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# **EXECUTIVE SELECTION**

**A RESEARCH REPORT ON  
WHAT WORKS AND WHAT DOESN'T**

**CENTER FOR CREATIVE LEADERSHIP**

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Center for Creative Leadership  
Greensboro, North Carolina

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## Table of Contents

<b>List of Figures</b> .....	vii
<b>Preface</b> .....	ix
<b>Executive Guide</b> .....	xi
<b>Introduction</b> .....	1
Executive Selection: Organizing Framework .....	2
Research Questions .....	9
<b>Methods</b> .....	10
Participants .....	10
Procedure .....	11
Coding .....	12
Analyses .....	12
<b>Control Variables</b> .....	13
<b>Results</b> .....	14
Performance and Outcomes .....	14
Organizational Needs Assessment and Position Requirements .....	20
Candidate Requirements .....	25
Candidate Pools: Description of Selected Executives .....	33
Matching Process .....	35
Make-up and tasks of the decision-making team .....	35
How candidate information was sought and used .....	42
Managing the Executive .....	49
<b>Discussion</b> .....	51
How Does Executive Selection Take Place in the Modern Organization? .....	52
What Determines whether Companies Look Inside or Outside for a Successor? .....	54
How Are Executives Defined as Successful or Unsuccessful? .....	56
<b>Implications</b> .....	59
Scientific .....	59
Practical .....	59
<b>References</b> .....	61
<b>Appendix A: Questionnaire and Interview Protocol</b> .....	65
<b>Appendix B: Limitations of the Study</b> .....	77



## Figures

1. Executive selection framework .....	3
1a. Relationship of executive selection framework to sets of research questions ....	4
2. Executive strengths .....	15
3. Executive weaknesses .....	16
4. Strengths by source .....	17
5. Intelligence: Interaction of success rate by source .....	19
6. Technical expertise: Interaction of success rate by source .....	20
7. Organizational assessment .....	21
8. Position requirements .....	22
9. Organization and position assessment by candidate source .....	23
10. Position assessment by success rate .....	24
11. Organization assessment—Cultural or strategic change: Interaction of success rate by source .....	24
12. Organization assessment—Start-up: Interaction of success rate and source ....	25
13. Position requirements—Chart new directions: Interaction of success rate and source .....	26
14. Develop people: Interaction of success rate and source .....	26
15. Candidate requirements .....	27
16. Candidate requirements by source .....	28
17. Candidate requirements by success rate .....	29
18. Candidate requirement—Intensive experience in a particular field: Interaction of success rate and source .....	30
19. Candidate requirement—Fit with culture: Interaction of success rate and source .....	31
20. Candidate requirement—Flexibility/adaptability: Interaction of success rate and source .....	31
21. Candidate requirement—Job knowledge: Interaction of success rate and source .....	32
22. Candidate requirement—Intelligence: Interaction of success rate and source .....	32
23. Candidate requirement—Product knowledge: Interaction of success rate and source .....	33
24. Relationship of racial status to success and failure .....	34
25. Decision-makers .....	36
26. Decision-makers by source .....	37
27. Type of selection decision: Interaction of success rate and source .....	39
28. Chair of the board participated in the decision-making process: Interaction of success rate by source .....	40
29. Peers participated in the decision-making process: Interaction of success rate by source .....	40

30.	Board of directors participated in the decision-making process: Interaction of success rate by source .....	41
31.	Boss of superior participated in the decision-making process: Interaction of success rate by source .....	41
32.	Selection techniques .....	42
33.	Perceived importance of selection methods .....	43
34.	Information sought .....	44
35.	Why this executive was selected .....	45
36.	Selection technique by source .....	46
37.	Information sought by source .....	47
38.	Why this executive was selected by source .....	48
39.	Information sought by success rate .....	49
40.	Why this executive was selected by success rate .....	50

## Preface

Since its founding nearly thirty years ago, the Center for Creative Leadership (CCL) has been interested in the topic of executive selection. This interest was formalized in a conference on executive selection held at CCL in November 1992. It resulted in Richard J. Campbell and Valerie I. Sessa initiating a new program of research at CCL called *Executive Selection (ExSel)*. The research focuses on selection at the top three levels (CEO and two levels down) of organizations, with its overall objective being to improve the quality of leadership in organizations by becoming a major generator of applied knowledge about executive selection.

As researchers working with issues around executive selection, we were motivated by the stories of problem CEO and top-management successions that abound in the press, the literature, and in the hallway chat of many organizations. People knew that failure rates were high, but they didn't know why. Thus, practitioners began to turn to organizational researchers for help with the following questions: What does it mean to be successful in today's organizations? and How can we select executives who are more likely to be successful?

We considered these two important questions in a retrospective interview study. It was designed to understand how executives are judged as being successful or unsuccessful and whether there are any differences in the way that they were selected that predicted their performance. This report is a description of that study.

The information derived from the study adds to the body of knowledge referred to in four previous CCL reports: David DeVries' 1993 report, *Executive Selection: A Look at What We Know and What We Need to Know*, which extended what we already knew about selection in the lower ranks of the organization up to selection in the upper ranks of management; George Hollenbeck's 1994 report, *CEO Selection: A Street-smart Review*, which summarized the writings of people we consider foremost authorities in CEO selection; Marian Ruderman and Patricia Ohlott's 1994 report, *The Realities of Management Promotion: An Investigation of Factors Influencing Promotions of Managers in Three Major Companies*, which discussed how and why promotions occur in the executive suite; and Valerie Sessa and Richard Campbell's 1997 report, *Selection at the Top: An Annotated Bibliography*, which summarized the executive-selection literature.

Many individuals contributed to the data-gathering and support of the study itself and to this report. We thank Jennifer Beck, Dawn Cecil, Laurie

Merritt, and various interns for their day-to-day management of the process; the close to 500 participants in CCL's Leadership at the Peak program who provided information; the trainers and feedback specialists; the Executive Selection Research Advisory Group: John Campbell, Richard Campbell, David DeVries, Milton Hakel, Susan Jackson, Louis Mattis, Hassan Minor, Jr., Lanty Smith, Melvin Sorcher, Jodi Taylor, and Walter Tornow; and Kim Corson and Cheryl Schustack for their coding. We are also grateful to Marcia Horowitz, Martin Wilcox, and Joanne Ferguson, the editorial staff at CCL; and to the Writers' Advisory Group members: Maxine Dalton, Jennifer Deal, Bill Drath, Gina Hernez-Broome, Jean Leslie, and Sonya Prestridge. In addition, we thank the reviewers of this report who provided important and helpful suggestions: Gordon Cassidy, Dean, Canada Post Corporation Learning Institute; Michael West, Professor, Institute of Work Psychology, The University of Sheffield, U.K.; and Cheryl Buxton, Vice President, Korn/Ferry International.

Finally, this report is dedicated to Richard Campbell, who was the leader of the executive selection research team. It represents his invaluable contribution to the formation of the CCL program of research on executive selection and to the presentation of it captured here. Unfortunately, Richard died in 1997 before he could see the outcomes of the work he inspired. Richard, we love you and we miss you.

Valerie I. Sessa  
Robert Kaiser  
Jodi K. Taylor

## Executive Guide

The apparent failures of many top-level selections have left many organizations wondering what they are doing wrong and in what ways they can improve their methods. In this report, CCL's executive selection researchers describe a study that addresses these issues. They interviewed and administered a questionnaire to 494 top executives (CEOs and two levels down) who attended CCL's Leadership at the Peak executive development program from 1993 to 1995. The study's purpose was to generally answer the following questions:

- (1) How are executives defined as successful or unsuccessful?
- (2) How does executive selection take place in modern organizations?
- (3) What determines whether companies look inside or outside for a successor?

These questions were addressed through an organizing framework that outlines the domains related to executive selection. These domains were developed by combining what is known about selection at lower levels in the organization with the differences and special needs of selection within the top ranks of the organization. They are: organizational needs, position requirements, candidate requirements, candidate pools, the matching process, managing the executive, and performance and outcomes. The specific research questions, which were derived from the general questions above, were related to each domain.

Interviews were coded using a combination of theory-driven and inductive coding schemes. Data were analyzed using both descriptive and inferential statistics. General results, according to the three questions above, are:

- (1) Performance measures—that is, how one does the job—do not differentiate between successful and unsuccessful executives. What matters at this level are one's relationships (especially with subordinates) and bottom-line results.
- (2) Selection processes are related to the eventual success or failure of executives in the following ways. Explicitness of organizational needs, position requirements, and candidate requirements is linked to success, as is who is selected to be in the candidate pool. Who is involved and how they are involved in the selection, what they look for in candidates, and why they make particular selections is also related to success. Methods used to collect information about job candidates, however, do not seem to matter. Those hiring a successful executive and those hiring an unsuccessful executive both rely

on interviews, résumés, and references. Finally, how executives are treated once on the job is related to success.

- (3) Internal selection processes are very different from external selection processes in terms of organizational needs, position requirements, candidate requirements, and who participates and how. The selection processes differ also in length of process and number of candidates considered, methods used in gathering information, and reasons for selecting a particular executive. Also, strengths and weaknesses differ, and it was found that executives chosen externally are more likely to be fired.

This study has implications both for further research and for practice. With respect to the former, the study shows that executive selection is worthy of systematic investigation and that future studies should emphasize understanding selection as a social process rather than concentrating on adapting selection models and tools used lower in the organization. With respect to the latter, the study suggests that in selecting executives organizations should: employ a holistic, context-rich look at the corporation and connect it with candidate requirements; consider a diversity of candidates; use a group when making the decision; know that the selection process differs for external and internal searches; understand that there is no silver bullet for successful selection; and acknowledge that the new executive needs support after the selection.

## Introduction

In this era of rapidly changing organizational environments, executive selection is even more critical than it was in the past. It also seems to be getting more difficult to do as performance demands are affected by multiple forces. For instance, companies face a larger number of competitors and more diverse markets today (Gupta, 1992), downsizing and flatter structures have weakened the bench strength of available executives and managerial span of control has increased (Byrne, Reingold, & Melcher, 1997; Gupta, 1992), and CEOs are finding that they increasingly rely on interdependent top-management teams (Hambrick, 1994). The stories of problem CEO and top-management successions in the popular press document the trouble that companies are having in selecting executives to meet these demands (Byrne et al., 1997). This is probably why organizations are increasingly turning to outside sources to make their selections, with nearly one-third of the CEOs at the top of 1,000 public companies chosen from the outside (Byrne et al., 1997; Heller, 1997).

Thus, it is not surprising that many of those involved in the selection process are asking what they can do to ensure more successful selections. The purpose of this report is to describe a CCL study that attempts to understand what the process of selection at the top looks like and to assess some of the issues executives are facing in light of the new forces that affect performance demands.

To guide us in our research, we asked ourselves these three overall questions: (1) How does executive selection take place in modern organizations? (2) What determines whether companies look outside or inside for a successor? (3) How are executives defined as successful or unsuccessful? These questions are addressed through an organizing framework described in the next subsection. It outlines the domains related to executive selection that we chose to investigate and the reasons why, including references from the current literature. The second subsection, the research questions that guide this study, are based on these domains.

Because this report is data intensive and thoroughly describes the methods of analysis and how the results were obtained, it is useful for students of executive selection and for anyone who is interested in the research detail (search-firm professionals, human resources professionals, and executives). Also, because the framework of selection presented here is a working definition of what works and what doesn't, this report is useful to those in

organizations directly involved in selection in addition to those who are interested in the process or who are potential selectees.

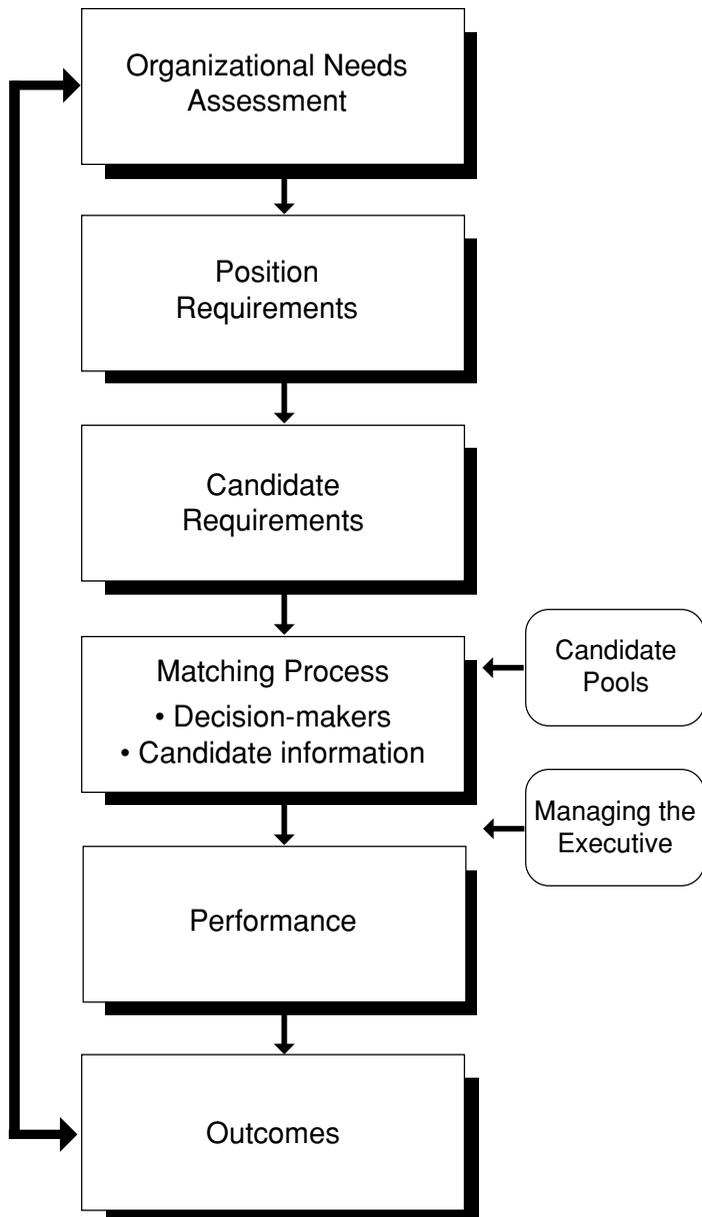
### **Executive Selection: Organizing Framework**

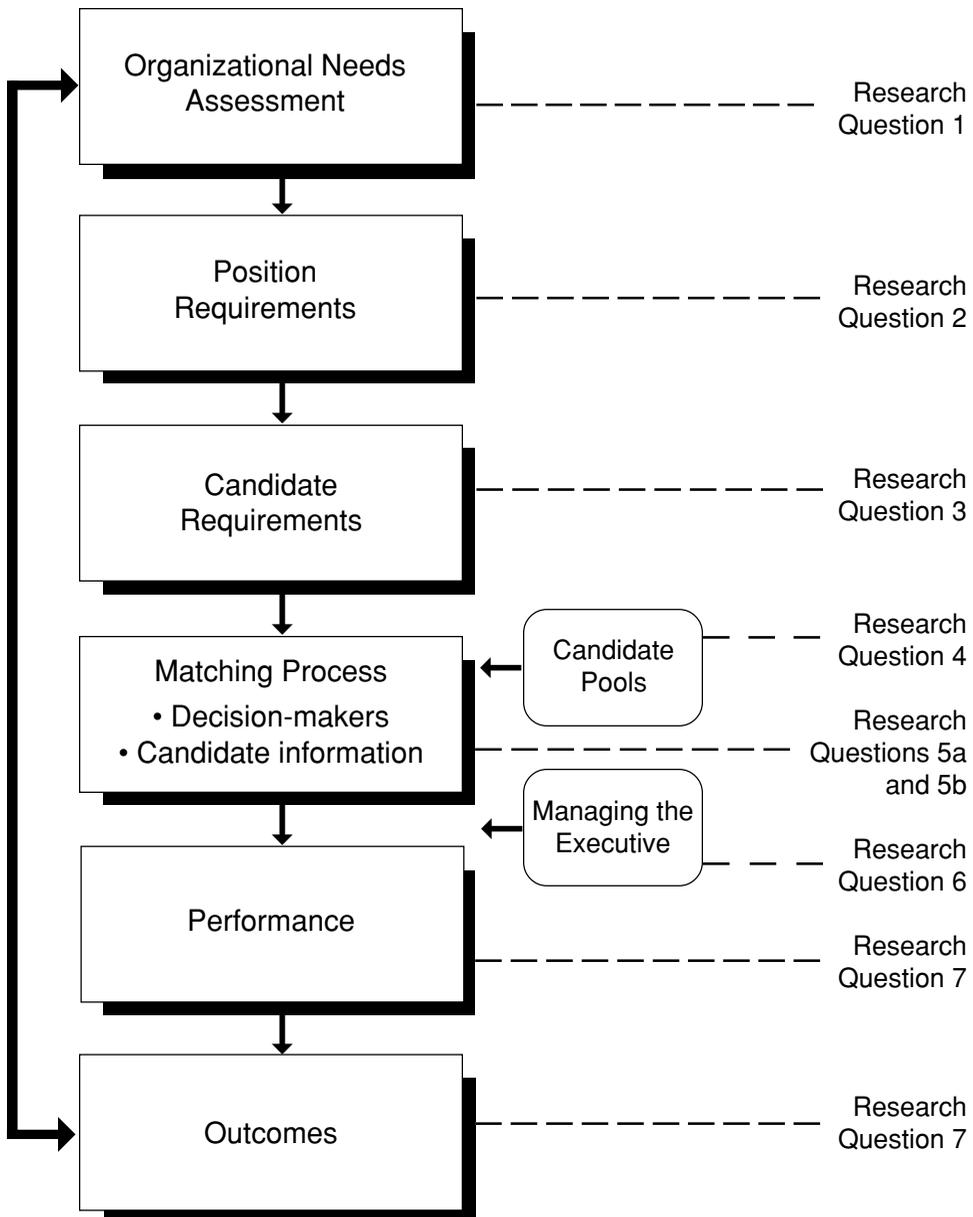
To facilitate our program of research, we defined executive selection broadly as an entire process beginning with conducting an organizational needs assessment and defining job and candidate requirements, to candidate pools, the decision-making process, managing the executive once on board, and finally, leader performance and organizational results (see Figure 1). This framework should be construed as an attempt to organize our understanding of the executive-selection process and the literature (see Sessa & Campbell, 1997). Thus, it differs from standard selection procedures as prescribed in the industrial and organizational psychology literature, which is based on a mass-production model (Sackett, 1993).

The elements of the framework are described below. For each, we provide background information from the literature that describes why they are important (and what some of their drawbacks have been), and why they were chosen for this study. You will see in Figure 1 that two elements of the framework (Candidate Pools and Managing the Executive) are not part of the main sequence, but both dramatically affect the selection process in the following ways: Unless a quality candidate pool is developed from which the best candidate can be chosen and unless the chosen executive is well supported once in the position, then the selection process can end in failure. The framework also provides the structure for the seven sets of research questions used in the study (Figure 1a).

**Organizational needs.** A recent review of the executive-selection literature (Sessa & Campbell, 1997) suggests that the organizational context has an impact on selection at the top and proposes that one of the first steps in the executive-selection process is to conduct an organizational needs assessment. The purpose of the assessment is to define and assess the work environment in terms of the characteristics of the organization. An organizational assessment begins with an examination of the internal environment (for instance, strategy, climate, changes, strengths, needs, and short- and long-term goals) and the external environment (for instance, industry ranking, market, competition, regulatory environment, future trends, and political instabilities). This structure is based on two assumptions: (1) understanding its own culture will enable the organization to articulate core values, goals, and beliefs and translate them into traits and abilities (Nelson, 1997); and (2) executives (and other employees) have knowledge, skills, abilities, and

**Figure 1.** Executive selection framework



**Figure 1a.** Relationship of executive selection framework to sets of research questions

These three general questions are part of each set of research questions:

- (1) How does executive selection take place in modern organizations?
- (2) What determines whether companies look outside or inside for a successor?
- (3) How are executives defined as successful or unsuccessful?

other personal characteristics that can be matched to the context of the organization (Bowen, Ledford, & Nathan, 1991; DeVries, 1993).

Unfortunately, conventional selection processes, directed at the lower levels of the organization, are geared toward hiring employees whose knowledge, skills, abilities, and characteristics provide the greatest fit with requirements of specific jobs, without taking the organizational needs into account. Little research has systematically associated the characteristics of organizations to individual behaviors.

In this study, we were interested in determining what organizational needs participants were dealing with and the extent to which they articulated these needs in their selection process. We were also interested in determining whether the organizational assessment affected the choice of an internal or external executive, and whether it had an impact on the eventual success or failure of the chosen executive.

**Position requirements.** The “job analysis” is as fundamental a tool to the industrial and organizational psychologist as a blueprint is to the architect. The purpose of the job analysis is to define the job in terms of the activities or tasks performed. We are able to derive from this what it means to be successful and what are the predictors of that success. Earlier views of job analysis were that the “perfect” candidate could be sought whose credentials exactly match what is needed on the job (Snow & Snell, 1993). Unfortunately, conducting a job analysis within the top three levels of the organization is problematic—separating the “job” from the “person in the job” is difficult (Sackett & Arvey, 1993) as is defining exactly what “success” means (Akkerman, 1993). In fact, evidence suggests that many who hire at the top of organizations argue even further that the person they ultimately hire should define the position (Behling, 1998; Sessa & Campbell, 1997; Snow & Snell, 1993).

In this study, we were interested in determining what position requirements participants were dealing with and the extent to which they articulated these requirements in their selection process. We also wanted to determine whether the position description affected the choice of an internal or external executive, and whether it affected the eventual success or failure of the chosen executive.

**Candidate requirements.** The next step in our framework is to infer from the position description and the organizational assessment the behaviors, knowledge, skills, abilities, and characteristics that executives need to be competent both in terms of the position and the organization (Gupta, 1992; Van Clieaf, 1992). This is often called a behavioral or worker-oriented job

analysis in the personnel literature. Those selecting executives consider the impact of the executives' activities, their interpersonal contacts, and their approach to accomplishing work to classify the requirements needed (Fondas, 1992).

In this study, we were interested in determining what candidate requirements participants were dealing with and the extent to which they articulated these requirements in their selection process. We were also interested in determining whether the candidate description affected the choice of an internal or external executive and whether it affected the eventual success or failure of the chosen executive.

**Candidate pools.** Organizations recruit employees to add to, maintain, or readjust their workforce. Recruitment for a position can occur either internally or externally. Who is being recruited at the top executive levels? A recent review of the executive-selection literature suggests that candidate pools are still predominantly middle-age, middle-class, white men with traditional backgrounds. These executives are motivated to move up the ranks of the organization, although they do not necessarily demonstrate good leadership capabilities. They are increasingly being brought in from the outside as opposed to promoted or selected from within (Sessa & Campbell, 1997).

In this study, we were interested in determining who was in the candidate pools that participants were considering, and in obtaining descriptions of the executives they ultimately chose. We also wanted to determine whether who was in the candidate pools and the candidates chosen had an impact on the choice of an internal or external executive and whether it influenced the eventual success or failure of the chosen executive.

**The matching process.** In this stage of our framework, decision-makers assess available candidates in terms of what they bring to the organization and match them to organization, job, and candidate requirements. The decision process can be divided into two separate categories. The first addresses who is chosen to make the decision and the second addresses the process used to make the selection.

The Society for Industrial and Organizational Psychology publication, *Principles for the Validation and Use of Personnel Selection Procedures* (1987, p. 12), states that, "Decision makers who interpret and act upon predictor data interject something of themselves into the interpretive or decision-making process. The judgments or decisions thus become at least an additional predictor, or, at the most the only predictor." The person or persons involved in making a selection bring their own perspectives to the selection.

The decision-makers at the top are different from the decision-makers in the lower levels of the organization. At the lower levels, decisions are often guided with the help of people in the human resources department, who know what selection tools are available and how to use them. Within the upper levels, the process is typically undertaken by executives, the CEO, and the board of directors, who may know little about the formal aspects of selection. Unfortunately, not much is known about who should be given the responsibility for making the selection or who should be involved in selection at the top (for exceptions, see Garrison, 1989; Sorcher, 1985), nor is much known about who typically is involved in the selection-decision process.

In this study, we were interested in determining who participated in the selection process. We also wanted to know whether who participated affected the choice of an internal or external executive and whether those participants influenced the eventual success or failure of the chosen executive.

The matching process—assessing fit between the candidates and the position—is the heart of the framework, and it is what many people think of or want when they hear the words *executive selection*. At this level, the match appears to be more subjective than matches at the lower levels. Corporate executives are not using personnel-selection tools to get information on job candidates. They rely, for the most part, on interviews and references, two of the least reliable methods for selection. Interestingly, even psychologists who conduct individual assessments of managerial candidates for corporate clients are likely to use similar subjective judgments, although they do report a greater likelihood of considering scores on ability tests and personality tests in their judgments (Ryan & Sackett, 1987).

On the other hand, the selection for a particular executive position often involves a chain of decisions over a span of years. Key decisions that predetermine who will be chosen for such positions often considerably antedate the final administrative action. Thus, selection is a long-term process (Glickman et al., 1968). Concentrating only on the actual placement of a particular person into a particular job may lead to the assumption that the selection was to some extent arbitrary when, in fact, the selection to the position actually involved more than a single decision restricted to the best person to fit into a given slot.

One concept that executives do say that they are using is *fit* (Judge & Ferris, 1992) or, as it is called in industrial and organizational psychology, *person-organization fit* (Cable & Judge, 1997). Many executives are hard-pressed to articulate what exactly fit is, but “they know it when they see it.” Unfortunately, using it as a ubiquitous selection device makes it difficult to

distinguish candidates who are truly qualified for the position or organization from those who are merely good at reading the situation and presenting the best impression (Judge & Ferris, 1992; Miller & Hanson, 1991).

In this study, we were interested in determining what methods were used to gather information on the candidates, what information was gathered, and what were the deciding factors in choosing a particular candidate over others in the pool. We also wanted to determine whether this selection process affected the choice of an internal or external executive and whether it affected the eventual success or failure of the chosen executive.

**Managing the executive.** Research demonstrates that it can take an executive up to two-and-one-half years to master the position (Gabarro, 1987), suggesting that the selection does not stop when the final decision is made and the offer accepted (see Hall, 1995). How the executive is introduced to the organization and how the organization is introduced to the executive are also part of the process. In industrial and organizational psychology, this is referred to as the socialization process. It includes expectation and anticipation before the change, affect and sense-making during the transition, adjustment, and stabilization for both executives and their organizations (Nicholson & West, 1989).

In this study, we were interested in determining what kind of support executives received upon entering the new position, whether they received any socialization or training, and whether they were judged differently than people who had been on the job longer. We also wanted to know whether this support differed for internal or external executives and whether it differed for successful or unsuccessful executives.

**Performance and outcomes.** This is known as the *criterion measure* in industrial and organizational psychology and is what ultimately defines success on the job. CCL has studied executive performance in various ways during its history, including the research done on the lessons of experience (see Lindsey, Homes, & McCall, 1987; McCall, Lombardo, & Morrison, 1988) and derailment (see Leslie & Van Velsor, 1996; McCall & Lombardo, 1983). As one moves up the echelon, job scope (breadth and number of units), scale (internal complexity, diversity, and ambiguity), and accountability broaden considerably, especially for the CEO job (Bentz, 1987; Rock, 1977). Due to this complexity, measuring success in the job is increasingly difficult to define. For example, although CEO success is often measured by a host of financial ratios and stock prices as well as the "satisfaction" of the board of directors, Wall Street, stakeholders, and the media, should we hold CEOs accountable for the entire organization; what kind of time frame should

we measure them on; and should we consider how “well” they lead in addition to what they achieve in organizational outcomes?

In this study, we were interested in how executives were judged as successful and unsuccessful. We also wanted to determine how judgments of success and failure differed for an internal or external executive and whether those judgments differed between those executives labeled successful and those labeled unsuccessful.

## Research Questions

The research questions follow our framework.

*Research Question 1:* What were the organization’s needs? Were these needs well articulated? Did these needs differ for those hired internally versus those hired externally? Did these needs differ for successful and unsuccessful selected executives? How did candidate source (internal versus external) interact with selection outcome (successful versus unsuccessful)?

*Research Question 2:* What positions were the candidates seeking to fill? What did the position requirements include? Were both position and team requirements mentioned? Were they well articulated? Did these requirements differ for those hired internally versus those hired externally? Did these requirements differ for successful and unsuccessful selected executives? How did candidate source (internal versus external) interact with selection outcome (successful versus unsuccessful)?

*Research Question 3:* What candidate requirements were identified? Were they well articulated? Did these requirements differ for those hired internally versus those hired externally? Did these requirements differ for successful and unsuccessful selected executives? How did candidate source (internal versus external) interact with selection outcome (successful versus unsuccessful)?

*Research Question 4:* In terms of the candidate pool, who is the typical top executive selected in today’s organization? Did these profiles differ for those hired internally versus those hired externally? Did they differ for successful and unsuccessful selected executives? How did candidate source (internal versus external) interact with selection outcome (successful versus unsuccessful)?

*Research Question 5a:* In terms of the matching process, who was involved in the selection process? Did this differ for those hired internally versus those hired externally? Did this differ for successful and unsuccessful selected executives? How did candidate source (internal versus external) interact with selection outcome (successful versus unsuccessful)?

*Research Question 5b:* In terms of the matching process, how long did the selection process take? How was candidate information sought? What candidate information was sought? What were the reasons the hired candidate was chosen? Why were other candidates not selected? Did this process differ for those hired internally versus those hired externally? Did this process differ for successful and unsuccessful selected executives? How did candidate source (internal versus external) interact with selection outcome (successful versus unsuccessful)?

*Research Question 6:* How were executives managed once they were on the job? Were they given any socialization or training in the beginning? How well did their superiors, peers, subordinates, and others support them? Did they differ in terms of how they were evaluated at different times in their positions? Did this differ for those hired internally versus those hired externally? Did this differ for successful and unsuccessful selected executives? How did candidate source (internal versus external) interact with selection outcome (successful versus unsuccessful)?

*Research Question 7:* How were executives rated as successful or as unsuccessful? What were their strengths and weaknesses? Did these ratings differ for those hired internally versus those hired externally? Did these ratings differ for successful and unsuccessful selected executives? How did candidate source (internal versus external) interact with selection outcome (successful versus unsuccessful)?

## **Methods**

### **Participants**

Participants were drawn from 494 top executives attending CCL's Leadership at the Peak (LAP) training program conducted at CCL's Colorado Springs campus. LAP is a five-day executive development program aimed at CEOs through two levels down in the organization. Participants were administered a questionnaire and underwent a one-hour in-depth interview regarding a selection decision in which the participant was personally involved. Of the original participants, 53 were not interviewed, 14 had unusable interviews, and 102 had not participated in selections at the appropriate level, leaving a sample of 325 usable interviews (66%) for this study. Using the 292 participants for whom we had complete biographical data, interviewees had the following demographics: They were predominantly white (94%), male

(90%), with an average age of 46 (range from 28-63); 34% were CEOs, 59% were in the second level, and 6% were in the third level down.

Participants were predominantly in for-profit organizations (83%) from the manufacturing industry (32%) followed by the financial industry (17%); 90% had at least a bachelor's degree. In terms of size, 13% of the companies employed less than 1,000 employees, 29% employed 1,000 to 9,999 employees, 28% employed 10,000 to 49,999, and 30% employed 50,000 or more.

In terms of *estimated* success rates regarding selection, participants gave their companies an overall success rate of 73%, with an internal success rate of 76% and an external success rate of 65%. They estimated that 41% ( $SD = 31$ ) of their companies' hires were external, and that there was no increase (in 33.2% of the cases) to a moderate increase (in 27.2% of the cases) in the proportion of external hires over the past few years.

## Procedure

Upon arrival at the hotel, one day before the beginning of the training program, LAP participants received a packet of information explaining CCL's interest in executive selection, a description of the interview study, a subject consent form, and a short questionnaire asking them to describe a top-level selection. (See Appendix A.) They were asked to describe either a successful or an unsuccessful selection through the questionnaire. These were administered by random assignment within each training session.<sup>1</sup> The purpose of the questionnaire was threefold: (1) to give the executives their assignment of success or failure, (2) to stimulate the executives to think in detail about a particular selection, and (3) to allow the executives to fill in items that were available in checklist form.

On the afternoon of the first day of the training program, participants were interviewed by psychologists specifically trained to conduct these interviews as well as provide other functions for the LAP training program. Each interview, using both open-ended and closed questions, lasted approximately one hour. It covered such topics as how the participants defined success and failure of the executive they were recalling; the process of the selection (including who was involved in the decision, the context of the

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<sup>1</sup> For each training session, slightly more than half received questionnaires asking them to recall an unsuccessful selection. Slightly less than half received questionnaires asking them to recall a successful selection. We oversampled unsuccessful selections for two reasons. First, when we began the data collection, some executives had trouble recalling participating in an unsuccessful selection while most could recount a successful one. Second, we felt that the stories of unsuccessful selections would be more informative.

organization during the decision-making process, organizational analysis, job requirements, candidate requirements, and selection methods); and general questions about selection in their company. Although all participants were asked to participate as part of the training program, only those who chose to sign the consent form were included in the study. At the conclusion of the interview, the interviewers either typed or dictated an interview report.

### **Coding**

A coding manual, a mix of qualitative and quantitative techniques, was developed using both theoretical and inductive methods. Using previous research on executive selection, the primary author designed an outline of a coding scheme. Next she coded several interviews, using the coding scheme, and added codes arising from the actual interviews.

For codes on organization assessment, job requirements, candidate requirements, information sought, why candidate was selected, and strengths and weaknesses, items were coded as “1” (mentioned) and “0” (not mentioned). Regarding performance and context, items were coded as “1” (negative factor), “2” (positive factor), and “0” (not mentioned).

Once a draft coding scheme was developed, the primary author trained three coders. Coders used a two-step process: first, they coded each interview individually; second, they compared codes and came to consensus on discrepant codes. This procedure was followed until the coders were consistently achieving a high consensus rate (on average, 85% agreement). At that point, each interview was coded by a single coder. The manual was continuously updated over the course of the coding as new codes arose. As new codes were added, previous interviews were updated.

### **Analyses**

We used percentages, frequency distributions, and inferential statistics in our analyses. For frequency distributions, we used chi-square for 2x2 tables and either Cramér's  $V$  or Wilk's Lambda for larger than 2x2 tables. For inferential statistics, we used  $t$  tests and ANOVAs.

Due to the nature of the data (for example, the use of “1” [mentioned]), many of our frequencies are low. Therefore, we are considering an alpha less than .10 as significant. Additionally, we do report interactions by source and outcome that are not significant but show interesting relationships that are worth considering.

## Control Variables

Before we go on to actual results, a brief explanation about control variables is in order. Before beginning our analyses, we checked our data to determine if there were any relationships between the participants and the subgroups they represented.

**Candidate source (internal versus external).** Candidate source differed by sector ( $\chi^2(2) = 5.04, p < .10$ ). Specifically, in the public nonprofit sector 39% of the selections were external, in the business sector 57% of the selections were external, and in the private nonprofit sector 70% of the selections were external. Candidate source also differed by size of the company. Companies with less than 1,000 employees were more likely to bring in external candidates (18.9% vs. 6.7% internals). Companies with 50,000 or more employees were more likely to hire from within (40.3% vs. 21.7% externals; Cramér's  $V(N = 262) = .241, p < .01$ ). Thus, small organizations and private nonprofits preferred to bring in executives from outside of the organization.

Source of the hired candidate was related to selection strategy at the outset. When the selection strategy was to select an internal candidate, an internal candidate was selected 93% of the time; when the selection strategy was to bring in an external hire, this was done so 95% of the time. Interestingly, when the search was open—that is, both internal and external candidates were considered—an external candidate was brought in 72% of the time ( $\chi^2(2, N = 319) = 183.93, p < .01$ ). Additionally, those hiring an external candidate did indicate that they were more likely to hire a greater proportion from the outside in general (49% vs. 29%;  $t(180) = -4.47, p < .01$ ).

**Selection outcome (unsuccessful versus successful).** There were no significant differences on selection outcome by sector, size, level, candidate source, or percentage of executives hired from outside. Although those involved in a successful hire were more likely to estimate that their company had a higher overall hit rate than those involved in an unsuccessful hire (76% vs. 70%;  $t(221) = -2.18, p < .05$ ), they did not report different estimates in terms of external or internal hit rates for the organization. There was no difference in the proportion of external hires over the past few years between organizations hiring successful and unsuccessful executives.

**How did candidate source (internal versus external) interact with selection outcome (successful versus unsuccessful)?** The interaction between candidate source and general context variables was not associated with selection outcome.

## Results

This section is organized by the research questions, with the parts of each question answered in order.

### Performance and Outcomes

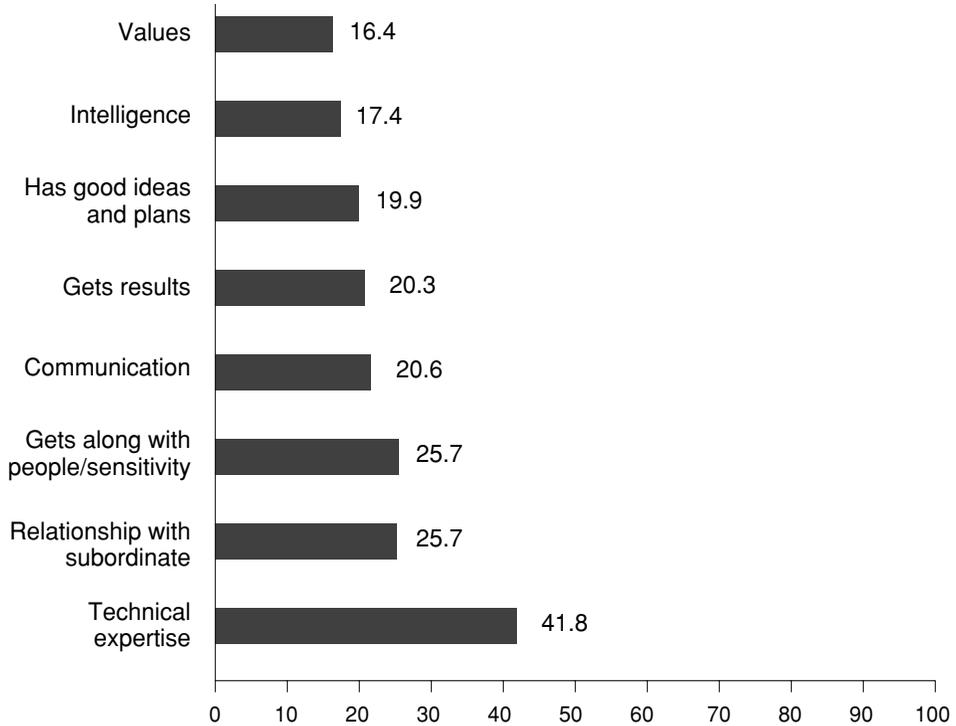
Although performance and outcomes occurs at the end of our framework, we present the results first to facilitate reader understanding about what it means to be successful or unsuccessful.

*Research Question 7: How were executives rated as successful or as unsuccessful?* In this study, we asked the participants to define what criteria they used to judge success and nonsuccess. Seventy-nine percent mentioned that they considered performance, 68% mentioned that they looked at quality of relationships, and 52% said bottom-line outcomes. And some (28%) mentioned that ultimate success or failure had something to do with environmental context.

*What were their strengths and weaknesses?* See Figure 2 for commonly reported strengths. See Figure 3 for commonly reported weaknesses.

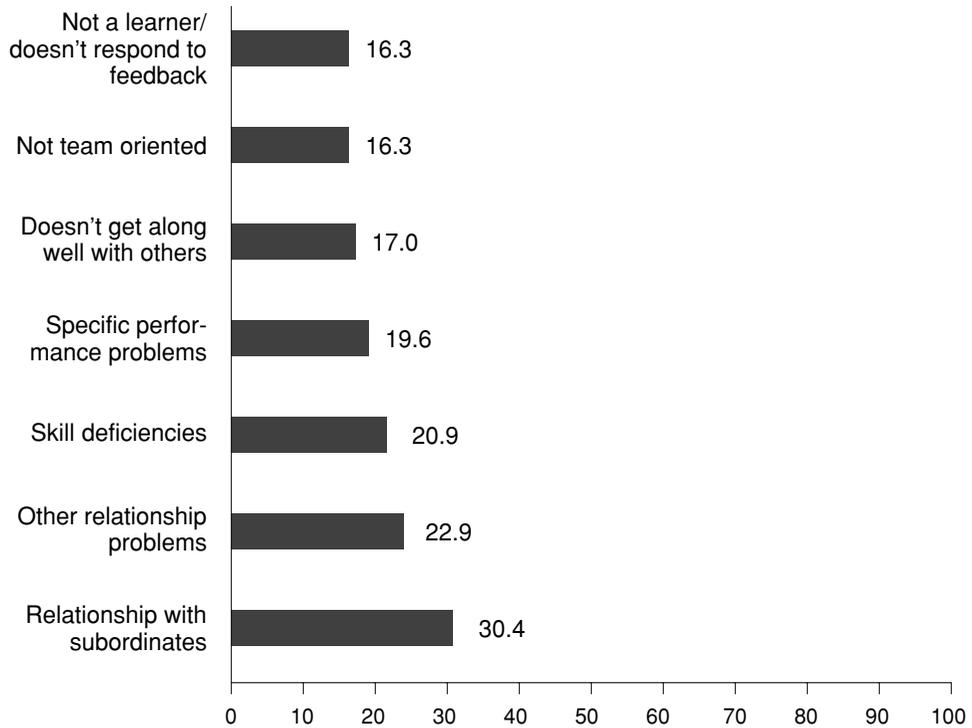
Participants discussed where the selected executive was at the time of the data collection interview, or his or her current job status: 53% were still in the same job, 21% had been fired, 11% had left the company voluntarily, 6% had been demoted, 5% had been promoted, and 4% were in a different job at the same level.

To determine which criterion carried the most weight, the four criteria were used in a stepwise discriminant analysis predicting selection outcome. The criteria (performance, outcomes, relationships, and environment) were coded "1" if it was mentioned as a negative evaluation, "2" if not mentioned, and "3" if identified as a positive factor in the ultimate evaluation. All four criteria contributed significantly (all beyond  $p < .001$ ) to the discriminant function, which accounted for fully 73.4% of the variance in selection outcome (Wilk's  $\Lambda = .265$ ,  $\chi^2(4) = 413.60$ ,  $p < .001$ ). The criteria correlated with the canonical discriminant function in the following order: performance ( $r = .71$ ), relationships ( $r = .65$ ), outcomes ( $r = .47$ ), and environment ( $r = .20$ ). Similar results were obtained in a stepwise regression analysis ( $R^2 = .74$ ;  $F(4) = 215.23$ ,  $p < .001$ ); performance entered first, accounting for 58% of the variance in selection outcome, followed by relationships (14%), outcomes (1%), and then environment (1%). Performance was the primary factor perceived as contributing to selection outcome, and quality of relationships was a somewhat distant secondary factor.

**Figure 2.** Executive strengths

*N* = 311

*Did these ratings differ for those hired internally versus those hired externally?* Candidates promoted from within and hired from the outside were judged using the same criteria. But strengths and weaknesses mentioned did differ by candidate source. Internal executives were more likely to have as strengths: values (21.4% vs. 12.8%;  $\chi^2(1, N = 311) = 4.09, p < .05$ ); other knowledge, skills, abilities, and characteristics (45.8% vs. 30.6%;  $\chi^2(1, N = 311) = 7.56, p < .01$ ); and gets along with others (30.5% vs. 22.5%;  $\chi^2(1, N = 311) = 2.74, p < .10$ ). External executives were more likely to have as strengths: technical expertise (46.1% vs. 35.9%;  $\chi^2(1, N = 311) = 3.26, p < .10$ ) and relationships with people other than superiors, peers, or subordinates (15.6% vs. 9.2%;  $\chi^2(1, N = 311) = 2.77, p < .10$ ). The only difference between internal and external hires in terms of weaknesses mentioned indicated

**Figure 3. Executive weaknesses**

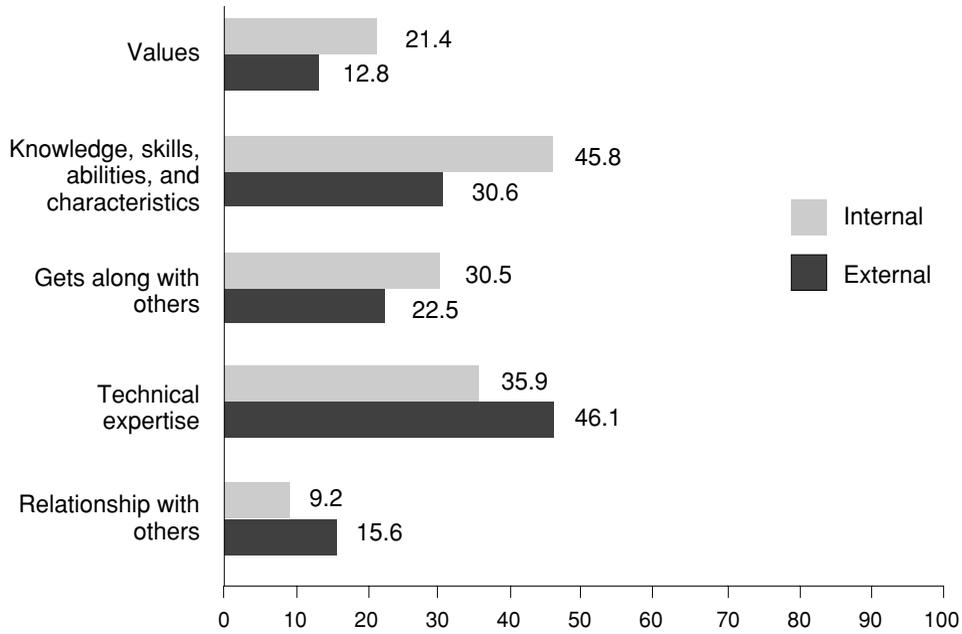
$N = 306$

that those brought in from the outside were more likely to have problems with their peers (14.2% vs. 3.1%;  $\chi^2(1, N = 306) = 10.80, p < .01$ ). (See Figure 4.)

Whether candidates were internal or external was related to selected executives' job status at the time of the data collection interview ( $\chi^2(5, N = 311) = 15.17, p < .01$ ). Externals were twice as likely as internals to be fired (26.6% vs. 12.7%) while internals were more likely to be demoted (9.7% vs. 3.4%). However, internal and external executives had an equal likelihood of being in the same job, being promoted, or voluntarily leaving the organization.

*Did these ratings differ for successful and unsuccessful selected executives?* Successful and unsuccessful executives were judged using the same criteria.

In terms of strengths and weaknesses, not surprisingly, successful executives were described as having more strengths across the board ( $M =$

**Figure 4. Strengths by source**

$N = 311$ ; Internal = 131; External = 180

5.02 vs. 2.35,  $t(236.68) = -10.23$ ,  $p < .001$ ) while unsuccessful executives were described as having more weaknesses ( $M = 4.74$  vs. 1.14,  $t(221.6) = 16.86$ ,  $p < .001$ ).

Successful executives were generally seen as strong in getting results (36.1% vs. 6.1%), solving problems and following through (15.6% vs. 4.9%), and being able to craft strategy or “seeing the big picture” (17.7% vs. 6.7%).

The weaknesses side of the balance sheet showed the same pattern: More frequent weaknesses attributed to unsuccessfuls included specific performance problems/lack of results (34.3% vs. 0.7%), lack of follow-through (13.4% vs. 0.7%), and not being able to think strategically (22.7% vs. 3.0%). Interestingly, technical expertise as a strength was as common for unsuccessfuls as for successfuls (42.7% and 40.8%).

In the more ephemeral or “soft” executive skills domain, relationships were a critical area in which successful and unsuccessful executives differed greatly. Successfuls were more often regarded as having strong relationships with subordinates (42.9% vs. 10.4%), superiors (21.1% vs. 4.9%), peers

(16.3% vs. 4.3%), customers (12.2% vs. 4.9%), and “other relationships” (17.0% vs. 9.1%) as well as getting along with people in general (34.7% vs. 17.7%) and being a team player (20.4% vs. 3.0%). This was also reflected in the list of weaknesses: unsuccessful executives were more often described as having poor relationships with subordinates (47.7% vs. 8.2%), superiors (20.5% vs. 1.5%), peers (16.4% vs. 0.7%), customers (10.5% vs. 0.7%), “other relationships” (29.7% vs. 14.2%), and were more often regarded as not getting along with others in general (26.7% vs. 4.5%) and as not team oriented (25.6% vs. 4.5%).

It is interesting to point out that quality of relationships with subordinates was the most pervasive interpersonal factor distinguishing successful from unsuccessful executives.

In terms of performance, communication skills were a relative strength of the successfuls (36.5% vs. 15.2%) and a more frequent weakness for unsuccessfuls (30.8% vs. 8.2%). Other less tangible qualities attributed to the executives that set successful selections apart from unsuccessful selections included: credibility (13.6% vs. 9.9%); learning from experience (17.7% vs. 1.2%) compared to a weakness (26.2% of unsuccessfuls and 3.7% of successfuls); motivation (17.7% vs. 6.7%); and having different values was a weakness more common to unsuccessfuls (18.0% vs. 0.7%).

The most commonly mentioned *weaknesses* for *successful* executives was their lack of particular knowledge, skills, abilities, and characteristics (34%). The most commonly mentioned *strengths* for *unsuccessful* executives were their technical expertise (43%) and other knowledge, skills, abilities, and characteristics (29%).

What were the strengths and weaknesses most clearly linked to whether the executives were successful or unsuccessful? To answer this, a stepwise discriminant analysis was conducted to predict selection outcome from the entire list of strengths and weaknesses, each dummy-coded (not mentioned = “0”; mentioned = “1”). The resulting discriminant function was highly significant (Wilk's  $\Lambda = .408$ ,  $\chi^2$ (d.f. = 18) = 256.609,  $p < .001$ ) and correctly classified 89.2% of the selections as successful or unsuccessful. The strengths and weaknesses loading highest on the discriminant function, and thus most definitively related to selection outcome, were both the strength and weakness for subordinate relationships and getting results. In other words, relationships with subordinates and the ability to produce tangible outcomes were the two domains most clearly related to the selected executives' selection outcome.

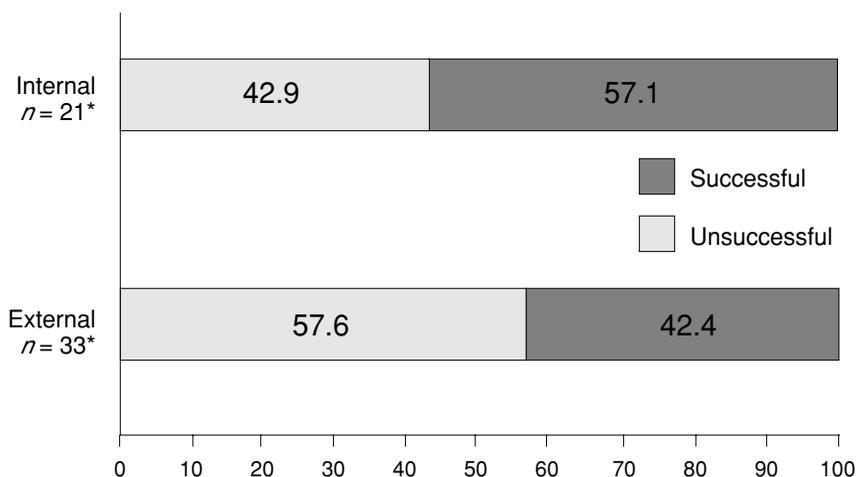
One hundred percent of all of the executives who had been promoted and 78% of the executives who were still in their same job were considered

successful. Ninety-eight percent of those who had been fired, 97% of those who had left the company voluntarily, 100% of those who had been demoted, and 69% of those who were in a different job at the same level were considered unsuccessful executives.

*How did candidate source (internal versus external) interact with selection outcome (successful versus unsuccessful)?* The interaction between candidate source with evaluation criteria and the number of strengths and weaknesses mentioned was not related to selection outcome. A few of the strengths did differ, although none of the weaknesses did: If an executive was promoted from within and was seen as intelligent or having technical expertise, he or she was seen as successful. If an executive was hired from the outside and was seen as intelligent or having technical expertise, he or she was more likely to be seen as unsuccessful. (See Figures 5 and 6.)

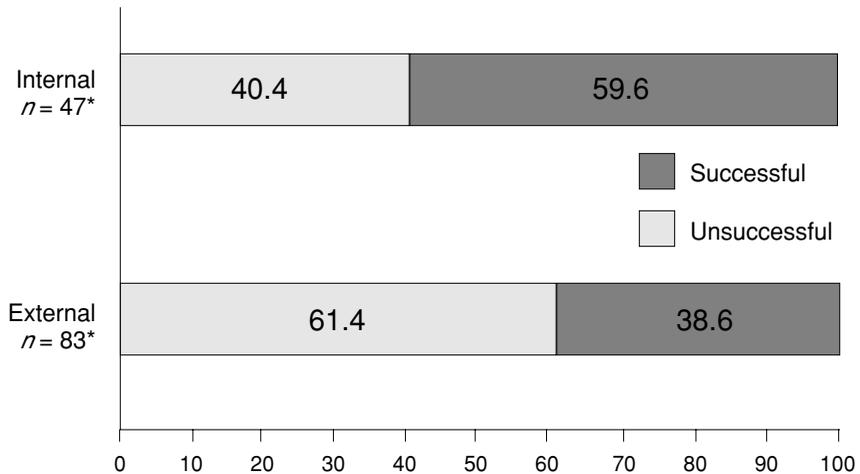
Finally, there was no difference between successful executives who had been promoted from within or hired from the outside in terms of where they were on the job; they had an equal likelihood of being in the same job, moved laterally, or promoted (internals = 86%, externals = 88%). However, unsuccessful executives who were hired from the outside were likely to be fired (49%), while unsuccessful executives who were promoted from within were likely to be either fired (25%) or demoted (20%).

**Figure 5. Intelligence**  
Interaction of success rate by source



\*These *n*'s are the number who mentioned.

**Figure 6.** Technical expertise  
Interaction of success rate by source



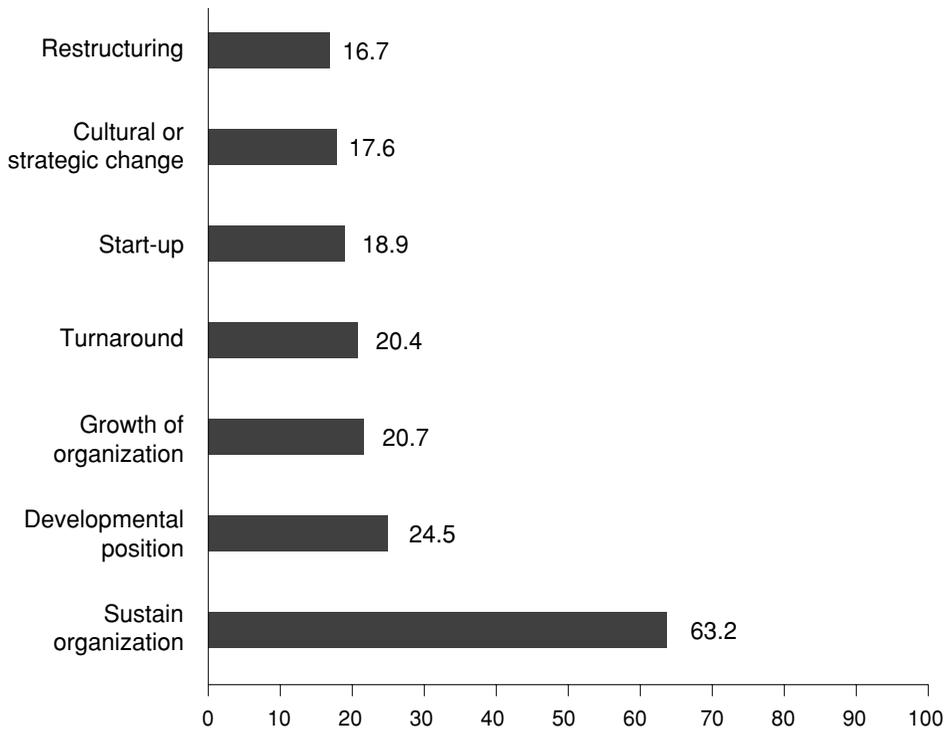
\*These *n*'s are the number who mentioned.

### Organizational Needs Assessment and Position Requirements

*Research Question 1: What were the organization's needs? Were these needs well articulated?* Participants reported 2.47 ( $SD = 1.29$ ) organizational needs that they believed they should take into account during this selection. Ninety-four percent of these needs were internal to the organization; very few participants mentioned characteristics concerning the external environment. (See Figure 7 for commonly mentioned needs.)

*Research Question 2: What positions were the candidates seeking to fill? What did the position requirements include? Were both position and team requirements mentioned? Were they well articulated?* The position being selected for was primarily one level (45%) and two levels (49%) from the top. In 37% of the cases, the selection was for a new position in the company. Other reasons for the job opening included the incumbent leaving the organization either voluntarily (19%) or involuntarily (22%); 34.8% of the searches were for an internal candidate, 32.6% were for an external candidate, and 32.6% were open.

Participants reported 3.76 ( $SD = 2.03$ ) position requirements. (See Figure 8 for commonly mentioned position requirements.) Participants ranked

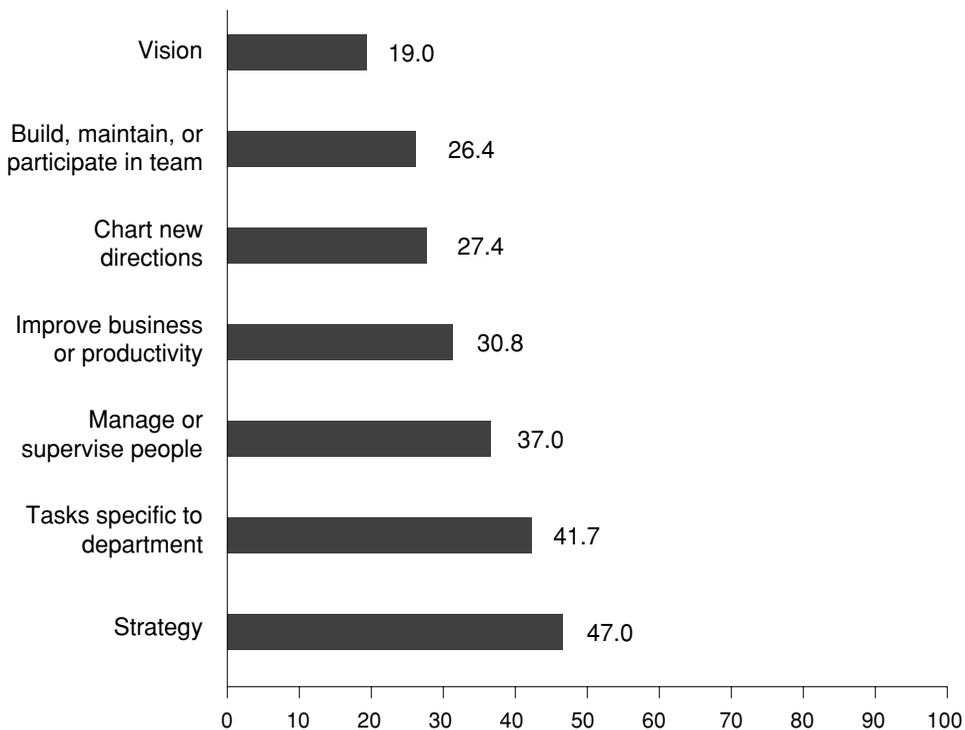
**Figure 7.** Organizational assessment

$N = 323$

their organization as a 3.5 ( $SD = 1.2$ ) on a 5-point scale in terms of how explicit they believed they were in identifying organizational needs and position requirements for this particular selection.

*Did organizational needs or position requirements differ for those hired internally versus those hired externally?* There were no differences in explicitness or in number of organizational needs mentioned by candidate source. However, there was a difference in factors mentioned. Developmental positions ( $\chi^2(1, N = 323) = 12.02, p < .01$ ) were more commonly associated with internal executives. Start-ups ( $\chi^2(1, N = 323) = 8.36, p < .01$ ) were more commonly associated with external executives.

Candidate source was not associated with number of position requirements mentioned but it was associated with type of position requirements mentioned. Vision was more commonly associated with internal executives

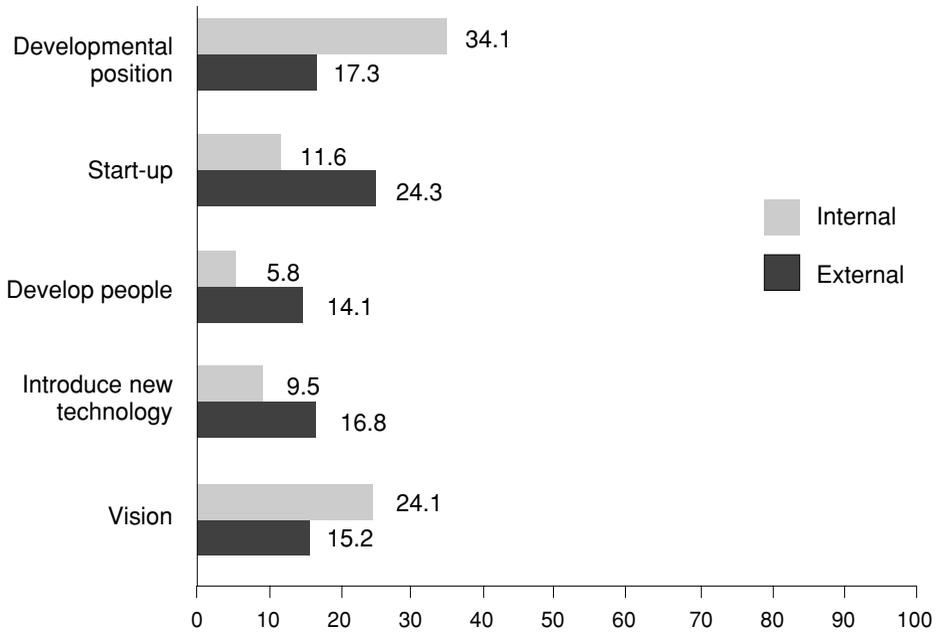
**Figure 8.** Position requirements

$N = 321$

( $\chi^2(1, N = 321) = 4.01, p < .05$ ), while developing people ( $\chi^2(1, N = 322) = 5.80, p < .05$ ) and introducing new technology ( $\chi^2(1, N = 321) = 3.60, p < .10$ ) were more commonly associated with external executives. (See Figure 9.)

*Did these needs and requirements differ for successful and unsuccessful selected executives?* Participants rated themselves as being more explicit (3.75 vs. 3.43 out of 5) in their organizational needs and position analyses for successful executives ( $t(257) = -2.15, p < .05$ ). There was no difference in the number of organizational needs mentioned. In general, there was little difference in the type of needs mentioned, although unsuccessful executives were slightly more related to involvement in a merger or acquisition ( $\chi^2(1, N = 323) = 3.16, p < .10$ ).

**Figure 9.** Organization and position assessment by candidate source

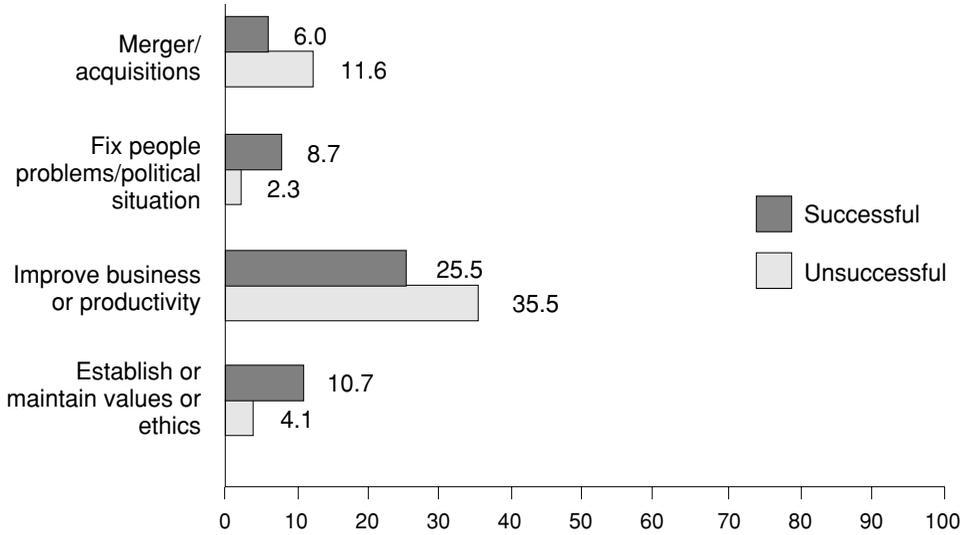


$N = 321$ ; Internal = 137; External = 184

Selection outcome was not associated with the number of position requirements stated, but position requirements differed. Although rarely mentioned, establishing or maintaining values or ethics ( $\chi^2(1, N = 321) = 5.3, p < .05$ ) and fixing people problems or a political situation ( $\chi^2(1, N = 322) = 6.58, p < .05$ ) were mentioned more for successful executives, while improving business or productivity was more commonly mentioned for unsuccessful executives ( $\chi^2(1, N = 321) = 3.71, p < .10$ ). (See Figure 10.)

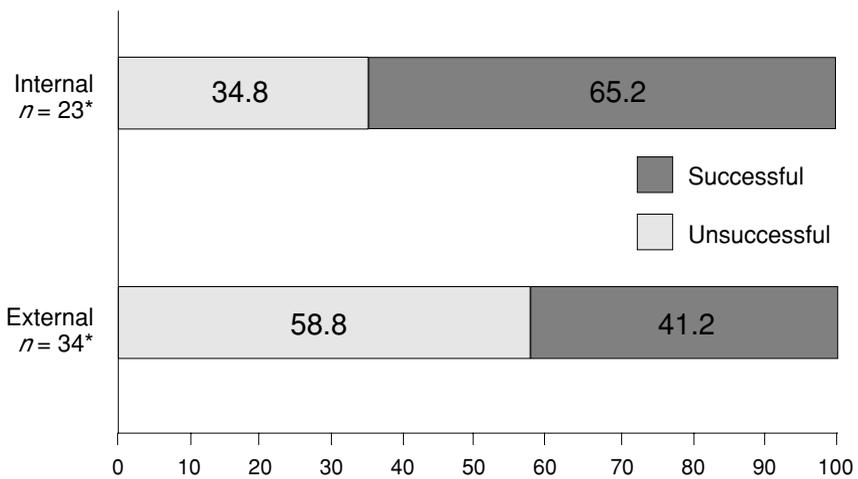
*How did candidate source (internal versus external) interact with selection outcome (successful versus unsuccessful)?* The interaction of candidate source with number of organizational needs mentioned, position requirements mentioned, or explicitness of the process was not associated with selection outcome, although type of organizational needs and position requirements were. In terms of the organizational needs, when the company was dealing with a cultural or strategic change, executives were more likely to be successful if they were promoted from within rather than hired from the outside. (See Figure 11.) When the company was dealing with a start-up,

**Figure 10.** Organization and position assessment by success rate



N= 321; Internal = 149; External = 172

**Figure 11.** Organization assessment Cultural or strategic change Interaction of success rate by source



\*These n/s are the number who mentioned.

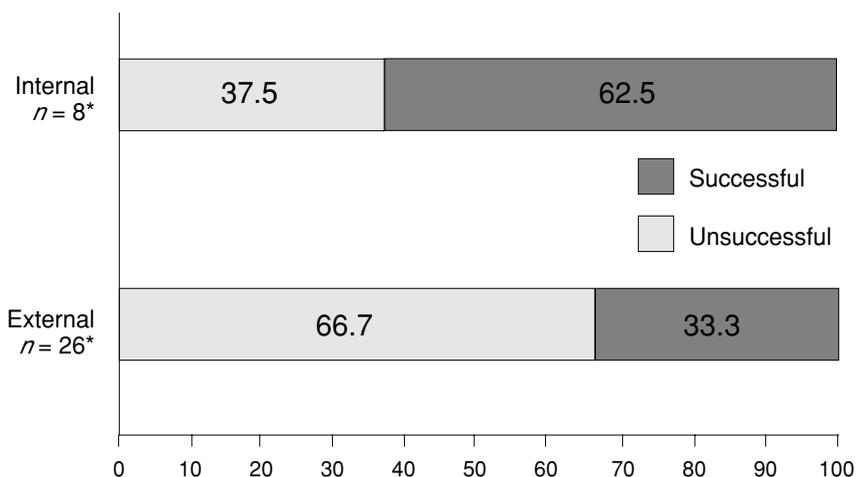
although they were more likely to hire externally, executives promoted from within were more likely to be successful. (See Figure 12.)

For position requirements, when the job entailed charting new directions, those promoted from within were more likely to be successful than those hired from the outside. (See Figure 13.) While companies were more likely to look outside when their own employees needed developing, those hired from the outside weren't likely to be successful. Those hired from the inside were seen as successful 50% of the time in these situations. (See Figure 14.)

### Candidate Requirements

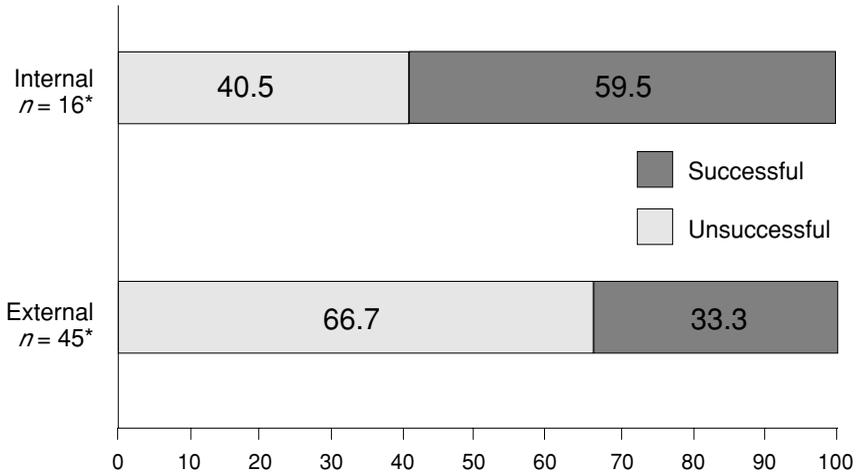
*Research Question 3: What candidate requirements were identified? Were they well articulated?* Participants mentioned 6.7 ( $SD = 3.7$ ) candidate requirements. (See Figure 15 for the commonly mentioned candidate requirements.) Participants ranked themselves as a 3.4 ( $SD = 1.3$ ) on a 5-point scale in terms of how explicit they believed they were in articulating the candidate requirements.

**Figure 12.** Organization assessment  
Start-up  
Interaction of success rate and source



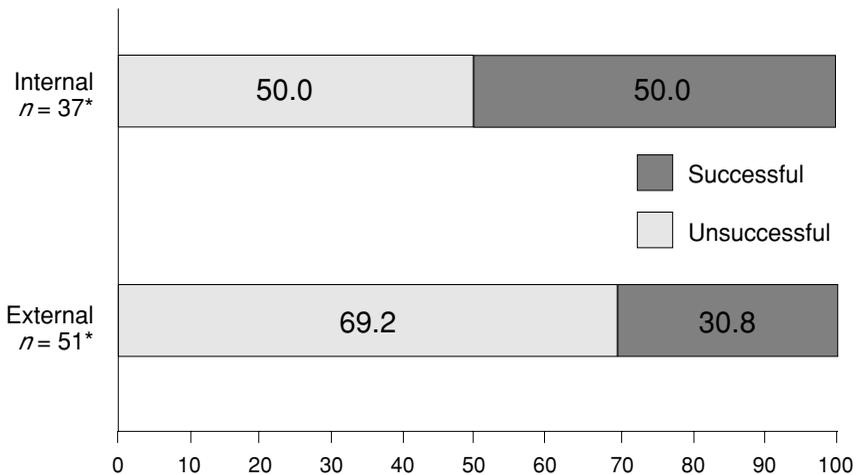
\*These  $n$ 's are the number who mentioned.

**Figure 13. Position requirement**  
 Chart new directions  
 Interaction of success rate and source



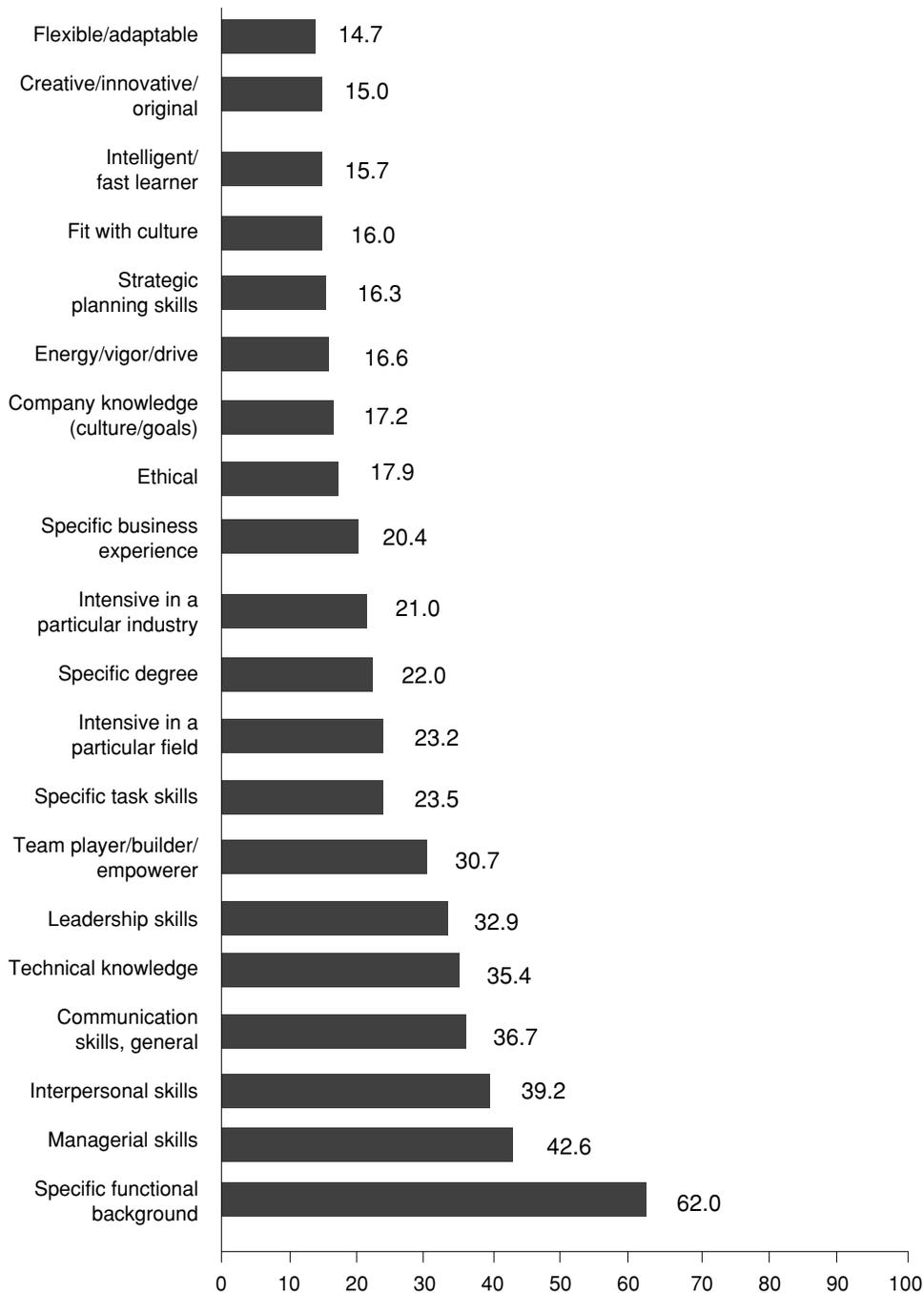
\*These n/s are the number who mentioned.

**Figure 14. Position requirement**  
 Develop people  
 Interaction of success rate and source



\*These n/s are the number who mentioned.

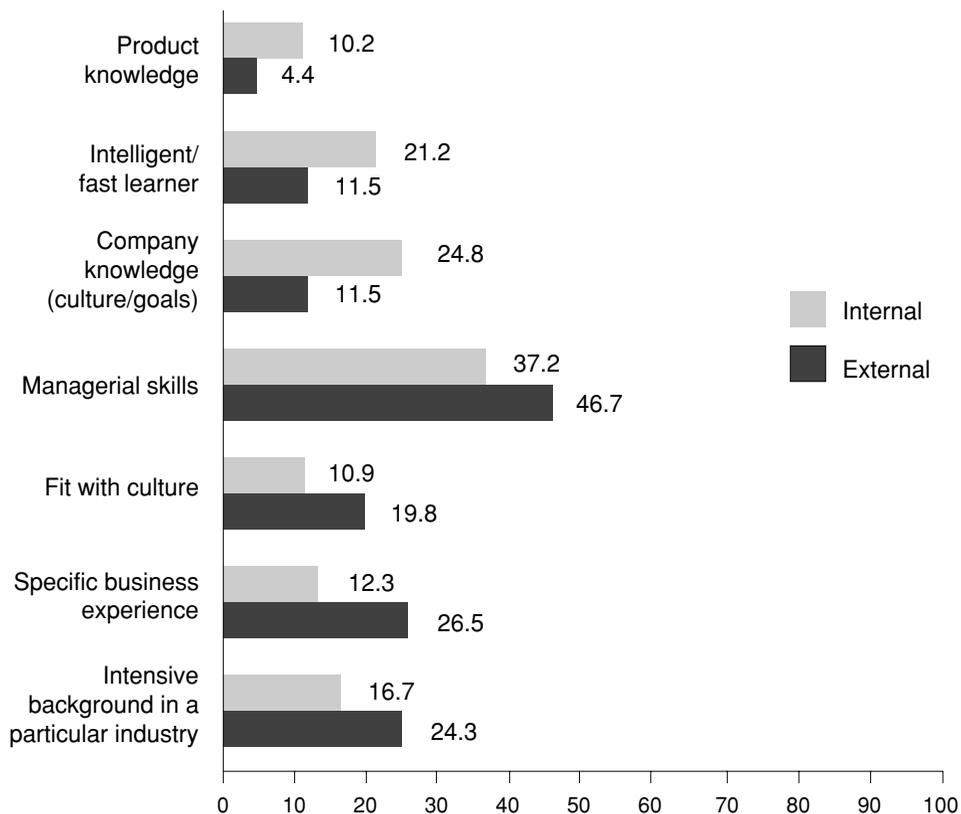
**Figure 15. Candidate requirements**



N= 319

*Did these requirements differ for those hired internally versus those hired externally?* The explicitness and number of candidate requirements mentioned did not differ for internal and external selections. Type of requirements mentioned were related to candidate source. Internal executives were more frequently chosen when the selectors identified such candidate requirements as company knowledge ( $\chi^2(1, N = 319) = 9.66, p < .01$ ), intelligence ( $\chi^2(1, N = 319) = 5.48, p < .05$ ), and product knowledge ( $\chi^2(1, N = 319) = 4.13, p < .05$ ). External executives were associated with managerial skills ( $\chi^2(1, N = 319) = 2.87, p < .10$ ), intensive background in a particular industry ( $\chi^2(1, N = 319) = 2.76, p < .10$ ), specific business experience ( $\chi^2(1, N = 319) = 9.73, p < .01$ ), and fit with the culture ( $\chi^2(1, N = 319) = 4.54, p < .05$ ). (See Figure 16.)

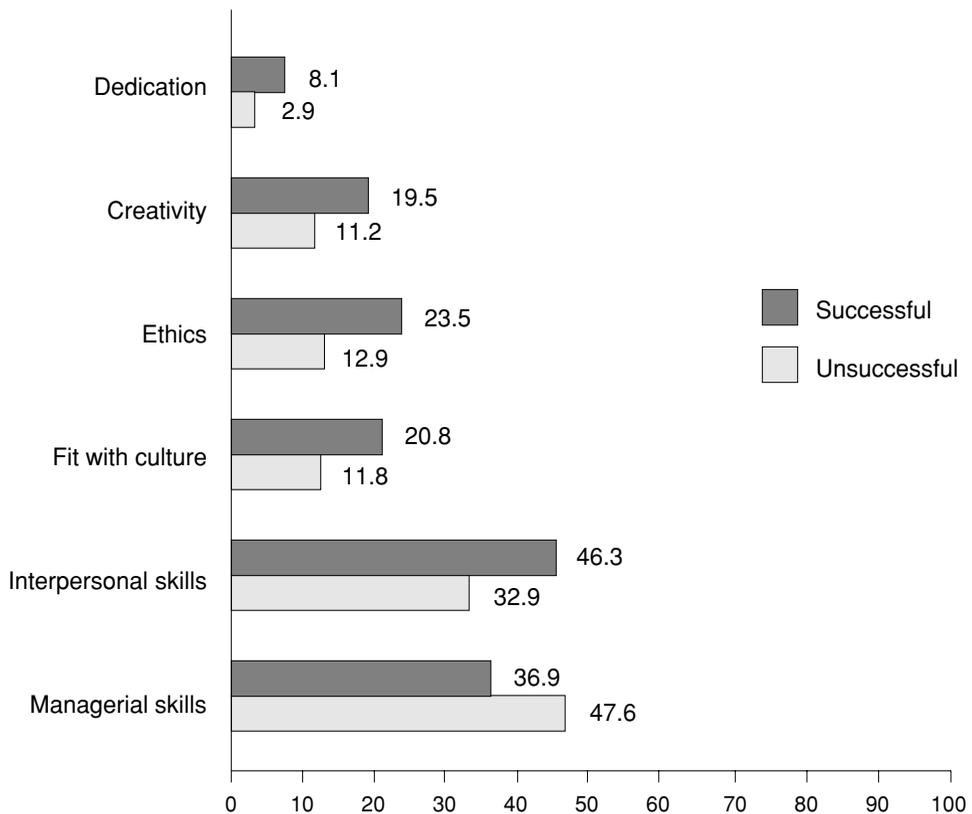
**Figure 16.** Candidate requirements by source



$N = 319$ ; Internal = 138; External = 181

Did these requirements differ for successful and unsuccessful candidates? Participants discussing successful selections identified more candidate requirements (7.16 vs. 6.26;  $t(317) = -2.16, p < .05$ ) and rated themselves as more explicit in delineating those requirements (3.71 vs. 3.18 out of 5;  $t(254) = -3.44, p < .01$ ) than those discussing unsuccessful selections. Type of requirements mentioned also related to selection outcome. Selection outcomes were positively related to: dedication ( $\chi^2(1, N = 319) = 4.11, p < .05$ ), creativity ( $\chi^2(1, N = 319) = 4.27, p < .05$ ), ethics ( $\chi^2(1, N = 319) = 6.02, p < .05$ ), fit with culture ( $\chi^2(1, N = 319) = 4.83, p < .05$ ), and interpersonal skills ( $\chi^2(1, N = 319) = 5.95, p < .05$ ). Selection outcomes were negatively related to generic managerial skills ( $\chi^2(1, N = 319) = 3.74, p < .10$ ). (See Figure 17.)

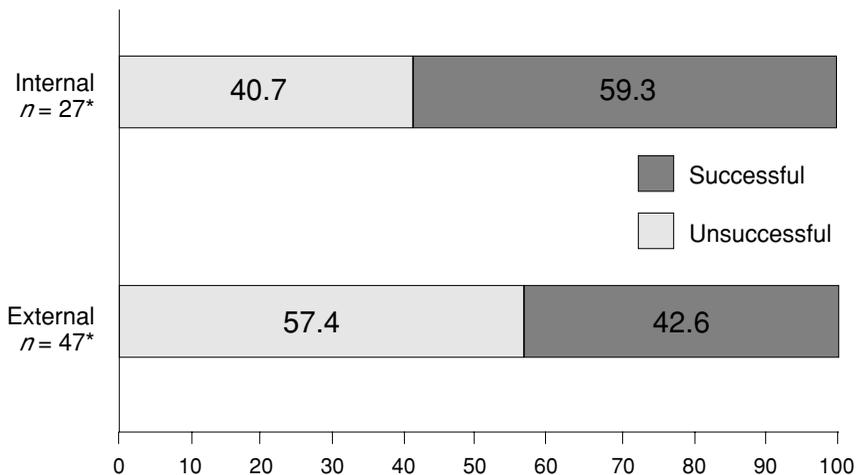
**Figure 17.** Candidate requirements by success rate



$N = 319$ ; Successful = 149; Unsuccessful = 170

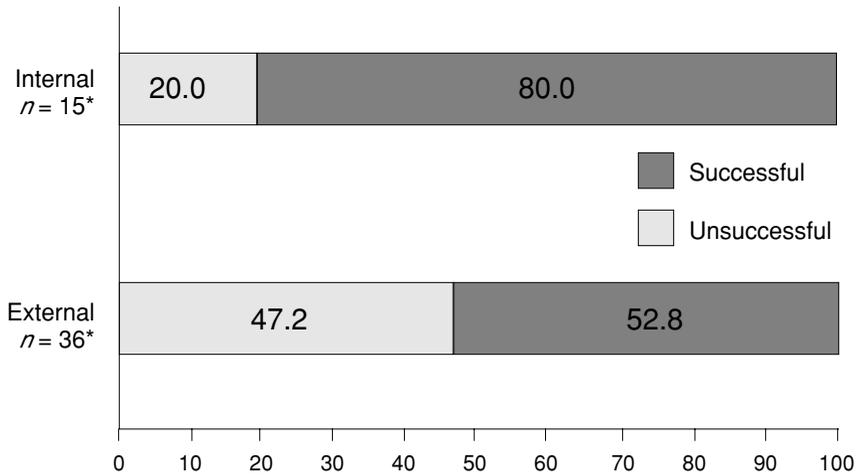
*How did candidate source (internal versus external) interact with selection outcome (successful versus unsuccessful)?* The number of candidate requirements mentioned and the explicitness of those requirements did not interact with candidate source in relating to selection outcome. However, internal candidates were more frequently successful than externals when the job required intensive experience in a particular field (see Figure 18), someone who fit with the culture (see Figure 19), who was flexible and adaptable (see Figure 20), and who had relevant job knowledge (see Figure 21). When the job called for a candidate who was intelligent, executives hired from the outside were more often successful (see Figure 22). When the job called for a candidate who had the needed product knowledge, executives promoted from within were not likely to be successful, while executives hired from the outside had a 50% chance of being successful (see Figure 23).

**Figure 18.** Candidate requirement  
Intensive experience in a particular field  
Interaction of success rate and source



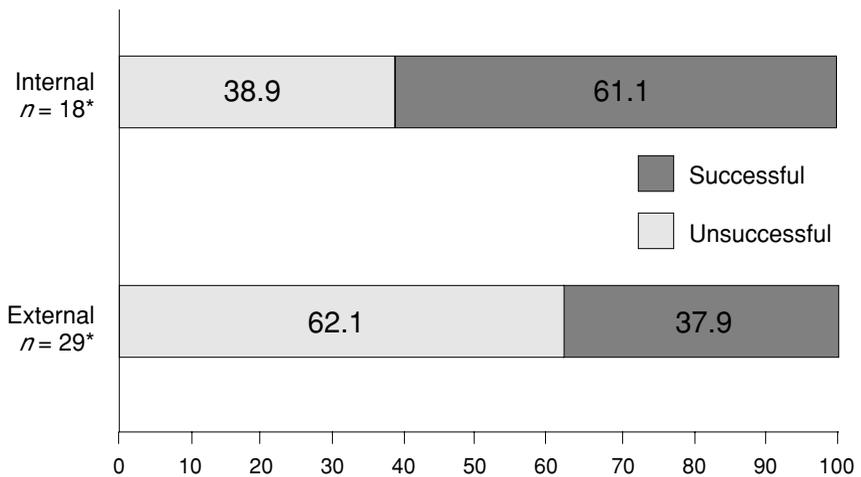
\*These *n*'s are the number who mentioned.

**Figure 19.** Candidate requirement  
Fit with culture  
Interaction of success rate and source



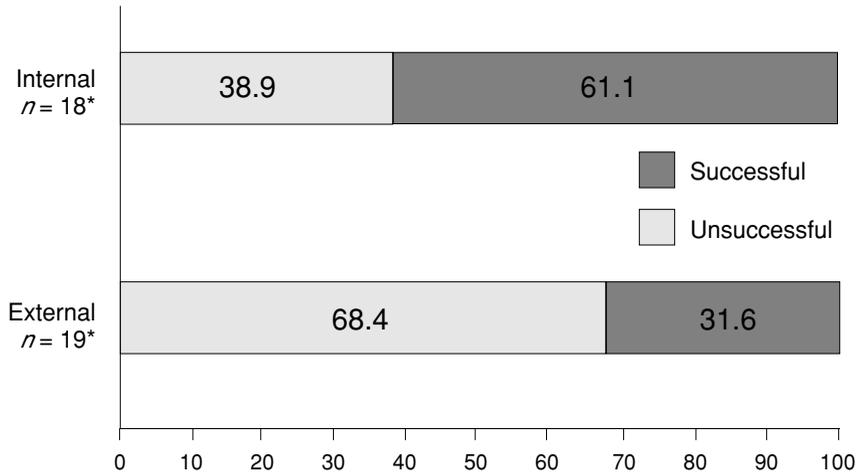
\*These n's are the number who mentioned.

**Figure 20.** Candidate requirement  
Flexibility/adaptability  
Interaction of success rate and source



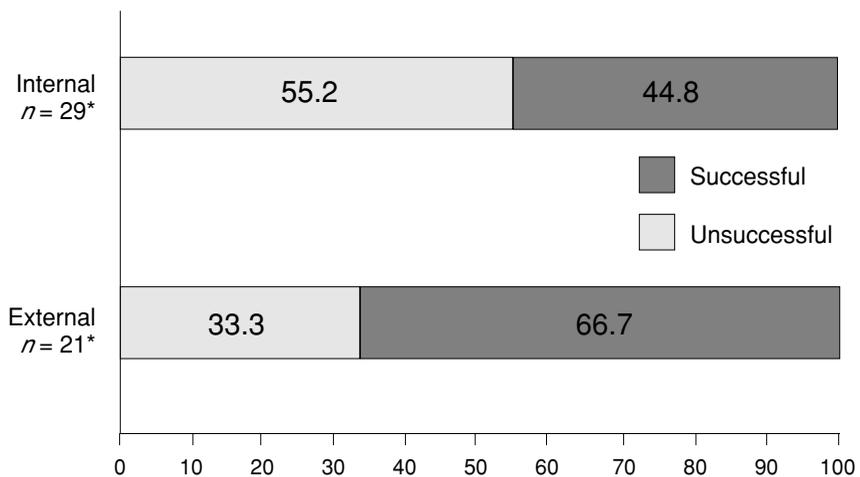
\*These n's are the number who mentioned.

**Figure 21.** Candidate requirement  
Job knowledge  
Interaction of success rate and source



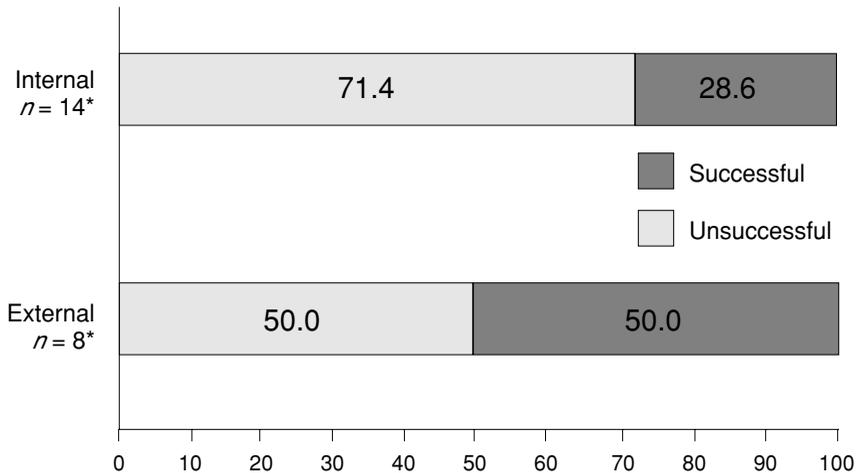
\*These *n*'s are the number who mentioned.

**Figure 22.** Candidate requirement  
Intelligence  
Interaction of success rate and source



\*These *n*'s are the number who mentioned.

**Figure 23.** Candidate requirement  
Product knowledge  
Interaction of success rate and source



\*These *n*'s are the number who mentioned.

### Candidate Pools: Description of Selected Executives

*Research Question 4: Who is the typical top executive selected in today's organization?*

Selected executives were primarily white (93%) and male (86%) with a mean age of 41.9 ( $SD = 6.25$ ). They had been on the job for an average of 16.9 months ( $SD = 13.59$ ) with a range of 1 month to 78 months. Fifty-seven percent were recruited externally. Fifteen percent were succession plan participants. Executives were drawn from a pool of candidates that contained on average 2.4 others ( $SD = 1.89$ , with a range of 0 to 12) who were primarily white (93%) and male (85%). Fifty-three percent of the executives in the candidate pool were external to the company.

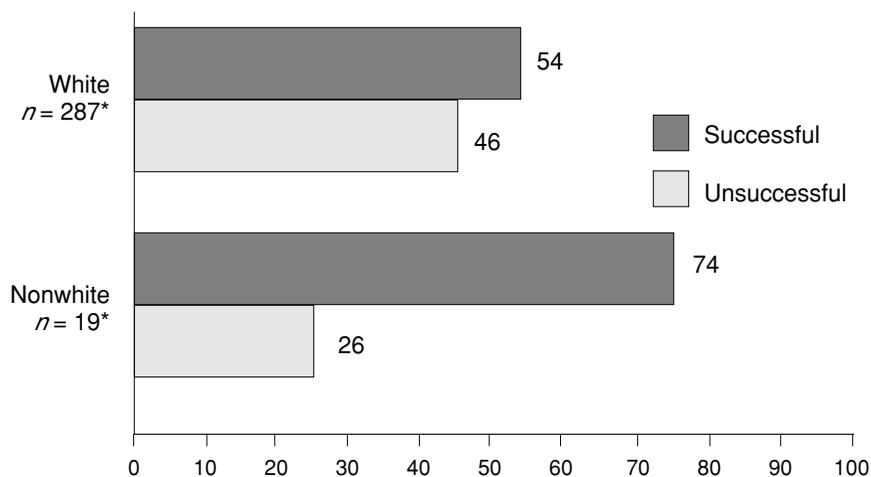
*Did these profiles differ for those hired internally versus those hired externally?* Internals were more likely to be succession plan participants (34% vs. 2%;  $\chi^2(1, N = 306) = 61.05, p < .01$ ). When an external candidate was hired, more candidates were likely to have been considered (2.64% vs. 2.03%;  $t(313) = -2.91, p < .01$ ) and a greater percentage of them were external candidates (79% vs. 17%;  $t(237) = -14.47, p < .05$ ).

*Did these profiles differ for successful and unsuccessful selected executives?* Successful executives had a tendency to be younger than unsuccessful executives at the time of hire (41 vs. 43;  $t(308) = 2.17, p < .05$ ). Although the numbers were small, nonwhites were more likely to be seen as successful than unsuccessful ( $\chi^2(1, N = 306) = 5.62, p < .05$ ). (See Figure 24.)

The pools that the successful executives were drawn from did not differ from the unsuccessful candidate pools in terms of number of other candidates considered, or in the proportion of candidates that were minority, women, or external to the company.

*How did candidate source (internal versus external) interact with selection outcome (successful versus unsuccessful)?* Candidate source interacted with one demographic variable—proportion of externals in the candidate pool—in relating to the selection outcome of selection decisions ( $F(1) = 5.387, p < .021$ ). Successful selections of internal candidates involved the consideration of more external candidates than did unsuccessful internal selections. Similarly, there were more internals in the candidate pools from which successful externals were selected.

**Figure 24.** Relationship of racial status to success and failure



\*These *n*'s are the number who mentioned.

## Matching Process

This section has two parts: (1) make-up and tasks of the decision-making team and (2) how candidate information was sought and used.

**Make-up and tasks of the decision-making team.** *Research Question 5a: Who was involved in the selection process?* In most cases, participants were the person making the ultimate decision (35%), a member of the decision-making team (30%), or someone whose opinion was solicited but did not have decision-making responsibility (19%). The participants were involved in an average of 6.9 ( $SD = 6.6$ , range of 0 to 75) executive selections over the four years prior to the interview. In the cases discussed for this study, they were most frequently choosing an executive who would ultimately be either a subordinate (56%) or a peer (26%).

Decisions were typically made in one of three ways: an individual made the decision on his or her own (26%), an individual made the decision but consulted with others (37%), or a group made the decision (37%). On average, 4.62 ( $SD = 3.2$ ) people were involved, with as few as one person to as many as 30 persons. There was not a significant difference in the average number of people involved in consultative-based ( $M = 5.50$ ,  $SD = 3.64$ ) and group-based ( $M = 5.09$ ,  $SD = 2.66$ ) decisions.

Who was involved? See Figure 25 for commonly mentioned executives involved in selections at the top. Who was not involved? Decision-makers typically did not include minorities—83% of the selections were made by white decision-makers. Also, women were involved in less than half of the decisions (42%).

*Did this differ for those hired internally versus those hired externally?* There was no difference in the role participants played for an internal or external selection. There was a difference in the position (in reference to the participant) that the executive was being chosen for. Although half the hires in both cases were for a subordinate, internal candidates were more likely to be the superior of the participant while external candidates were more likely to be a peer or a member of the same team. There was no difference in the number of selections the participants had been involved in between those who had promoted an executive from within and those who had hired from the outside.

There were differences in the way the decision was made (Cramér's  $V(N = 292) = .15$ ,  $p < .05$ ). Internal hires were associated with a consultative approach (43%) rather than either an individual (30%) or a group (28%) strategy while external hires were associated with a group approach (43%) over either an individual (24%) or consultative (34%) approach. Additionally,

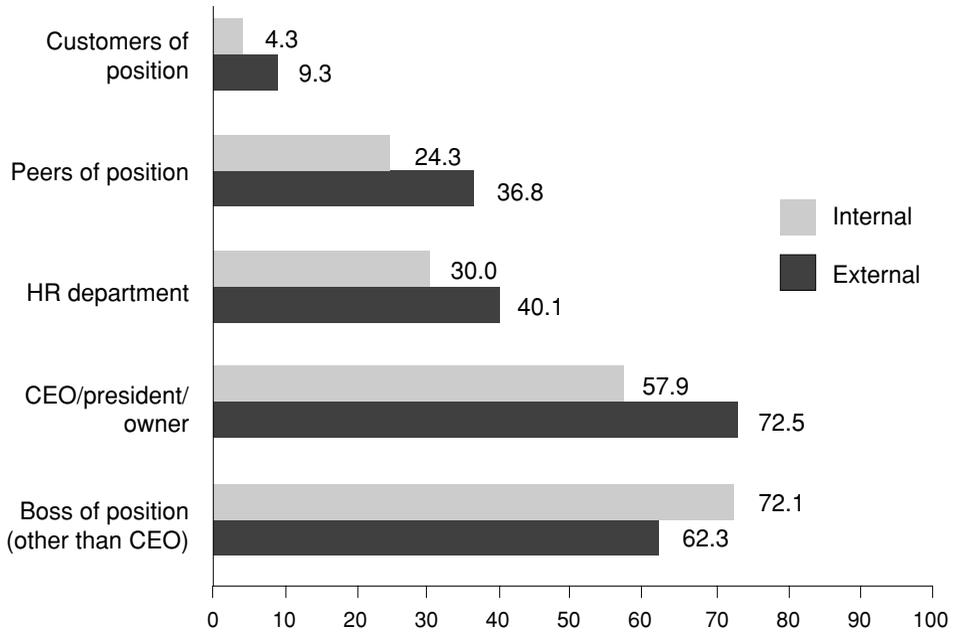
**Figure 25.** Decision-makers

*N* = 322

more people were involved with the selection of external candidates than internal candidates (5.0 vs. 4.1;  $t(310) = -2.56, p < .05$ ).

The boss of the position ( $\chi^2(1, N = 323) = 3.46, p < .10$ ) was more likely to be involved with internal selections. The CEO ( $\chi^2(1, N = 322) = 7.61, p < .01$ ), peers of the position ( $\chi^2(1, N = 322) = 5.77, p < .05$ ), HR department ( $\chi^2(1, N = 322) = 3.52, p < .10$ ), and customers ( $\chi^2(1, N = 321) = 2.99, p < .10$ ) were all more likely to be involved with external selections. (See Figure 26.)

*Did this differ for successful and unsuccessful executives?* There was no difference in the position (in reference to the participant) for which the executive was being chosen. There was a difference between successful and unsuccessful executives in the role the participant played—with unsuccessful executives, the participant was more likely not to have been involved in the

**Figure 26.** Decision-makers by source

$N = 322$ ; Internal = 140; External = 182

decision at all (Cramér's  $V(N = 319) = .17, p < .10$ ). There was also a difference in the number of selections in which the participants had been involved in the past few years. The participants who discussed an unsuccessful selection estimated that they were slightly more experienced at the task—they were involved in a mean of 7.6 ( $SD = 7.8$ ) selections while those who discussed a successful selection estimated that they had been involved in an average of 6.2 ( $SD = 4.9$ ) selections ( $t(266) = 1.80, p < .10$ ).

The way in which the decision was reached—individually, with consultation, or by group consensus—was related to selection outcome (Cramér's  $V(N = 292) = .15, p < .05$ ). Individual decisions were the least successful (35.5%) and were significantly less successful than the most frequently successful group/consensus decisions (55.1%). Of the consultative decisions, 48.6% were successful, which was not significantly different than the other two selection outcomes. The number of people involved in the consultative or group/consensus decisions was not related to selection outcome.

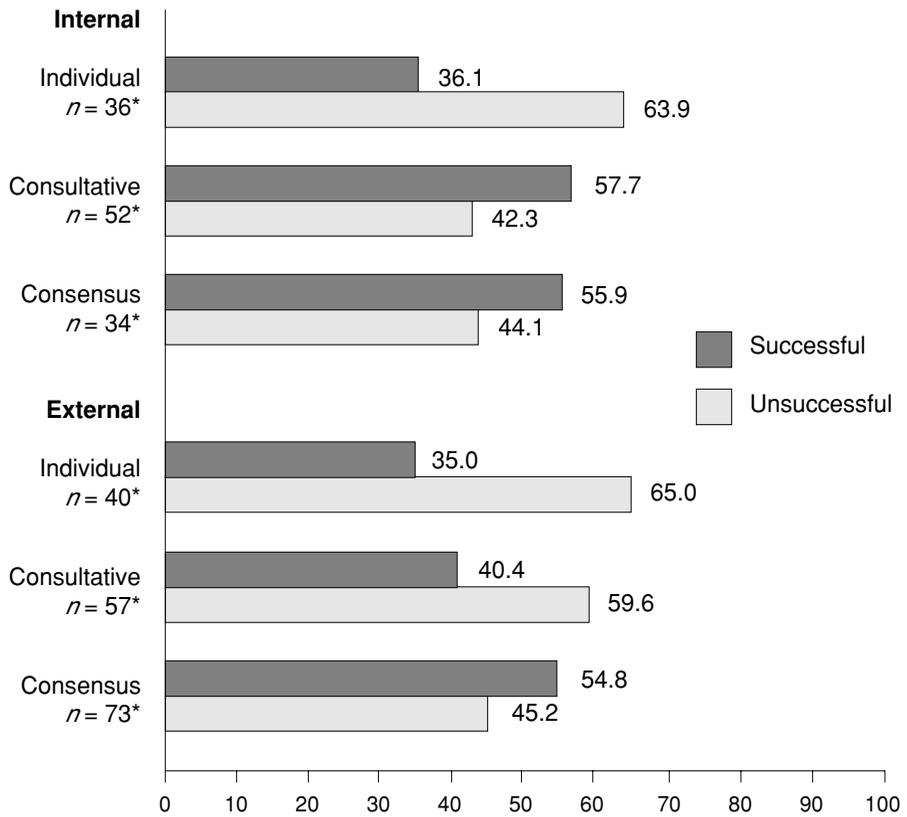
Subordinates and “customers” (both internal and external) were not involved in the decision process very often (less than 10% of cases), but when they were, they were likely to be associated with successful selections (15% vs. 6%,  $\chi^2(1, N = 322) = 7.89, p < .01$ ; and 11% vs. 4%,  $\chi^2(1, N = 321) = 5.19, p < .05$  for subordinates and customers, respectively). Specifically, 69.7% of the selection decisions that included input from subordinates were successful while only 43.9% of the remaining selections were successful. For decisions involving customers, the selection outcome was 69.6% successful; when customers were not involved, this figure was 45%.

The percentage of people involved in the decision making who were ethnic minorities or women was not related to selection outcome. The number of different constituencies (for example, peers, boss, customers) represented in the decision process was also not related to selection outcome.

*How did candidate source (internal versus external) interact with selection outcome (successful versus unsuccessful)?* The participants' role in the decision-making process and the organizational relation of the participant to the position being filled did not interact with candidate source in relating to selection outcome. Candidate source also did not interact with the number of selections the participants had been involved in on selection outcome. The manner in which the decision-making process related to candidate source did differ on selection outcome. Individuals who made the decision by themselves were most likely to choose an unsuccessful executive regardless of the candidate source (about 35%), but for externals a consensus or group approach was more often successful than was a consultative style (54.8% vs. 40.4%). For internals, using a consensus or consultative approach worked equally well (55.9% and 57.7%, respectively). (See Figure 27.)

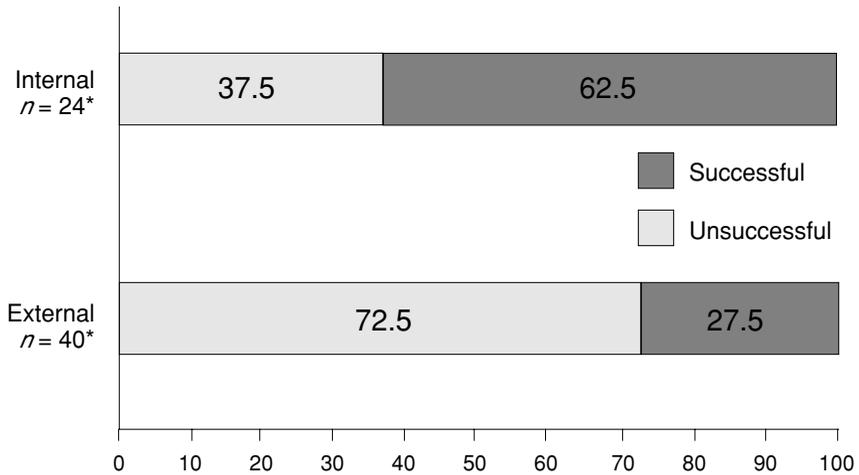
Gender and racial composition of the decision-making team did not differentiate between candidate source for selection outcomes. There were, however, some interesting differences between internal and external selections in the patterns linking who was involved in the decision to the selection outcome. For promotions from within, successful executives were associated with having the chair of the board (see Figure 28) and peers of the position (see Figure 29) participate in the decision making. Also for promotions from within, unsuccessful hires were associated with having the entire board of directors (see Figure 30) and the supervisor of the boss (see Figure 31) participate in the decision making. For external hires, unsuccessful executives were associated with having the chair of the board participate in the decision making.

**Figure 27.** Type of selection decision  
Interaction of success rate and source



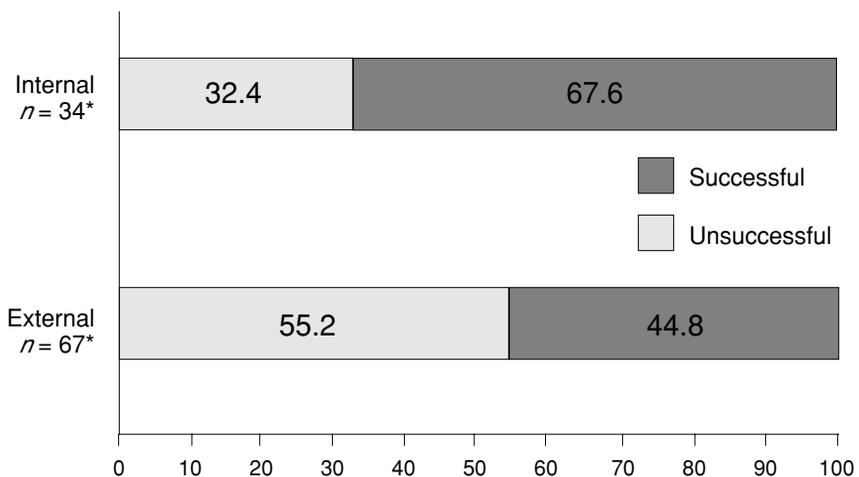
\*These n's are the number who mentioned.

**Figure 28.** Chair of the board participated in the decision-making process  
Interaction of success rate by source



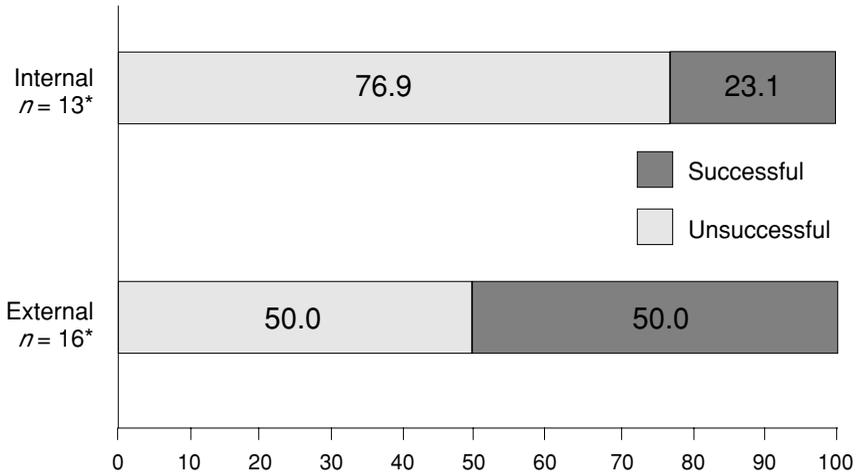
\*These *n*'s are the number who mentioned.

**Figure 29.** Peers participated in the decision-making process  
Interaction of success rate by source



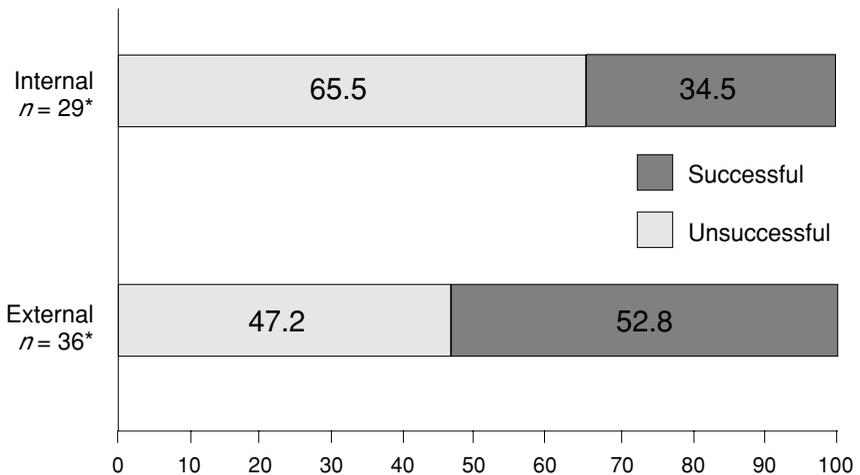
\*These *n*'s are the number who mentioned.

**Figure 30.** Board of directors participated in the decision-making process  
Interaction of success rate by source



\*These n's are the number who mentioned.

**Figure 31.** Boss of superior participated in the decision-making process  
Interaction of success rate by source

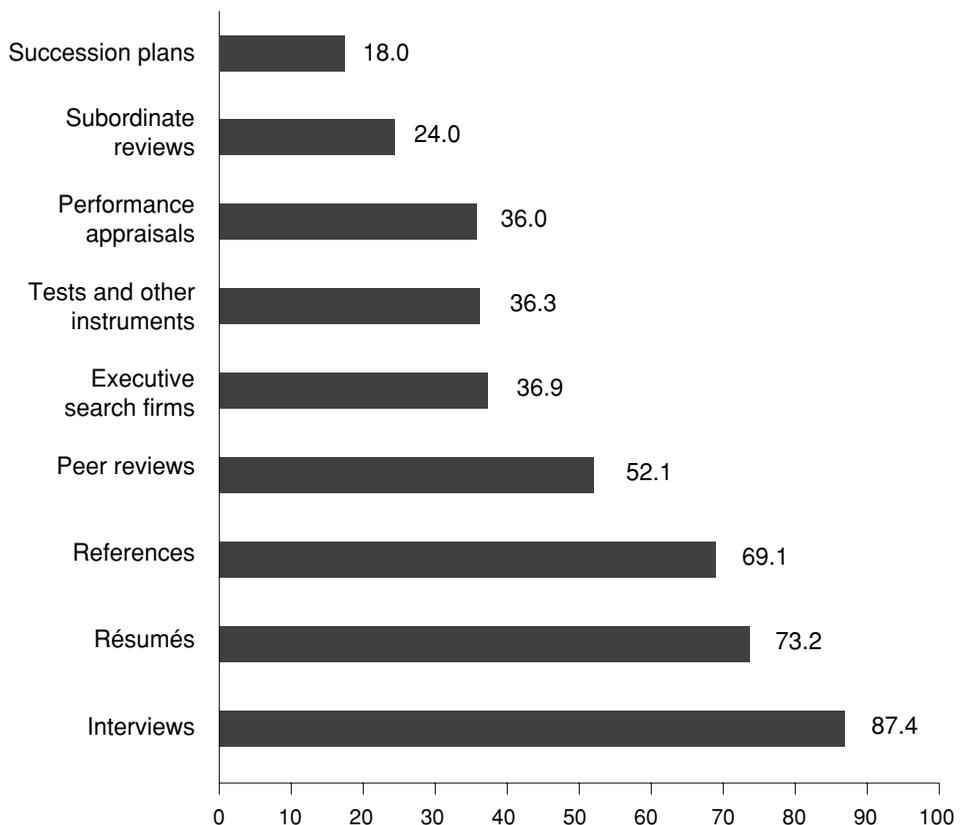


\*These n's are the number who mentioned.

**How candidate information was sought and used.** *Research Question 5b: How long did the selection process take? How was candidate information sought? What candidate information was sought? What were the reasons the hired candidate was chosen? Why were other candidates not selected?* The selection process took five months ( $SD = 7$ ). The most common methods used to gather candidate information were interviews (87%), résumés (73%), and references (69%). Other methods include peer reviews, executive search firms, tests and other instruments, performance appraisals, subordinate reviews, and succession plans. (See Figure 32.)

The methods of gathering candidate information varied in perceived importance. Because there was a wide variety of techniques used, we stan-

**Figure 32.** Selection techniques



$N = 317$

standardized the importance rating assigned to the techniques used within each case. This allowed for a direct comparison of importance assigned to a particular technique across cases. The techniques given the most weight in candidate evaluations were interviews, performance appraisals, references, peer reviews, and assessment center reports. Although rarely used ( $N = 4$ ), individual assessments conducted by professional psychologists were given considerable importance. (See Figure 33.)

Figure 34 shows the most commonly sought items of information. Why was this executive ultimately chosen from the pool of candidates? There was a variety of reasons given for hiring the selected executive. (See Figure 35.)

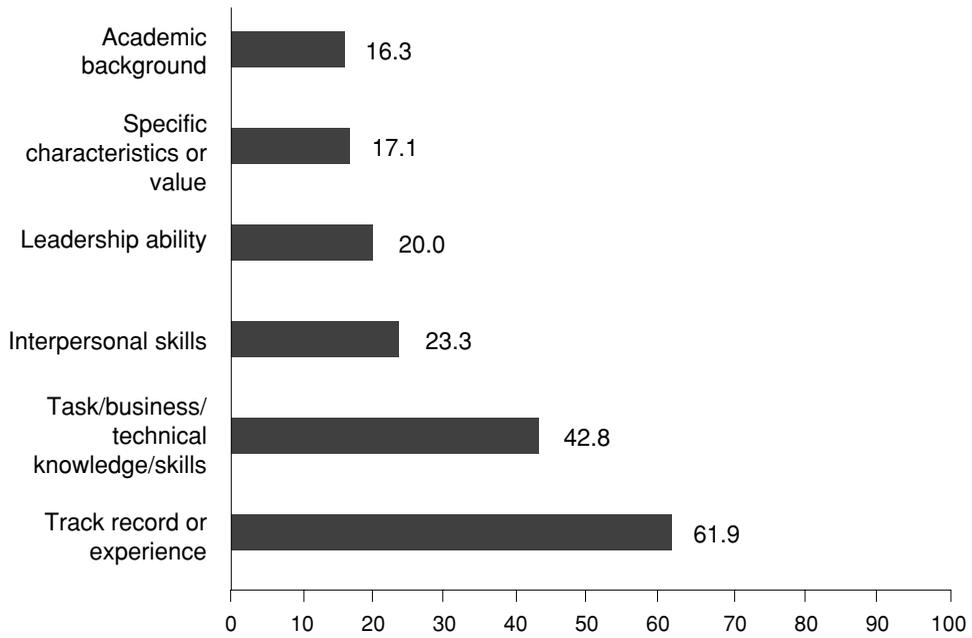
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**Figure 33.** Perceived importance of selection methods

	<b>Number using this method</b>	<b>Mean*</b>
Individual assessments	4	1.5
Interviews	249	1.61
Performance appraisals	97	2.81
References	198	2.87
Peer reviews	142	2.87
Assessment centers	23	2.91
Succession plans	51	3.18
Tests	48	3.42
Subordinate reviews	65	3.46
Résumés	202	3.55
Executive search firms	99	3.64

\* The lower the number, the higher the perceived importance.

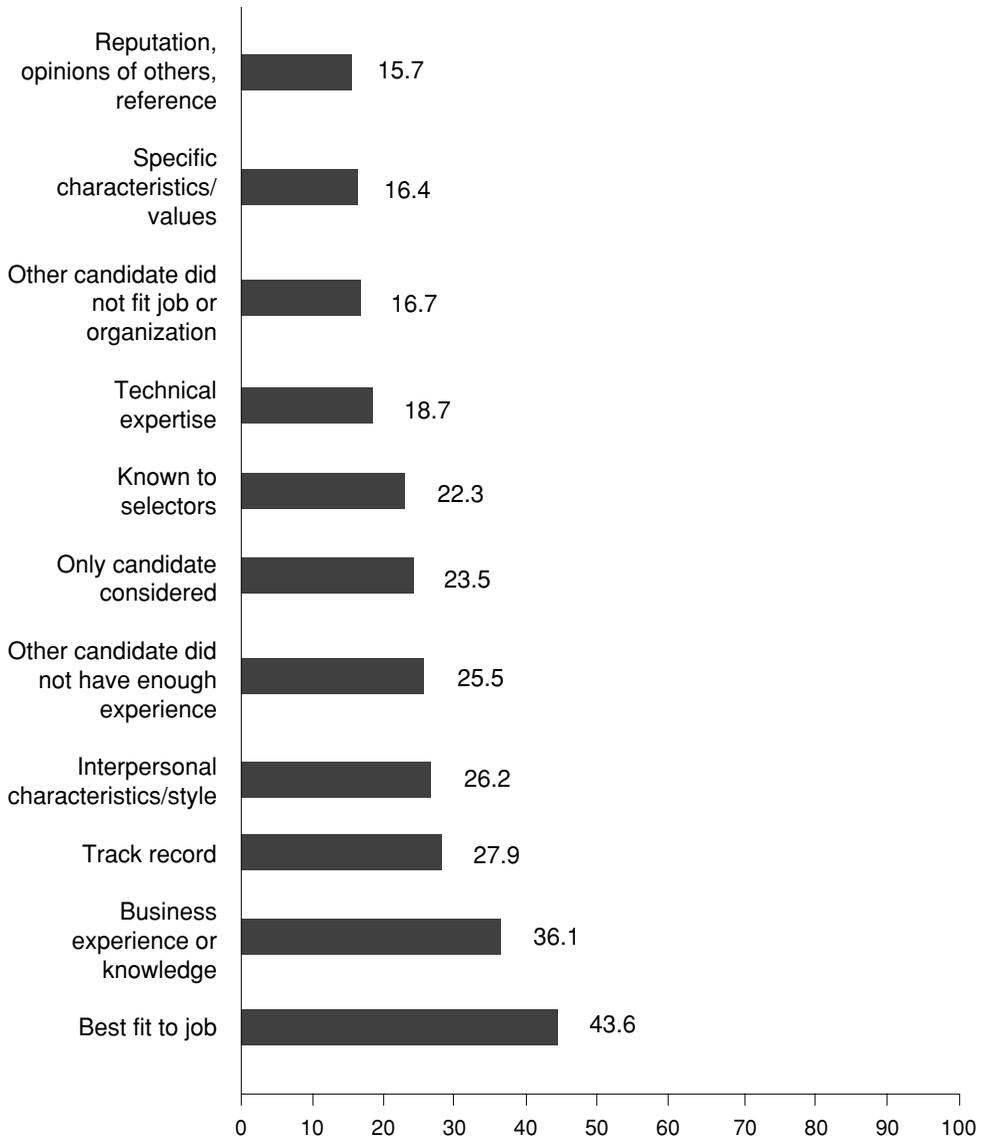
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**Figure 34. Information sought**

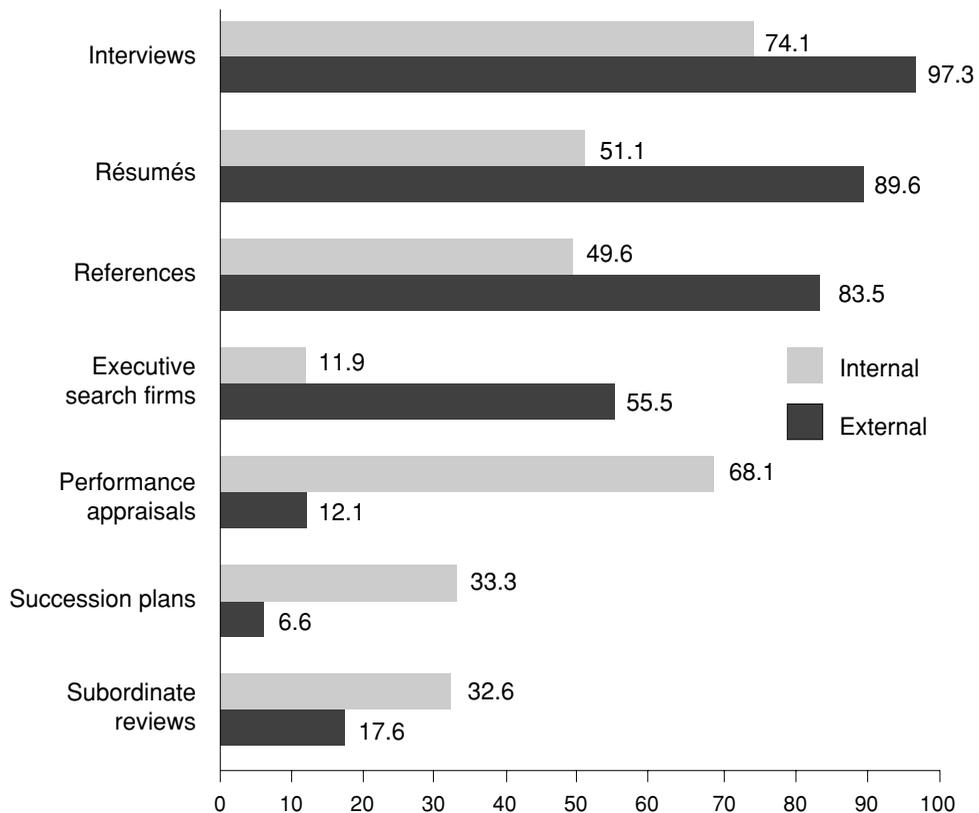
$N = 215$

*Did the selection process differ for those hired internally versus those hired externally?* It took longer to hire an executive from the outside compared to a hire from within (5.5 months vs. 3.7 months;  $t(271) = -2.18, p < .05$ ). Different methods were used to hire from within and to hire from the outside. Compared to those promoted from within, external hires were more likely to be interviewed ( $\chi^2(1, N = 317) = 37.77, p < .01$ ), submit résumés ( $\chi^2(1, N = 317) = 58.39, p < .01$ ), provide references ( $\chi^2(1, N = 317) = 41.67, p < .01$ ), and be represented by search firms ( $\chi^2(1, N = 317) = 63.40, p < .01$ ). Selectors who hired an internal candidate were more likely to gather information with performance appraisals ( $\chi^2(1, N = 317) = 105.77, p < .01$ ), succession plans ( $\chi^2(1, N = 317) = 37.58, p < .01$ ), and subordinate reviews ( $\chi^2(1, N = 317) = 9.58, p < .01$ ; see Figure 36).

**Figure 35.** Why this executive was selected



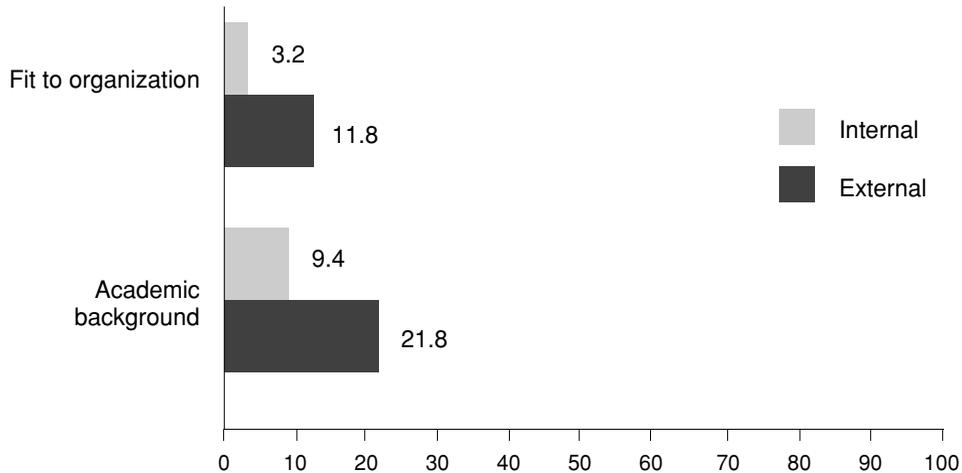
N= 305

**Figure 36.** Selection technique by source

$N = 317$ ; Internal = 135; External = 182

There were very few differences in the information sought between external hires and those promoted from within. Specifically, information on fit to the organization ( $\chi^2(1, N = 203) = 5.12, p < .05$ ) and academic background ( $\chi^2(1, N = 215) = 6.07, p < .05$ ) was most often collected for external candidates. (See Figure 37.)

There were quite a few differences in the reasons given for selecting external and internal candidates over the other members of the candidate pool. External executives were more often chosen because of their business experience or knowledge ( $\chi^2(1, N = 305) = 6.09, p < .05$ ), interpersonal characteristics or style ( $\chi^2(1, N = 305) = 8.93, p < .01$ ), technical expertise ( $\chi^2(1, N = 305) = 4.93, p < .05$ ), specific knowledge or skills ( $\chi^2(1, N = 305)$

**Figure 37.** Information sought by source

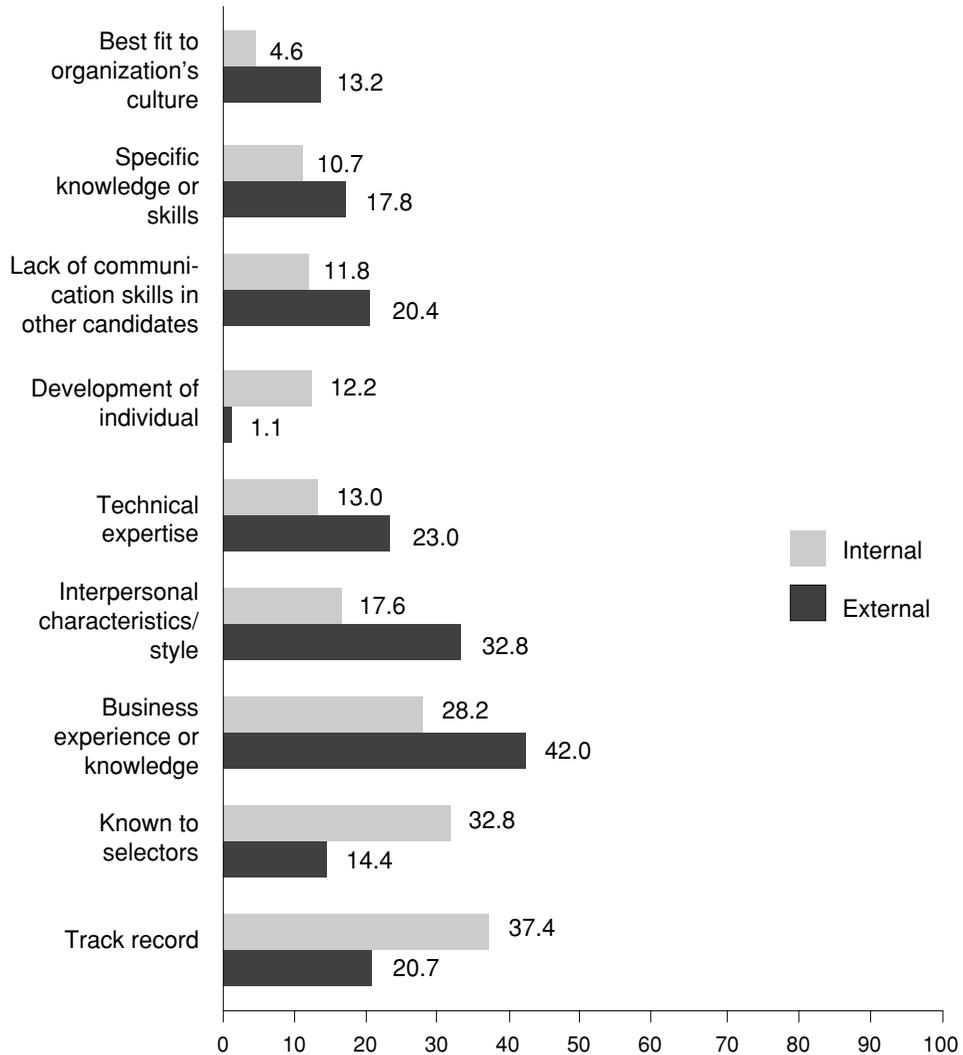
$N = 215$ ; Internal = 96; External = 119

= 3.02,  $p < .10$ ), best fit to the organization's culture ( $\chi^2(1, N = 305) = 6.48$ ,  $p < .05$ ), and because of a lack of communication skills in other candidates ( $\chi^2(1, N = 281) = 6.95$ ,  $p < .01$ ). Internal executives were more often chosen because of their track record ( $\chi^2(1, N = 305) = 10.39$ ,  $p < .01$ ); that they were known to the selectors ( $\chi^2(1, N = 305) = 14.69$ ,  $p < .01$ ); and for developmental reasons ( $\chi^2(1, N = 300) = 16.47$ ,  $p < .01$ ). (See Figure 38.)

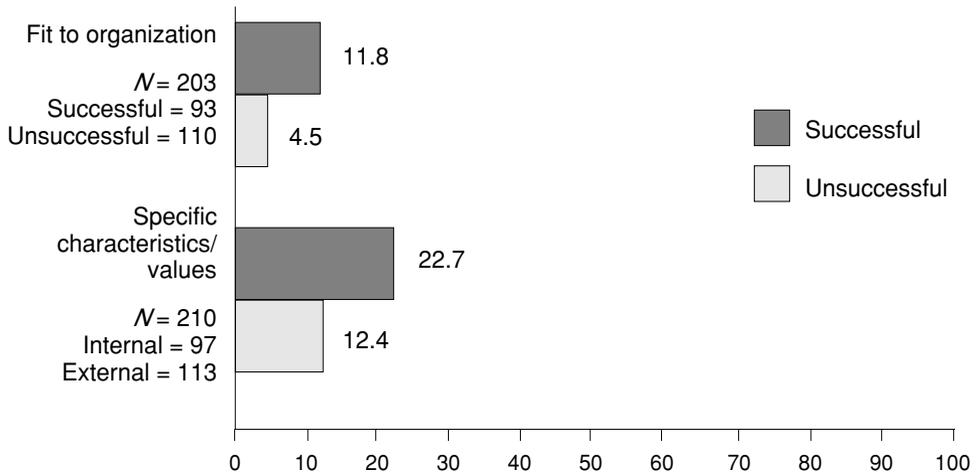
*Did the selection process differ for successful and unsuccessful executives?* There were no differences in the time it took to hire a successful executive compared to the time it took to hire an unsuccessful one. Also, there were no differences in the methods used to collect information or in rated importance of these methods.

There were a few differences in the kinds of information sought about successful compared to unsuccessful executives. When information about characteristics or values ( $\chi^2(1, N = 210) = 3.89$ ,  $p < .05$ ) and fit to the organization ( $\chi^2(1, N = 203) = 3.68$ ,  $p < .05$ ) was gathered, the selection was more likely to result in success. (See Figure 39.)

Selection outcome was also related to reasons why the candidates were chosen. More often mentioned for successful executives was being opted for because of interpersonal characteristics and style ( $\chi^2(1, N = 305) = 4.60$ ,

**Figure 38.** Why this executive was selected by source

N = 305; Internal = 131; External = 174

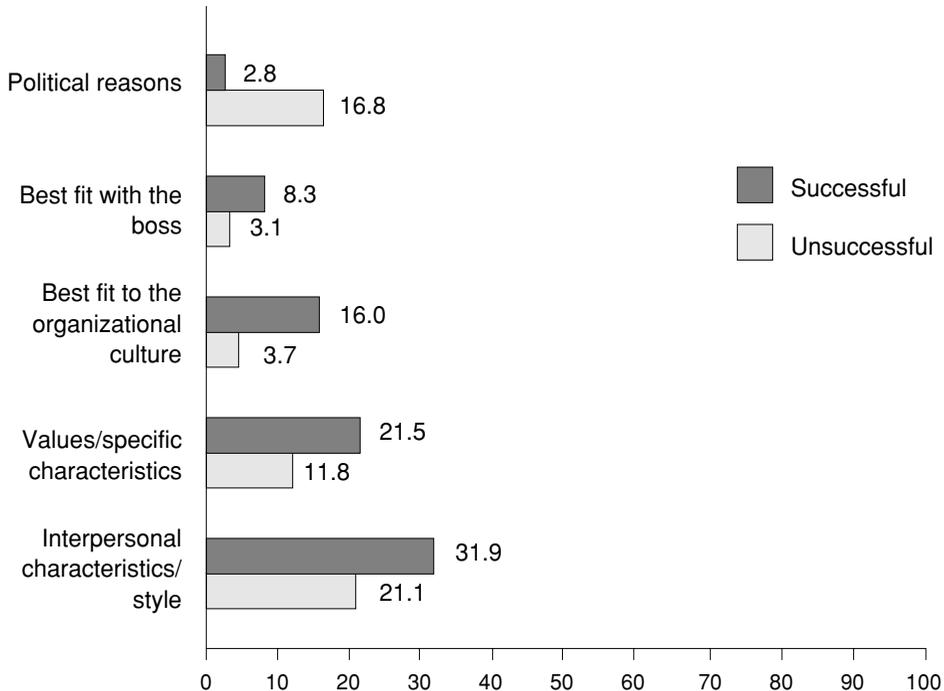
**Figure 39.** Information sought by success rate

$p < .05$ ), their values and specific characteristics ( $\chi^2(1, N = 305) = 5.25, p < .05$ ), fit with their superior ( $\chi^2(1, N = 305) = 3.95, p < .05$ ), and fit with their organization ( $\chi^2(1, N = 305) = 13.25, p < .01$ ). Executives chosen because of political reasons were more likely to be unsuccessful ( $\chi^2(1, N = 305) = 16.30, p < .01$ ). (See Figure 40.)

*How did candidate source (internal versus external) interact with selection outcome (successful versus unsuccessful)?* The interaction between candidate source and selection techniques, rated importance of those techniques, information sought, and reasons why selected did not differ by selection outcome.

### Managing the Executive

*Research Question 6: How were executives managed once they were on the job? Were they given any socialization or training in the beginning? How well did their superiors, peers, subordinates, and others support them? Did they differ in terms of how they were evaluated at different times in their positions?* Thirty-one percent of the executives had received training or other preparatory support before taking the position; for 19% this was positive, for 12% this was negative. People superior to the executive had an impact (23%); for 16% this was positive, for 8% this was negative. Other people (including

**Figure 40.** Why this executive was selected by success rate

*N* = 305; Internal = 144; External = 161

peers, subordinates, mentors, customers, etc.) were rarely mentioned as having an impact.

To see if executives were evaluated differently depending on how long they had been on the job, we divided executives into groups by the length of time they had been on the job: 0-5 months ( $n = 45$ ), 6-11 months ( $n = 72$ ), 12-23 months ( $n = 76$ ), 24-35 months ( $n = 33$ ), and 36+ months ( $n = 50$ ). Using frequency counts, we found that evaluations were consistent over time regarding performance, relationships, and environment. Regarding bottom-line results, executives were given a “grace period” during their first five months; 75.6% of the executives in this group were not evaluated on their results during that time. For those evaluated from 6 to 36+ months, the use of results remained consistent, with between 41% and 46% not mentioning results. We also looked at strengths and weaknesses of the executives using length of time on the job; we found no differences in these over time.

*Did the way the executives were managed differ for those hired internally versus those hired externally?* There was no difference between those who were promoted from within and those who were hired from the outside in terms of whether they received training or other preparatory support or support from their supervisor. There were differences in how they were evaluated during their first five months on the job. External executives were given a grace period in terms of results (83% of the external executives were not evaluated on their results during their first five months, while 65% of the internal executives were not evaluated during that period) and relationships (50% of the external executives were not evaluated on their relationships during their first five months, while 18% of the internal executives were not evaluated during that period). They were judged more harshly in terms of their performance. That is, they received more negative evaluations (29% vs. 12%) and fewer positive evaluations (54% vs. 71%).

*Did the way the executives were managed differ for successful and unsuccessful selected executives?* Training and preparatory support was poorer for unsuccessful executives (20% vs. 3%) while training and preparatory support was more positive for successful executives (30% vs. 10%).

We found that those who had been on the job 0-5 months were more likely to be labeled successful compared to the other time groupings. Length of time on the job did not have an impact on performance evaluations or strengths and weaknesses by outcome.

*How did candidate source (internal versus external) interact with selection outcome (successful versus unsuccessful)?* The interaction of candidate source and training and preparatory work or support from their supervisor was not related to selection outcome. If internal executives remained on the job for 36 months or more they were likely to be seen as successful. However, external executives who remained in the same job for 36 months or more were less likely to be seen as successful (78% of the internals vs. 46% of the externals). Length of time and strengths and weaknesses on the job did not interact with candidate source to have an effect on outcome.

## Discussion

We have divided the discussion into three main sections that mirror our initial overall questions: (1) *How does executive selection take place in the modern organization?* (2) *What determines whether companies look inside or outside for a successor?* (3) *How are executives defined as successful or*

*unsuccessful?* The elements in the framework are included within the overall questions. Again, these elements are: organizational needs, position requirements, candidate requirements, candidate pools, the matching process, managing the executive, and performance and outcomes.

### **How Does Executive Selection Take Place in the Modern Organization?**

Executives appear to give both the organizational and positional analysis short shrift (listing few needs and requirements), although they evaluated themselves as being average in this area. In terms of the organizational analysis, a majority of the executives were concerned with the broad and not very well-defined need of sustaining the organization. Further, almost all the needs mentioned were internal to the organization; few executives looked to the outside to consider such things as changes in the competition or the marketplace. To their credit, they were a little more articulate in describing the position requirements, mentioning such requirements as developing or implementing strategy, charting new directions, vision, and tasks specific to their department. Additionally, the executives mentioned the importance of finding a candidate who could work in a team, suggesting that teamwork is increasingly important at the top. Despite calls from both researchers (Schneider, 1998) and practitioners (DeVries, 1993), organizations are still not considering a holistic, context-rich look at the corporation and the job in the selection process.

When it came to describing the type of executive needed for the position, executives were much more articulate, listing more candidate requirements than they did both organizational needs and position requirements combined.<sup>2</sup> These requirements included functional backgrounds and specific experiences, knowledge, skills, abilities, and personal characteristics—suggesting at least an implicit understanding that those doing the selection need to consider a link between the attributes they are looking for in a candidate with the attributes needed in the organization (Schneider, 1998). Interestingly, there was little difference in how explicit participants actually rated themselves as compared to the organizational analysis and position needs.

Who is the typical top executive selected in today's organizations? Our findings for this sample were similar to previous findings of the predomi-

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<sup>2</sup> The reason for this may be an artifact of our original framework executives may not be accustomed to dividing requirements and needs into three different categories. Whether executives typically begin with listing candidate requirements without considering organizational needs and position requirements needs more study.

nantly white, middle-aged, male executive (see Sessa & Campbell, 1997). The pool from which the selected executives were drawn was also predominantly white and male. Interestingly, only 15% of the selected executives were from the succession plan. Even more interestingly, in this sample a majority of the executives chosen were external hires and over half of all candidates considered were from the outside.<sup>3</sup> Although these numbers are higher than those reported elsewhere, they verify previous trends of hiring high-level executives from outside the firm (Byrne et al., 1997; Heller, 1997).

Our participants predominantly chose executives who looked like them. The sample we interviewed was also predominantly white and male. Most decisions were made in small groups—either using a consultative or a consensus approach. These groups were also predominantly white and male. These results, along with those reported above, suggest that the glass ceiling is still present in the companies represented in this particular sample (see Morrison, White, & Van Velsor, 1992). However, in terms of positions, a wide variety of executives did have a say in the decision-making process from the chair of the board to the human resources department—although it is worth noting that these positions were predominantly higher in the hierarchy than the position being selected for. Finally, these executives do not appear to have much experience selecting at this level. Twenty percent of our original sample had never participated in a selection within the top three levels of the organization.

The selection process took almost half a year to complete. Replicating earlier findings, executives relied predominantly on résumés, references, and interviews to collect information about the candidates. However, when given the opportunity to use more sophisticated methods such as individual assessments, executives ranked their worth highly.

Why do executives continue to rely on simple selection methods? There are several reasons worth exploring. First, they are simple and easy to obtain; trying to both convince an executive and then schedule an executive to participate in an assessment—either alone or with other potential candidates—is timely and expensive. Second, these selection procedures have little impact on the executives and intrude minimally on them. Those seeking to hire an executive can ill afford to alienate potential candidates due to the consequences of the selection itself (Robertson & Smith, 1993). And third,

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<sup>3</sup> Again, this may be an artifact. Selection from the outside may be more salient than selection or promotion from within.

these three selection methods constitute a developing relationship between the selectors and the candidates—not necessarily resulting in a choose/not choose answer (Herriot, 1993).

What information was sought and why was the particular executive chosen? Again, our sample considered attributes beyond technical expertise to include a variety of knowledge, skills, abilities, and personal characteristics. Almost half the participants mentioned that the reason the particular executive was selected was because he or she was the best fit for the job, replicating findings mentioned earlier (Judge & Ferris, 1992). It is also interesting to note that there is little overlap between candidate requirements mentioned, information sought, and reason the particular executive was chosen, suggesting that executives do not necessarily engage in the rational selection model proposed in industrial and organizational psychology.

Once on the job, the selected executive did not receive a lot of support (despite the fact that our results show that support and training lead to a greater chance that executives will succeed). Only one-third of the executives received some sort of training or socialization. Less than a quarter received support from their superior. Other executives, such as subordinates, peers, mentors, and customers, were not often mentioned as being supportive.

Finally, our study sample demonstrated that they looked at the executive's performance (that is, how he or she does the job), relationships, and bottom-line results to define success or failure. In a few cases, they acknowledged that the environment had an impact. In terms of performance, strengths listed include "has good ideas and plans," technical expertise, and communication; while weaknesses include "not a learner," specific performance problems, and skill deficiencies. In terms of relationships, strengths listed include "gets along with people" and "relationships with subordinates"; while weaknesses include "doesn't get along well with others" and "other relationship problems." In terms of results, strengths include "gets results."

### **What Determines whether Companies Look Inside or Outside for a Successor?**

We feel quite comfortable in saying that the selection procedure for internal candidates differs greatly from the selection procedure for external candidates. Organizational needs, job requirements, and candidate requirements differed according to whether the organization selected internally or looked outside. For example, over one-third of the internal candidates were chosen for developmental reasons, suggesting support for our assumption, stated earlier, that selection at this level is a long-term process and that the

person being groomed, not necessarily the best person, is the one who gets the job.

Who participated in the decision and how they participated also differed. Those hiring internally were more likely to use either a consultative or a consensus approach while those hiring externally used a group or consensus approach. The CEO, peers of the position, the human resources department, and customers of the position were more likely to be associated with an external hire. This makes sense because when promoting from within, one assumes that the candidate is known to and already knows the organization. The external candidate may be completely unfamiliar with and unknown to the organization, necessitating a greater variety of other executives to participate in the decision-making process.

Additionally, between internal and external candidates, selection from the outside takes longer, different methods of gathering information are used, and the executive is selected for different reasons. Information gathered on external candidates included résumés, references, interviews, and search firm results. The candidate can control the information in résumés and interviews and to some extent the search firm. In gathering references, however, it is difficult to get an accurate assessment. Thus, information gathered on external candidates may tend to be overbalanced on the positive side—weaknesses or non-fit issues are more difficult to determine. On the other hand, information gathered internally is more balanced—both the pluses and minuses of a potential candidate are apparent.

Information was gathered on internal candidates using performance appraisals, succession plans, and subordinate reviews—none of which are available from external candidates. Also, the decision-makers have access to information gathered along more informal lines, including watching this candidate interact with the CEO, make a presentation, or fall asleep in a meeting. This suggests that comparing information obtained on external candidates with that obtained on internal candidates is very difficult, resulting in a tendency for the external candidate to “look” more positive.

Interestingly, there is no difference in the amount or type of support received by internal and external candidates. Although not hypothesized, one might expect that external candidates would be more likely to receive some sort of training or socialization. Externals were given a grace period in terms of bottom-line results and relationships but were judged more harshly on their performance as compared to internal executives.

Finally, internal executives and external executives were seen as having different strengths and weaknesses. Although both internal and external

executives had the same likelihood of being in the original position, being promoted, or voluntarily leaving the organization, externals were much more likely to be fired and internals were more likely to be demoted.

### **How Are Executives Defined as Successful or Unsuccessful?**

We also feel comfortable saying that the selection process for executives who were ultimately successful differed from those who were ultimately unsuccessful. Those hiring successfully ranked themselves as being more explicit in terms of organizational needs and position and candidate requirements than did those hiring unsuccessfully. Additionally, they actually listed more candidate requirements. Several things are particularly interesting to note here. First, successful executives did seem to be associated with more explicit job requirements (for example, establishing or maintaining values or ethics and fixing people problems) and candidate requirements (dedication, ethics, fit with the culture, creativity, and interpersonal skills) as compared to unsuccessful executives (improving business or productivity and generic managerial skills are rather vague). This suggests that it is worthwhile for those involved in a selection decision at the top to spend time analyzing the organization's needs and defining job and candidate requirements explicitly.

Second, we found that there was an interaction of candidate source with needs and requirements on selection outcome. When there was a cultural or strategic change, or a start-up, those hired from within were more likely to be seen as successful. In terms of candidate requirements, internal executives were more frequently successful when the position required intensive experience in a particular field, someone who fit the culture, who was flexible, and who had relevant job knowledge. External executives were more successful when intelligence and product knowledge were required. This again suggests that it is worthwhile to spend time analyzing the organization and determining requirements as well as using that analysis to choose to look internally or externally. This also suggests that perhaps executives are overrelying on hiring externally to fill positions that internal executives are fully qualified to do.

We found little difference between successful executives and unsuccessful executives in terms of their demographics and their candidate pools. Successful executives did have a tendency to be younger, and nonwhites were more likely to be seen as successful than unsuccessful. Interestingly, we did find one interaction. Successful selection of internal candidates involved the consideration of more external candidates than did unsuccessful internal selections. Similarly, there were more internals in the candidate pools from which successful externals were selected. This suggests that having a diverse

candidate pool, at least in terms of internals and externals, is likely to be related to success.

There was also a difference in the actual matching process: who was involved and how they differed. Interestingly, those who discussed an unsuccessful selection estimated that they were slightly more experienced.<sup>4</sup> Those who made the selection on their own were likely to hire unsuccessful executives. For external hires, a consensus approach was more likely to be associated with a successful selection (for internal hires a consultative or consensus decision worked equally well). Subordinates and customers, when included in selections (which was not often), were likely to be involved with successful selections. For internal hires, having the chair of the board and peers of the position participate in the decision making was associated with success, while having the entire board of directors and the boss's boss participate was associated with failure. For externals, having the chair of the board participate was associated with failure! These findings suggest that it is worthwhile to have a variety of executives on the search team—including more nontraditional. Additionally, it is worthwhile to carefully select who will ultimately help make the selection decision.

We found that there was no silver bullet when it comes to selecting. There was no difference in the length of time it took to hire successful and unsuccessful executives. And we found that there was no difference in the methods used to collect the information. What mattered was the information sought (those hiring successful executives looked for organizational fit and specific characteristics and values) and the reasons the executive was ultimately selected. What differentiated selecting successful executives from unsuccessful executives was not track record or technical expertise but fit issues including fit to the boss, fit to the organizational culture, values, and interpersonal characteristics and style. This was one of our most important findings.

For researchers, instead of spending research resources on creating more valid and reliable selection procedures, it would be more helpful to discover what kind of information is needed for a particular context, how to best obtain that information, and how to best use it in the selection decision. It is also important to better understand how executives assess fit. This finding was also important for executives and links with our previous findings of

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<sup>4</sup> This may be an artifact. Those who were not able to recall an unsuccessful selection at this level may in fact have been less experienced.

being explicit in terms of organizational needs and position and candidate requirements. The more time spent defining what is needed, looking for that information, and selecting on the basis of that information, the more likely the selection is to be successful. Although we cannot determine this from our research here, perhaps fit is the executives' term for implicitly linking the potential candidate to the context.

In terms of managing the executive once on the job, we found that training/socialization and support were poorer for those executives who were ultimately unsuccessful and vice versa. This supports our framework in that managing the new executive, once on the job, and managing that executive well are important considerations to lead to the eventual success of that executive. Interestingly, we found that those who were on the job less than six months were more likely to be successful compared to other time groupings. Additionally, internal executives who had been on the job for over thirty-six months were likely to be seen as successful while external executives who had been on the job that long were likely to be seen as unsuccessful.

Finally, we found that successful and unsuccessful executives were evaluated using the same criteria, with performance being the most important factor. The strengths and weaknesses that were most clearly linked to outcome were subordinate relationships and getting results (these findings are interesting—our participants stated that they were more likely to use performance to evaluate executives, yet relationships and results differentiated between success and failure).

How did these findings link with previous CCL research on success and failure in executives? Previous research also found that unsuccessful (or derailed) executives had poor relationships (insensitivity to others, cold, aloof, arrogant, overmanaging, staffing ineffectively, and failure to adapt to a boss with a different style) and specific performance problems (McCall & Lombardo, 1983). We found that unsuccessful external executives were treated more harshly. They were more likely to be fired while unsuccessful internal executives were equally likely to be demoted or fired.

## Implications

Implications are divided into scientific and practical concerns.

### Scientific

Our study demonstrates that executive selection is worthy of systematic study in its own right (which is opposite of some of the current wisdom that all selections at this level are unique; see Vancil, 1987). Studies utilizing quantitative data- and model-testing analyses would help us sort out many of the questions we opened rather than closed in this study. More emphasis could be concentrated on understanding selection as a social process (see Herriot, 1993) than studying executive selection using the same selection models as those used lower in the organization. Issues that we have determined executives need particular assistance with include: How is an organizational analysis done? What exactly is fit, and how can it be measured? How do you compare internal candidates with external candidates when the selection processes differ?

### Practical

We see several practical implications stemming from this study.

The first is to employ a holistic, context-rich look at the corporation and the job and connect that with candidate requirements. The importance of taking the time to perform an organizational needs analysis, a position description, and a candidate description drives the entire selection process. Those who were more explicit in terms of what they want or need were more likely to hire a successful executive than those who were less explicit. One particularly important finding is that all of those involved in the search process need to improve; internal needs were vague and undefined while very few of our participants mentioned anything going on external to the organization as having an impact on the organization.

The second practical implication is to consider a diversity of candidates in the available pool. Those that considered more internals (resulting in an external hire) and externals (resulting in an internal hire) were more likely to be successful. Additionally, if there are no females, nonwhites, or other nontraditional executives in the candidate pool, you might want to ask why they are excluded in this instance.

The third implication is to use a group when making the decision. Although it doesn't seem to matter how you use the group for internal selections (consultatively or as a consensus), a group needs to make the decision

by consensus when the candidate is external to the organization. We suggest two reasons why groups make a difference. First, when a number of people are involved in making the decision, they have a stake in the process; they have buy-in. They will want the executive that they have chosen to succeed. Therefore, they may be more likely to provide information and support. Second, a group brings together different perspectives to bear on the problem. We found that including such diverse members as subordinates and customers made a positive difference.

Third, the entire selection process differs for external and internal searches; know it and plan for it. An external search process takes longer and uses more and different people. Our data also suggest that there are times when the organization would be better off with an external candidate and there are times when an internal executive will more likely be successful. The search process should include a wide variety of candidates, including internals and externals, to ensure that you are not missing a good choice.

Fourth, there is no silver bullet. Executives are not using sophisticated personnel selection tools, but it doesn't seem to matter. Those hiring successful executives used the same methods or techniques to gather information about candidates—namely interviews, references, and résumés. What is important is gathering balanced information that taps into both an executive's hard side (that is, track record and other more easily measurable information) and soft side (that is, issues of fit to the culture, personality, and values).

Finally, we need to accept that the selection process is not over the moment the executive accepts the position or even starts the job. Executives need to be transitioned into their new role. They need support in terms of people and socialization or training. They also need to be evaluated appropriately according to how long they have been in the position.

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## Appendix A: Questionnaire and Interview Protocol

### Description of a Successful (Unsuccessful) Selection Decision

Please pick a successful (unsuccessful) executive selection decision that occurred at your current company for discussion in the interview. It should be a specific selection decision in which you were involved, where the target position was the CEO or two levels below. Please provide the following information for this incident:

- a. What was the position to be filled?
- b. What level was the position?
  - CEO
  - One level below
  - Two levels below
  - Other \_\_\_\_\_
- c. What happened to the previous incumbent in the position?
  - New position
  - Incumbent left organization voluntarily
  - Incumbent left organization involuntarily
  - Incumbent promoted
  - Incumbent moved laterally
  - Other \_\_\_\_\_
- d. What was your role in the selection decision?
- e. What was your relationship to the position to be filled? (check all that apply)
  - My subordinate
  - A peer
  - My boss
  - A member of my team
  - Other \_\_\_\_\_
- f. How many people were directly involved in making the decision? \_\_\_\_\_
- g. How many women were directly involved in the decision-making process? \_\_\_\_\_

h. How many minorities were directly involved in the decision-making process? \_\_\_\_

i. Who was involved?

In the decision making      In providing information

Chair of the board	_____	_____
Board of directors	_____	_____
CEO/president/business owner	_____	_____
Superior of the position	_____	_____
Superior—two up	_____	_____
Peers of superior	_____	_____
Former incumbent	_____	_____
Future subordinates of position	_____	_____
Peers of the position	_____	_____
HR department	_____	_____
Potential “customers” of the position	_____	_____
Other _____	_____	_____

j. Number of months since selection decision: \_\_\_\_

k. Were you in your current job at the time of the selection decision?  
 \_\_\_\_ Yes    \_\_\_\_ No

If *no*, please provide the following information about you as of the time of the selection decision:

Organization \_\_\_\_\_

Your position or functional area \_\_\_\_\_

How long had you been in that position? \_\_\_\_\_

Your level in the organization \_\_\_\_\_

How long had you been at that level? \_\_\_\_\_

How long had you been at that organization? \_\_\_\_\_

l. What was the purpose of the selection? (check all that apply)

\_\_\_\_ sustaining and continuing the organization

\_\_\_\_ a developmental placement

\_\_\_\_ a start-up

\_\_\_\_ a turnaround

\_\_\_\_ other \_\_\_\_\_

m. Tell us about the person who was selected:

Race \_\_\_\_\_ Age \_\_\_\_\_ Sex \_\_\_\_\_  
 \_\_\_ internal candidate  
 \_\_\_ external candidate  
 \_\_\_ succession plan participant

Functional background \_\_\_\_\_

n. Tell us about the other candidates:

Number of candidates seriously considered for the job: \_\_\_\_\_

Candidate	External Candidate (yes/no)	Functional Background	Sex (M/F)	Minority (yes/no)	Age
1					
2					
3					
4					
5					

o. What methods did you use to obtain information about the various candidates? (Check all that apply in the first column, then rank those you checked, in order of importance with 1 being the most important, in the second column.)

Method	Used	Importance
Résumés	_____	_____
Interviews	_____	_____
References	_____	_____
Peer reviews	_____	_____
Reviews from current subordinates	_____	_____
Performance appraisals	_____	_____
Assessment center results	_____	_____
Executive search firms	_____	_____
Succession plans	_____	_____

<b>Method</b>	<b>Used</b>	<b>Importance</b>
Tests:		
Personality	_____	_____
Ability	_____	_____
Other (please list below)		
_____	_____	_____
_____	_____	_____
_____	_____	_____

- p. Where is the person now?
- \_\_\_\_ Left company—involuntary
- \_\_\_\_ Left company—voluntary
- \_\_\_\_ Demoted
- \_\_\_\_ Still in job
- \_\_\_\_ Different job, same level
- \_\_\_\_ Promoted

For the top positions in your organization (CEO and two levels below):

- q. How successful is the selection process? (on a scale of 1 to 5, 1 being very unsuccessful and 5 being very successful) \_\_\_\_\_
- r. What is the hit rate (% of selections that prove to be successful)?
- External \_\_\_\_\_%
- Internal \_\_\_\_\_%
- Overall \_\_\_\_\_%
- s. What proportion of the top positions have been filled from external sources over the last four years? \_\_\_\_\_
- t. How has the proportion of external selections in top positions changed over the last four years?
- \_\_\_\_ Large increase
- \_\_\_\_ Moderate increase
- \_\_\_\_ No change
- \_\_\_\_ Moderate decrease
- \_\_\_\_ Substantial decrease
- u. How many top-level selections have you participated in over the past four years? \_\_\_\_\_

### **Areas to Be Covered in the Interview**

The interview will focus on the selection decision you described above. We will seek more in-depth information in the following areas. Any thought you can give to these questions prior to the interview will make it more productive and interesting for you.

1. How did you know that the selection decision was successful (unsuccessful)? Specifically, what was it about the person's performance, accomplishments, relationships, etc., that caused the person to be considered successful (unsuccessful) in this position?
2. What factors contributed to this person's success (lack of success)?
3. Who was involved in the selection process?
4. Was this an open search? Did you specifically target internal/external candidates? Why did you choose this strategy?
5. What kind of information did the people involved want about the candidate?
6. Was information desired that couldn't be obtained?
7. Who made the decision?
8. Why was this person selected? How did he/she compare with the other contenders for the job? In hindsight, were there better people for the job? If so, why weren't they selected?
9. What was different about this selection decision, compared with more "typical" cases, that made this one particularly successful (unsuccessful)?

## **The Interview Protocols**

### **The Successful Selection Decision**

Thank you for recalling a specific successful selection decision and filling out the questionnaire. It will help move our interview along.

I hope you will agree to permit CCL to use the information you provide in its research on executive selection. This is a voluntary decision on your part, of course. This statement gives the terms of the agreement (to allow use of the data for research purposes). It stipulates that all information about individuals is confidential, and that we list the participating organizations in our reports only if they wish to be included as supporters of our research.

*Interviewer: Answer any questions the participant may have. Encourage research participation, but do not pressure reluctant participants. If they reject use of the data for research, simply thank them for considering our request. Should the interviewee agree, have her/him sign the form. Should they later wish to keep something out of the report, or change their minds about allowing use of the data, honor their wishes.*

*Interviewer: What follows is a suggested structure for the interview and some probes; but we expect you to go with the flow. At the outset, be sure that the interviewee has selected a specific selection decision.*

## PERFORMANCE OF TARGET

Think of the successful selection decision that was made in your organization that you discussed in your pre-session packet. Discuss why this selection was successful.

***Why considered successful? Want specifics (e.g., results, performance, relationships, etc.).***

- Specifically, what was it about the person's performance, results, or relationships that caused the person to be labeled a success in this position?

***What were the important contextual factors (e.g., difficulty of the job, environmental stability, boss, etc.)?***

- What were the important contextual factors about the job that contributed to the success of the person?
- What was done to prepare the person and the organization for the transplant?

***What were the person's critical strengths and weaknesses?***

- What were the person's critical strengths that made her/him successful in this job?
- What were the person's main weaknesses and how did he/she cope with them in this situation?
- In hindsight, was there a better person for the job? Why wasn't he/she selected?

## ORGANIZATIONAL ASSESSMENT

***What were the organization's needs and strategy?/Purpose of the selection?***  
*(Interviewers, we are trying to see if there was any attempt to link the position requirements to the strategy of the organization, without leading the interviewee.)*

- What were the organization's needs and business strategy at the time the selection was taking place?
- What was going on in the organization at the time that might have influenced the selection?
- What was the purpose of the selection? (organizational goals, development of the person, etc.)

***Specs or requirements of the job—what had to be achieved?***

- What were the requirements of the position? *(What was the person expected to accomplish on the job? This is different from a person's characteristics. Examples might be start a new department, improve competitive position, introduce a new technology. Get a job description.)*
- Who defined what the position was to be?
- How much time was spent assessing the organization's needs and defining the position?

***How explicit were these assessments?***

- On a scale of 1 being very vague and 5 being very explicit, how explicit were the needs, definitions, and requirements of this position?

## CANDIDATE REQUIREMENTS

***Individual requirements*** (Interviewer, we want specifics; e.g., if the participant says track record, what were they looking for in the track record?)

- What did the candidate need to be capable of doing?
- What skills, dispositions, values, competencies were desired? (These two probes are aimed at identifying the characteristics and demographics of the person sought. They might include educational, professional, or functional background; track record; certain skills (e.g., communication, intelligence, decision making, etc.); personality characteristics (e.g., aggressiveness, emotional stability, ethics, etc.); to name a few possibilities.

***How explicit were these requirements?***

- On a scale of 1 being very vague and 5 being very explicit, how explicit were the skills, dispositions, values, and competencies that you required?

## BREADTH OF SEARCH

***What was the selection strategy? (External = outside the organization, internal = inside the organization. If you are uncertain, describe the situation in detail and why you are unsure.)***

- Was this an open search? Did you specifically target internals or externals? Why was this selection strategy used?

If an *internal* candidate: Does the organization have a succession planning system? Was this candidate a product of the succession plan?

If an *external* candidate: Why was there a decision to go outside? Was a search firm used?

***What types of information were considered most important?***

- What kind of information did the people involved in the selection want about the candidates? (*Interviewer, you might review techniques used as indicated in the questionnaire. What kinds of information were they trying to get from these techniques?*)
- Which techniques (interview, tests, etc.) were most helpful? Least helpful? Why?
- Was there any information the group wanted but couldn't get?
- What were the deciding factors in selecting this particular candidate?

***Information about the other candidates***

- Who were the other contenders for the job? (*Interviewer, part of this information should be on the questionnaire form.*)
- What were the deciding factors in rejecting these candidates?

## GROUP DECISION-MAKING PROCESS

### ***What was the interviewee's role?***

- What was your role in the selection process? What was your role in the decision?

### ***How was the final decision made?***

- What was important in making the decision?
- How was the selection decision made? (consensus, chair decided, etc.)
- Was approval from above needed?

### ***What concerns/expectations about person selected?***

- What were the concerns/expectations about the person when selected?

### ***How long did the process take?***

- How much organizational time would you estimate was spent on the selection decision?
- How long did the selection process take from the beginning to the end?

### ***How structured was the decision-making process?***

- Using a scale of 1 being very unstructured to 5 being very structured, how structured was the selection decision process?

### ***In what ways was this selection process atypical for your organization?***

- What were the two or three major differences between this case and other “typical” selection cases? (*Interviewer, continue to probe here regarding similarities to other external or internal selections.*)
- Why did this selection decision go so well?

## GENERAL

***Interviewee's view of:***

- What are the critical issues in executive selection that you think top executives would find useful/like to know more about?
- What are the two things that would help you the most in making executive selection decisions?
- What could be done during LAP to help you do a better job in selection?  
Or as a candidate for a job?

## **Appendix B: Limitations of the Study**

There are a few limitations to this study that are worth addressing. First is the use of the retrospective interview. Researchers have often relied on individuals' retrospective accounts as a means of reconstructing the past. A study on the use of retrospective interviews as indicators of past organizational strategy demonstrated that 58% of the CEOs did not agree with what they said their strategy was a few years later (Golden, 1992). An additional limitation of retrospective accounts is that it is difficult to determine causality. For this reason, this research should be considered the beginning of the story and not the end.

Second, success in this research was defined by the participants themselves. While this provided richness in our study, it is also a limitation. We are unable to determine "how successful" these executives were compared to one another. This is particularly important when we consider that a disproportionate number of successful executives had been in the position less than six months.

Third, we were hampered by small sample sizes. We did not have the power necessary to test many of our interactions, and we certainly did not have enough power to do any sort of model testing. Larger samples, hypothesis testing, and methods for establishing causality are necessary to replicate and validate our findings.

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# EXECUTIVE SELECTION

## A RESEARCH REPORT ON WHAT WORKS AND WHAT DOESN'T

Over a span of two years, researchers at the Center for Creative Leadership conducted in-depth interviews with 325 senior executives who had personally taken part in choosing someone for a top-level position. The findings, reported here, illuminate (1) how executive selection takes place in modern organizations, (2) what factors determine whether organizations look inside or outside for candidates, and (3) how selected executives are defined as successful or unsuccessful. This report features an executive summary; a context-setting introduction; a full description of the methods and results, including forty figures; and a summarizing discussion. The scientific and practical implications of the study are also considered.

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