Closing the Revolving Door: 
Current Theories from Research and Practice on Selection at the Top

This symposium is designed to outline the theoretical frameworks and guides that both researchers and practitioners in are using in the area of executive selection. The session will outline commonalities, discrepancies, and outright contradictions between these viewpoints and will provide impetus for the audience to discuss their views, what works and what doesn’t, and how to improve selection at the top.

Chair: Valerie I. Sessa  
Center for Creative Leadership

Presenters:  
Executive Selection in Context  
Benjamin Schneider  
University of Maryland

To Look In or Out? Contextual and Procedural Distinctions between Internal and External Executive Selection Decisions  
Valerie I. Sessa  
Richard J. Campbell* co-author  
Center for Creative Leadership  
Robert Kaiser  
Kaplan DeVries Inc.

Selection or Annointment? Filling Positions at the Top  
Donald Nelson  
Pfizer Pharmaceuticals Group

Facilitator:  
David DeVries,  
Kaplan DeVries Inc.

* Post humously. Richard J. Campbell provided the impetus for executive selection research at CCL and was involved in the inception of this symposium. We are submitting it in memory of him.
The revolving door at the top of today’s organization is spinning faster than ever. Hearing of senior executive failure and exits has become a common place occurrence in today’s news stories. To further complicate matters, 17% of the 500 companies in the Standard & Poor’s index have CEOs who are nearing retirement age (Byrne & Reingold, 1997). With massive downsizings weakening the mid-ranks of organizations and an increasing reluctance to spend the resources to cultivate potential internal candidates, organizations are increasingly looking outside for their next senior executive. With 20 million dollar sign on bonuses not unheard of in the recruitment of an external top executive in the corporate community, organizations can ill afford to make selection decisions that ultimately end in failure.

This session is designed to outline the theoretical frameworks or guides that researchers and practitioners in academics, research institutions, corporations, and search firms are using in the area of executive selection—what is useful; what is the basis for drawing conclusions; and what we look at and what we tend to ignore. The session will outline commonalities, discrepancies, and outright contradictions between these viewpoints and will provide impetus for the audience to discuss their views, what works and what doesn’t, and how to improve selection at the top.

Presenters

The presenters’ vantage points are unique. They all deal with executive selection but from very different angles—educational institutions, large corporations, and search firms.
Schneider addresses executive selection from the Industrial and Organizational psychology point of view. He argues that despite the fact that the field of I/O psychology has been shifting from an emphasis on the individual to an emphasis on the individual-in-context, the area of personnel psychology still focuses on the individual. His presentation, using his theory and research, outlines his ideas for a contextual selection process.

Sessa and Kaiser address executive selection in a more applied sense. They discuss the differences between internal and external selection (when organizations look inside vs outside, differences in the process, differences in success, etc.) using a more "grounded theory" approach.

Nelson will concentrate on the move from informal to more formal processes, on the effects of individual talent, business strategy, and organizational culture as defined by management expectations on selection, and on the relationship between corporate culture and developing people.

Session Design and Schedule

The desired outcome of this symposium is to provide a rich opportunity for session presenters and participants to gain new insights from the information reported here as well as a chance to discuss executive selection, what works, what doesn’t, and what’s missing among themselves.

Session overview (5 min.). A brief description of the symposium’s purpose and agenda will be presented.

Presentations (60 min). The purpose of the presentations is to describe theory and practice in the area of executive selection as seen from the four points of view. These
viewpoints will engage the audience and stimulate thinking. Each presenter will have 20 minutes.

Facilitator and discussion (45 min). Our facilitator, DeVries, will (1) very briefly offer his observations and reactions to the presentations, and (2) pose questions that will cross-cut the presentations and open the session to discussion within and among the presenters and the participants.

Summary

As a take away from this session, folks will have a better understanding of the executive selection process both in how it is being construed by researchers and how it is actually practiced. They will have a general idea of where there is agreement, where the "holes" are, and where science and practice contradict each other.

EXECUTIVE SELECTION IN CONTEXT

by Benjamin Schneider

Industrial and Organizational Psychology (I/O) is experiencing a paradigm shift of which it is only vaguely aware. The paradigm shift is from a focus on the individual in organizations to a focus on the individual in context. The shift has been underway for about 30 years now, since about 1960, and the accumulation of theory, research and writings that focus on the context of performance compared to the individuals performing has become overwhelming. Overwhelming everywhere except in personnel selection. In personnel selection the focus is still on the “essentialist individual” (Nord & Fox, 1996). The essentialist individual paradigm views the cause of behavior as residing in the individual, considers the individual as the unit of theory and data so far as outcomes or criteria are concerned, and employs the Pearson correlation coefficient as the statistic of choice with individuals as the unit of analysis for both predictor and criterion.

Executive selection as practiced by I/O psychologists is no different. We measure competencies and personality of the individual and correlate those individual attributes with the success of the individual assessed. These measurements occur through either paper and pencil methods, simulations (like assessment centers), or so-called individual assessment in which a more comprehensive exploration of the individual is accomplished. Still, the focus is on the individual being assessed and his or her subsequent performance.

But what if executive behavior is determined by other than personal attributes? And what if the outcomes of individual behavior are not performance as commonly measured but are much “softer” in form and are the creation of a context for the
performance of others? And, finally, what if the performance of executives we so dearly wish to predict is a consequence of executive attributes and contextual attributes reciprocating in a causal stream?

In this presentation I will present theory and some initial research to indicate that the essentialist individual model of executive selection must be abandoned in favor of a more contextual model. This contextual model for executive selection will have the following attributes:

♦ **In Practice:** Organizational analysis, not just job analysis, will determine the attributes required for a particular executive job (Bowen, Ledford & Nathan, 1991). The organizational analysis will document the existing culture as well as the culture required by the organization in the future. This kind of organizational analysis will require the participation of such diverse people as the Board of Directors of the corporation, strategic planning people (marketing, finance, production), and Wall Street stock pickers who follow the company.

♦ **In Research:** Executive selection validation studies must be accomplished across settings where the attributes of those settings are known; the unit of theory must change from a focus only on individuals to a focus on context, too (Schneider, 1996). Thus, given that the context must either be influenced by the executive, or s/he will be influenced by it, or executive and context will have mutual influences over time, the only way to understand these issues is to study executives across settings of known attributes. In large organizations this might be done across divisions or
In Theory: We must develop new conceptualizations of context that are also relevant for organizational effectiveness. Especially in executive selection research, the contexts these executives must create to be effective must be specified and they must be specified in measurable terms. Examples include: creating a service-oriented climate and culture; creating an internationally competitive organization; creating a “green” organization. The notion of change must dominate theory (Herriot & Anderson, 1997) so that we can specify a priori the kinds of executives required for context A to be changed to culture Y--and the processual issues such an executive will have to confront as the context tries to change him or her.

Paradigm shifts can either overwhelm unwittingly or they can be fostered. My own perspective is that I/O is becoming overwhelmed by contextualists (Schneider, 1996) without us recognizing the potential of our existing models to be integrated with the contextual paradigm so that the way the world works in reality can be captured (Nord & Fox, 1997). After all, we all know we are influenced by contexts and that we, in turn can have influence. Why not introduce such logic formally into executive selection research and practice?


Herriot, P. & Anderson, N. Selecting for change: How will personnel selection


To Look In or Out? Contextual and Procedural Distinctions Between Internal and External Executive Selection Decisions

by Valerie I. Sessa, Richard J. Campbell, and Robert B. Kaiser

This presentation is based on a programmatic executive selection research agenda. Our primary data source is a critical incidents-based interview study with 325 senior leaders involved in executive selection decisions. The study was designed to be hypothesis generating rather than hypothesis testing, using the general selection process as a loose guide. Couched within a conventional selection model, the results represent an inductive, grounded theoretical approach to understanding the current state-of-the-art in selection at the top. Consonant with a current trend to bring in top level leaders from outside of the hiring firm, our presentation focuses on contextual and procedural distinctions between executives promoted from within (internals) and those recruited (externals).

Contextual factors associated with candidate source were limited to internal environmental issues. There appears to be a strong linear relationship between organizational size and source—higher internal (external) selection rates in larger (smaller) firms. Over one-third of the internal selections were for developmental purposes. Internals were also more often chosen when organizations articulated a need for vision and an understanding of the firm’s culture. External candidates were more frequently selected in start-up situations, when specific experience was needed, and when staff need development. When organizations had no internal/external preference, they were twice as likely to hire from the outside.
Nearly all externals were interviewed and submitted resumes and references, while 75% of internals were interviewed and half submitted documentation. Over half of the externals were found with assistance from a search firm and one-third of the internals were part of a formal succession plan. Prior performance information was rare in external decisions, whereas formal performance appraisals and subordinate reviews were often used in internal cases. Fit was a pervasive concern among the external selectors, and selectors frequently sought fit-relevant information.

External decisions were almost twice as likely as internals to be group-based. Teams making external selections tended to be larger and more diverse in terms of functional unit and organizational level than teams hiring from within. CEOs, peers of the position and HR departments were all more often involved in external cases. External decisions also took longer.

When asked why the candidate was chosen, our interviewees indicated familiarity and track record for internals more often. There appeared to be two dominant and largely independent reasons why externals were selected—specific business experience/technical skills and fit with the organization and its culture. External candidates were selected over others in the running because of fit issues and superior communication skills—these reasons were not mentioned in internal selections. However, the selectors had more concerns in general and about background/experience specifically when they went with an internal candidate.

The only contextual factor attributed to new executives’ performance and also consistently related with source was a positive association for internals with relationships and interpersonal networks. Strengths uniquely associated with source included
relationships/getting along and values for internals, and technical expertise for externals. Poor relationships with peers was more frequently mentioned of external candidates.

There was not a difference in success rates for either candidate source. However, among the unsuccessful decisions, externals were fired or left on their own accord more frequently while unsuccessful internals tended to be demoted. Successful internals and externals were equally likely to be promoted.

It is difficult to rigorously assess how candidate source interacts with contextual and procedural factors in relating to executive selection outcomes in our data. This is a function of the nature of our study and its design as well as painful statistical power requirements of the more sophisticated qualitative modeling techniques. However, we did discover noteworthy trends and patterns across our data. For example, although externals are hired through search firms half of the time, there was a higher success rate among the internals who were referred from such a service. Our data are clear regarding interviewing: Although interviewing does not guarantee success, not interviewing an external candidate is disastrous!

Another interesting pattern is reminiscent of the adage ‘be carefully what you ask for.’ For example, although externals tend to be sought for their technical skills and specific experiences, they tend to have relationship problems that undermine performance. When externals hired for specific experiential skill sets were unsuccessful, their fate tended to be attributed to interpersonal problems. Further, selectors discussing these kinds of situations often did not mention issues of fit or interpersonal skills when identifying candidate characteristics they were seeking.
Selection or Annointment?: Filling Positions at the Top

by Donald Nelson

This presentation is based on the experience of identifying and selecting people for key positions in one major corporation. While focused primarily on internal selection, it will also address the issues involved in bringing people from the outside into senior positions. In this organization, there is a strong bias, and therefore practice, of recruiting to senior positions almost exclusively from within. This is dictated in part by the very low turnover rate and the relatively long tenure of management.

The presentation will trace the history of selection and the move from an informal to more formal process. It will identify the selection process as it has evolved and the criteria used for selection. It will also discuss what has and has not worked and some of the obvious and not so obvious reasons for success.

In our experience there are three major variables in the selection process; individual talent and potential, the business strategy or imperative, and the organizational culture or context. It is an understanding of the relationship between these three variables that is most likely to yield a well developed candidate for a senior position and increase the likelihood of their success. While identifying each of the three in detail can be difficult (especially culture), accurately measuring and predicting the successful marriage of the three presents the most challenging task. The presentation will discuss the process presently used for identifying and measuring success.

One of the underlying assumptions of the process, and worthy of discussion during the presentation, is that organization culture or “context” is most significantly defined by management expectations. The presentation will make the case for this
assumption based on the history of the organization and how changing expectations have altered the culture of the organization. This understanding of culture provides a framework for identifying the culture and understanding the criteria for success that it derives. More specifically, there will be a discussion of how management expectations have changed over time, what affect that has had on the culture and how those expectations are translated into management capability.

The relationship between the culture of the organization and developing people will be discussed. The three variables identified earlier are all important to consider in designing a development process, but culture presents the most significant challenge to it being successful. This is in large measure because a significant portion of development is dependent on specific experiences in the organization and thus dependent on the organization to provide the right experiences. The organizational culture, or the culture of a particular business unit, can often act to encourage or discourage development. Specific examples and solutions will be discussed.

It is important to note that development is a particularly critical issue in an organization that fills its positions primarily from internal sources. In such a culture, the ability. Or willingness to see already developed talent is limited. There will be a discussion, however, of when outside talent is sought how it is done and how successful it has been. The development model used will be specifically identified and its implications discussed from the hiring process through the actual decision about filling a senior position.

The high dependence on internal candidates for key positions and the recognition of the changing business strategy has moved the organization to a more formal process
for evaluating talent earlier and continuing it over time. This process for identifying and
tracking “high potentials” will be discussed along with its implications for the
organization.

In summary, our experience suggests that selecting a successful person for a
senior position is dependent on the organization’s ability to know what the business
strategy is and what talent is needed to carry it out and to do it successfully within the
organizational culture that exists at the time of the selection. Doing it successfully (or
unsuccessfully) will be the focus of this presentation.