limitless. It's important my team knows this."

Another indication of growth mindset is in the use of stretch goals organization-wide. Rock and colleagues (2013) shared "with a growth mindset, stretch goals are reframed as an opportunity to grow rather than a threat to your status" (p. 18). At Noble Energy, effort is the pathway to mastery and success and it is highlighted in talent review discussions, especially around Noble Energy's definition of readiness for leadership positions. Many senior leaders have shared that the best way to accelerate development is to move people into jobs before they are ready. Noble Energy's CEO recently shared in an XLT leadership team meeting "if you aren't learning, you aren't leading." Many senior leaders highlight the learning culture at Noble Energy and consider it a differentiator when compared to peer organizations.

Lastly, Noble Energy's approach to performance management reflects a growth mindset, emphasizing that feedback from others is a chance to learn. Many leaders at Noble tell their teams "feedback is a gift." Noble Energy's performance management

approach encourages more casual, frequent, forward looking development conversations to encourage continuous confidence and alignment between employees and their leader. Feedback is a chance to learn and grow and employees are encouraged to seek candid feedback from various sources as a key factor to their development and success.

Finding 3: Labeling people is not recommended at Noble Energy.

The third conclusion drawn from the research data is that there is an aversion to "boxing people in" with labels at Noble Energy. Several leaders shared their dislike of labeling people, and many recommendations were voiced in the interviews supporting the idea that "labels stick in people's minds" and this should be avoided. One leader articulated "HR created the environment for us to have the right conversations," and the report output from the talent reviews are called 'Spring Talent Snapshots' to further emphasize the data is not static.

Findings Applied to the Goals of the Study

This section proposes insights to the three goals of the study by sharing the key findings.

Goal 1. What is an innovative approach for identification of select talent at Noble Energy without imposing company-wide performance ratings? It was confirmed in the interviews that Noble Energy leaders are successfully identifying select talent through the new talent review process without the need to assign performance ratings to employees. Leaders are comfortable with their ability to look within their organization and across other teams to identify select talent, and through a series of leader calibration

conversations, development recommendations are articulated and succession plans are created and validated. Because of this study, Noble Energy has a select talent criteria model to use in future talent reviews to help guide a consistent way of defining select talent across the organization. Several leaders who were interviewed shared the idea that "the value is the calibration conversation" not any of the factors, including performance ratings if Noble Energy had them.

Goal 2. What current neuroscience and psychology research can be used to strengthen Noble Energy's current approach to performance management? Noble Energy's performance management supporting materials were enhanced this year based on recommendations from the academic research in this study (Appendix G). Growth mindset was subtly incorporated into all the documents. During the focus groups held outside of this study, it was shared by many that a subtle approach would be more appealing than "having Corporate HR telling people what they should think" in regard to growth vs. fixed mindset. When the Leading Performance materials were shared with the Sr. Executive team, one leader stated, "This is the best package of performance management materials we have ever had." Another stated as they held up the documents "developing people is a muscle we need to build in our organization."

Goal 3. What guidance should Noble Energy consider when evaluating the effect of sharing performance related ratings and labels with employees? As Noble Energy continues to enhance talent management, performance management, and compensation practices, this study suggests that any use of labels or ratings, even positive ones, can have unintentional, undesirable effects when shared with employees. If ratings are used

to capture snapshots in time, it is advised they are used only to start the calibration conversation where key decisions are made in a broader context. It is also recommended to keep the ratings current. Rather than boiling one's performance to a single rating or label and sharing it with the individual, it is recommended to take a growth mindset approach to these HR practices. This would entail conversations which recognize one's effort, while preserving intrinsic motivation. Even positive rewards and labels can decrease intrinsic motivation, lower performance (Pink, 2009), and instill a fixed mindset, encouraging people to avoid challenging tasks to preserve their status (Dweck, 2006). It is therefore not recommended to share ratings and ratings with employees.

Limitations

Given the focus and scope of this study in Noble Energy's current environment, the findings may have limited applicability across other organizations. Noble Energy was on the verge of undertaking the first company-wide effort to conduct talent reviews and succession planning when this study began. The CEO declared to their Sr. Executive team that they wanted to see the list of select talent for the entire organization and that "as an organization, we need to be the best at developing our people." Noble Energy had never had annual performance ratings so there was not a rating process to unwind throughout the organization. Therefore, an organization transitioning from a rating-centric to a non-rating-centric performance management model could face very different sets of issues and challenges. The critical elements of any type of transition away from a current approach to performance management will also vary based on the organization's cultural norms and expectations of both leaders and employees.

Specific to the limitations of this study at Noble Energy, the subset of XLT leaders validating the select talent criteria model and proposed recommendations to future talent reviews may not be representative of the entire population of leaders who currently participate in talent reviews at Noble Energy. Also, with a survey response rate of XLT leaders at 31%, a higher response rate may have also yielded additional criteria.

Recommendations

The researcher has three recommendations for Noble Energy. First, it would be beneficial to validate the select talent criteria with the Sr. Executive Team, asking them to compare their list of select talent against the criteria to verify the descriptors. All leaders interviewed confirmed this list would be helpful in future talent reviews. As part of the next cycle it is also recommended that each leader looks through his or her select talent to verify they meet the criteria as well. In addition, it is recommended that all talent review business outcomes, talent factors, and select talent criteria are validated with a subset of leaders annually to ensure the process is still supporting Noble Energy's current business context.

The second recommendation is regarding Noble Energy's performance management process. It is suggested that the company continue to leverage the annual workplace survey to measure the statement "My manager and I have meaningful Leading Performance conversations" to determine if additional interventions should be considered for the organization.

Third, as Noble Energy continues to look for ways to retain select talent, it is anticipated that conversations will be held with key employees so they know they are

valued employees. When crafting those conversations, awareness of growth mindset is important to ensure fixed mindsets are not created unintentionally. The organization should consider sharing growth mindset and work motivation theories explicitly with leaders, rather than the current approach of subtly incorporating the concepts in resources designed to support performance conversations and development planning.

Suggestions for Further Research

The researcher has two suggestions for further research at Noble Energy. The first suggestion is regarding compensation differentiation for high performers. Like the select talent criteria, a similar study could be conducted to explore criteria used for short-term (STIP) and long-term (LTIP) incentives. Creating a model for the distinct criteria that represent current rationale of Noble Energy leaders may be helpful in year-end compensation calibration discussions.

The second recommendation is regarding gathering peer feedback on individual performance. Two of the three most frequently discussed select talent criteria in the interviews were regarding individuals who "work well with others across organizational lines" and "have influence without authority." A research consideration might entail evaluating ways to measure someone's positive influence in an organization from a peer perspective. It may shed additional light on a third select talent criterion of "deliver results in a positive manner." Some objective views outside of the perspective of top leadership may lead to additional insights about select talent.

Summary

This chapter presented a summary of the research findings and conclusions drawn from the research as applied to Noble Energy. Limitations of the study, recommendations for Noble Energy, and future research projects were also provided.

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Appendix A: XLT Select Talent Survey Request

XLT Leadership Team,

As we look ahead to the Fall Talent Review cycle, we believe it would be beneficial to include additional guidance on how we define and identify select talent at Noble. As such, HR is requesting your feedback on what criteria you considered, or would have used, when identifying select talent within the organization. As a reminder, additional Select Talent was an optional activity in this first round of talent reviews, and as noted below, 114 people were identified and their development actions were discussed.

The information you provide will be used to generate a list of criteria to help guide additional efforts to identify key individuals in the organization.

Please submit your responses by Thursday, August 25th in the attached survey:
https://www.surveymonkey.com/r/5732HYT

Organization	In-Scope (Mgr 450 – 650)	Add'l Select Talent	Grand Total Included in Talent Review
Bus Innovation	1		1
EHSR	5	10	15
New Frontiers	25	12	37
Finance	37	33	67
IT	8	2	10
Corp Affairs	7	5	12
Legal	3	3	6
Bus.Dev/SPEAR	6	1	7
HR & Administration	4	8	12
ABU/GoM	29		29
EMED	23		26
US Onshore	83	11	94
Operations Services	35	29	64
Total	266	114	380

Kind regards,

Cathy

Appendix B: The Survey

Select Talent Criteria

In preparation of your last talent review, what were your top
3 – 5 criteria you used when considering what additional select
talent (outside of the required management scope) to include in
your talent review?

1) _____

2) _____

3) _____

4) _____

5) _____

When considering individuals on a technical track vs. leadership
track, are select criteria the same as above? _____ Yes _____ No
 (please list below)

_____

_____

_____

Appendix C: The Initial Select Talent Criteria Model

When considering additional select talent to include in the talent review,

consider individuals that:

- ⮝ Deliver results in a positive manner

- ⮝ Demonstrate leadership

- ⮝ Work well with others

- ⮝ Are technically competent

- ⮝ Have good communication skills

- ⮝ Are committed to outcomes

- ⮝ Have background experience and capability

- ⮝ Resolve complex issues

- ⮝ Take initiative

- ⮝ Have influence without authority

Appendix D: The Interview Request

Subject: Talent Review - XLT leader advice for 2017

This week you will receive a calendar invite from Lee-Anne Herman to provide your advice on our recommended enhancements for Talent reviews in 2017. Specifically, we would like to gather your feedback on the following:

- Talent Factors – We have made adjustments to the talent factors and descriptors in order to provide additional clarity to the organization.
- Criteria for Select Talent – We will share the feedback that we received from the XLT survey and validate if this criteria represents your definition of additional select talent to be included in talent reviews
- Fall Talent Review – We are recommending that we focus on development actions that have occurred as opposed to refreshing all of the factors twice a year
- Scope of Talent Review – We are recommending that we expand the 2017 required scope to include E85, E95 and E105.

Our desire is to incorporate your feedback into our recommendations prior to sharing with Sr. Executive team end of January. Should you have any questions prior to our meeting, please contact me or Lee-Anne Herman.

Thanks,

Cathy

Appendix E: The Interview

- Thank them in advance for their time
- Remind them that 2016 talent reviews were a pilot and we are conducting a post project review to get their advice on proposed recommendations for subsequent talent reviews

1. **Validate the business objectives were met in 2016 talent reviews:**

Talent Reviews & Succession Planning Business Objectives

Provide a standard and sustainable process for cross-organization talent assessments, succession planning and development planning that enables Noble to:

▶ Build organizational capabilities

▶ Identify and retain select talent

▶ Develop leadership and technical pipeline of talent

▶ Identify and develop successors for key positions

▶ Identify individuals for accelerated development

▶ Increase the ability to quickly move talent across the organization

▶ Allows us to make the right development investment decisions

2. **Share talent factors used in 2016 talent reviews:**

PERFORMANCE: An individual's performance in their role, technical/functions skills and leadership skills and behaviors relative to their peers. Not a data input field. Leveraging pre-existing data from September 2015.			
D Lowest	C	B	A Highest

CAPABILITY: An individual's likelihood of longer-term growth and advancement over the next 3 years.		
Develop at Current Grade	Capability for Advancement	Capability for Significant Advancement
An individual who is likely to remain in the same position or move laterally with similar responsibilities/depth. Is positioned at the appropriate level to maximize effectiveness.	Continually expands personal capabilities and demonstrates willingness to take on greater responsibility. An individual with the likelihood of competing successfully for an expanded role or take a job with broader responsibilities.	Continually expands personal capabilities and independently takes on greater responsibility. Demonstrates the capability to assume positions with significantly greater breadth and impact and realize additional progression thereafter. Adapts very well to different roles, functions in any context, and influences others to get things done.

RETENTION RISK: Degree of possibility that an employee leaves the organization in the near future. To assist with assessing risk, reasons might include retirement, career change, personal reasons, culture fit, recruited away, job fit, other.		
Low	Medium	High

IMPACT OF LOSS: Degree to which the business function is negatively impacted by the individual's departure.		
Low	Medium	High

KNOWLEDGE, SKILLS, ABILITIES (KSAs): At a high-level, the KSAs or strengths that an individual possesses.				
DEVELOPMENT RECOMMENDATION: What area(s), if developed, would have the greatest impact on long-term success?				
TALENT DEVELOPMENT ACTIONS: Recommended options for next step for development within the next 12 months.				
Remain in place	Lateral	Cross-Organizational Development	Expand Current Role	Higher Level Role

3. Share Proposed Recommendations and gather feedback on each recommendation

Talent Factors	Recommendation
Performance Rating	Performance Ratings were not used in reviewing talent. The recommendation is to eliminate them in the future.
Capability Factor	Capability factors were not applied uniformly. It is recommended that we revise the descriptor to state," An individual's likelihood of longer term growth and advancement in alignment with career progression and job grade."
Retention Risk	Most individuals were designated as a medium or high retention risk which diminished the value of the factor. It is recommended that we simply indicate if someone is a high retention risk.
Impact of Loss	There were two ways individuals considered "impact of loss" (individual in current role or long term value of individual). It is recommended that we rename this as "Difficult to Replace" and focus the conversation on the skill set versus the individual.
Knowledge, Skills & Abilities	It is recommended that the top 2-3 KSAs are shared. This will allow for awareness of available skills and will better focus the conversation.
Talent Development Actions	The categories of cross organizational development and lateral move created some confusion. It is recommended that we further define cross organizational move as a move outside of the designated organizations (designated organization is Dave's directs and Gary's directs). A lateral move would be within those designated organizations.
Development Recommendations	For Gary's organization, development recommendations were captured during talent reviews and succession planning. The recommendation is to continue to capture development recommendations during both of these sessions. However, we need to ensure that the information captured in talent reviews is available during succession planning.

4. Validate the Select Talent Criteria Model

Select Talent Criteria – Based on XLT Survey Feedback

When considering additional select talent to include in the talent review, consider individuals that:

- Deliver results in a positive manner
- Demonstrate leadership
- Work well with others
- Are technically competent
- Have good communication skills
- Are committed to outcomes
- Have background experience and capability
- Resolve complex issues
- Take initiative
- Have influence without authority

- *"Does this criteria for select talent represent the logic you used in recent talent reviews?"*

- *"Is there anything missing when you reflect back on Select Talent you identified this year?"* If previous participant had an addition, share at this point to get additional validation.

- *Are there other criteria that you see as important in the identification of select talent?"*

- *"3 out of 13 respondents on the survey believe select talent for somone on a technical track differs from those on a leadership track. They sited technical expertise/mastery and ability to mentor others as differentiators. Does this represent your perspective?"*

- *"Would this list of criteria be helpful in future talent reviews when you are identifying additional select talent for consideration in talent reviews?"*

Appendix F: The Revised Select Talent Criteria Model

When considering additional select talent to include in the talent review, consider individuals who:

- Have influence without authority

- Work well with others across organizational lines

- Deliver results in a positive manner

- Demonstrate leadership and executive presence internally and externally to NBL

- Exercise good judgment

- Are technically competent

- Have good communication skills

- Are committed to outcomes

- Have background experience and capability

- Resolve complex issues

- Take initiative

Appendix G: Leading Performance Materials

Leading Performance Conversation Template

Leading Performance Conversation Guide

Individual Business Goals

INDIVIDUAL BUSINESS GOALS

Name: Click to enter text.
Title: Click to enter text.
Leader: Click to enter text.

The purpose of this document is to assist employees and leaders in tracking individual business goals in alignment with organizational outcomes. This document is not required unless it is instructed by your leader. It is also not intended to replace your leading performance or individual development plan.

Business Unit/Functional area goals:

When establishing individual business goals, you should consider what is required for the employee's current role in alignment with the business strategy and organizational goals. The most effective way of setting a goal is to structure it so it states it explicitly what is to be achieved and how to measure whether you are successful. To do this, you should use the SMART principle (Specific, measurable, achievable, realistic, and time-framed).

Individual Business Goal	How do you plan to get there?	How will you measure success?	Completion Date
Click to enter text.	Click to enter text.	Click to enter text.	Click to enter a date.
Click to enter text.	Click to enter text.	Click to enter text.	Click to enter a date.
Click to enter text.	Click to enter text.	Click to enter text.	Click to enter a date.
Click to enter text.	Click to enter text.	Click to enter text.	Click to enter a date.
Click to enter text.	Click to enter text.	Click to enter text.	Click to enter a date.

Notes
Date: Click to enter a date.
Summary of discussion and additional accomplishments:
Click to enter text.

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Leading Performance Frequently Asked Questions

LEADING PERFORMANCE FAQS

What is Leading Performance?

At Noble Energy we are committed to fostering a culture that allows employees to learn, grow and succeed as we believe that our people ensure Noble's future. Leading Performance is our approach to performance management and supports our employee growth and development philosophy. Noble is committed to creating a culture of open, meaningful and ongoing dialogue between leaders and their employees. This approach is designed to ensure that leaders and employees maintain continuous confidence and alignment with each other.

What are the objectives of Leading Performance?

- Designed to help create an environment that promotes meaningful conversations around an employee's performance and development goals.
- Encourages conversations that include 'what' the employee accomplished and 'how' the employee accomplished it.
- Provides leaders and employees with the opportunity to identify areas for focused development to support employee growth and increase organizational capabilities.
- Provides employees a way to track short and long-term career goals.

Why is this important?

- Employee growth and development is important to Noble Energy, and clear expectations are best communicated through open, ongoing conversations between the leader and his/her employee.

When should leaders and employees be having these discussions?

- It is recommended that leaders and their employees have formal conversations at mid-year and year-end along with ongoing informal conversations throughout the year.
- Employees and leaders are encouraged to discuss and determine a plan for leading performance conversations.

How will we keep track of performance issues?

- Performance issues should be documented as they occur using our current disciplinary action process. If you have any questions regarding performance issues, please contact your HR Business Partner.

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Leading Performance FAQs

What is the difference between the Individual Development Plan (IDP) template and the IDP section in the Leading Performance template?

- There is no difference between the two. An important part of the leading performance conversation is discussing development goals and objectives; therefore, the IDP section has been added to the Leading Performance template.
- The IDP template is a standalone document for those who prefer to have the development plan in a separate document.

What happens to the completed Leading Performance Template and/or Individual Development Plan (IDP) templates?

- It is recommended that the leader and employee retain a copy for their records. This allows you to reference past discussions, track progress and celebrate accomplishments.

What additional tools are available to assist in the Leading Performance conversation?

- Noble's Breakthrough Leadership Capabilities are a great tool to use in your Leading Performance discussion and can be incorporated into your development plan.
- The Leading Performance Conversation Guide is a tool that managers and employees may utilize to prepare and help facilitate the conversation.
- The Guide for Creating an Individualized Development Plan aides you in creating and sharing your IDP.

Will the Leading Performance conversation include information about compensation – merit increase and bonus?

- The purpose of leading performance discussions is not to discuss compensation or promotions. It is designed to focus employees on development, as well as prepare them for future opportunities.

How can I get further information on Leading Performance?

- Leading Performance resources are located on the Learning site of MyNoble under Leading Performance.
- Contact your HR Business Partners or HR Learning & Organizational Development Team for additional questions.

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