

## Analytical Rigor in Executive Selection

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**A** CEO friend of mine recently told me about a poor hiring decision he made. He and his staff spent over nine months interviewing over a dozen candidates for a senior vice president (SVP) position. At the end of the long, drawn-out process, he and other key stakeholders reached a consensus and decided to hire the new SVP. And, just four months after the hire and over US\$100,000 in related expenses, the new SVP was let go.

Stories like the above are not uncommon. Choosing the right person for a given job is not easy and it gets tougher at the top of the organizational hierarchy – where both job requirements and external environments become increasingly complex. Financial risk is another factor. Costs associated with selecting the wrong CEO or executive may only be an annoyance to some organizations with deeper pockets, but can be far more damaging to others. So, in executive selection, our hope is to maximize our chances of selecting the right executive the first time around, while simultaneously minimizing the chances of selecting the wrong one.

When it comes to tools and methods, there are many options available to hiring professionals; some are prohibitively expensive, e.g., custom assessment centers, while others are within reach of most organizations, e.g., conventional interviews, structured interviews. Table 1 presents a handful of selection methods along with addi-

tional information to help the reader infer their respective return on investments (ROIs).

The methods are arranged from highest to lowest based on their strength of correlation to job performance. Relative cost, expressed in categories (\$ = low; \$\$ = moderate; \$\$\$ = high) is shown in parenthesis to the right of each selection method, followed by a brief description of the method. Admittedly, cost estimates shown are subjective and only provided here as a general heuristic. The last column shows the average strength of relationship expressed as one of three categories (low = .20 or less, moderate = .21 to .40, high = greater than .40) between each selection method and job performance. This was done primarily for ease of interpretation. Researchers often report different types of correlations (also known as validity coefficients) to express the selection method – job performance relationship – making direct comparisons of reported correlations confusing and difficult.

Regardless of the number or types of methods incorporated into a given selection procedure, what they have in common is the use of interviews. Although interviews are ubiquitous in selection, not all interviews are the same. As shown in Table 1, the least effective is the conventional interview conducted with minimal planning. *Conventional interviews*, compared with *structured interviews*, generally, (a) involve less planning where decisions are often made arbitrarily, (b) lack accurate and comprehensive input from key personnel, (c) do not show a direct and quantifiable link to the job description, and therefore (d) tend to be less reliable than a more structured interview. Unfortunately, *conventional interviews* are widely used, prompting some to claim that “...the candidate’s performance in the interview may reflect more of the interviewer’s conduct of the session than the actual

Selection Method (Cost)	Description	Average Correlation
1. Job knowledge tests (\$\$)	Measures job-specific knowledge	High
2. <b>Structured interviews (\$)</b>	Planned, standardized, and uses job-relevant questions	<b>High</b>
3. Ability testing (\$)	Includes general intelligence and physical ability tests	High
4. Assessment centers (\$\$\$)	Realistic simulations	High
5. Biodata (\$\$)	Based on past history	Moderate
6. Work samples (\$\$\$)	Uses real job duties/tasks to gauge job-related skills	Moderate
7. Personality measures (\$)	Measures job-relevant personal traits	Moderate
8. <b>Conventional interviews (\$)</b>	Unplanned, non-standardized, and uses arbitrary questions	<b>Low</b>

Table 1: Selection methods, descriptions, and average correlations with job performance.

qualifications of the candidate.”<sup>1</sup> Fortunately, there are better ways to design more effective interviews and, as a result, improve the overall executive selection process.

Table 1 also shows that *structured interviews* are highly effective in predicting job performance. With a bit of planning and effort, it is also relatively easy and inexpensive for hiring professionals to incorporate a structured interview into the selection process to dramatically improve selection decisions.

### **Keeping in mind the above, this article outlines four considerations:**

First, the importance of selecting the right decision-makers for gathering information for the job description, interview, and criteria for selection is discussed. Second, the procedure for collecting, verifying, and organizing job-related information is discussed. Third, a handful of human biases or tendencies that can potentially introduce error during the interview administration process are discussed in hopes of systematically reducing their effects on the final decision. The fourth and final consideration highlights the importance of personality and/or leadership assessments in executive selection. Combined, these four considerations represent inexpensive techniques designed to enhance methodological rigor and can be incorporated into existing selection procedures in order to ultimately reach better decision outcomes.

#### **Consideration 1: Selecting Your Selection Team**

Several years ago, while traveling through South America, I often found myself lost and had to ask strangers for directions. I started by asking the first person I saw, and put my full faith in their information to get me to my destination. Needless to say, I was often set on the wrong, or even opposite, path. I quickly learned to double- and triple-check with multiple individuals before setting out for my destination. More surprising was how people can be flat-out wrong about where destinations lie, yet express them with so much confidence and certainty. In executive selection, decision-makers can be just as confident, yet miss the mark. Hence, identifying and seeking input from multiple individuals is critical to success.

Executives interact with others constantly to generate ideas, solve problems and make decisions. Rarely will an executive be asked to perform his or her duties with little or no interaction with others. Hence, one important consideration is whether or not the new executive will fit into his or her new environment. The next step is determining who should be included in making the hiring decision.

This decision will determine the type of information (or selection criteria) to be used for the final selection. Depending on their position, training, expertise and even personality, the CEO, peer executives, and subordinates will have different expectations from the new executive and, thus, hold different views on what should be considered important – both in terms of technical (hard) and

behavioral (soft) qualities. The SVP of Marketing may emphasize efficiency and the ability to meet deadlines; the VP of Product Development, on the other hand, may emphasize quality over efficiency. Including input from those who will meaningfully interact with the new executive will help to more fully capture those requirements against which the new executive’s performance will be judged.

It is important that the development of the job description involves people who are familiar with the job. For executive positions, this often means soliciting input from major stakeholders, CEOs, SVPs, VPs, and/or directors. In addition to giving people a say in decision-making, considering the expectations of multiple individuals with whom the new executive will closely work has benefits related to measurement precision as well; when using this method, one can more comprehensively capture job requirements while minimizing potential measurement bias that often stems from input from just one or two individuals. In measurement jargon, this suggested approach enhances the validity<sup>3</sup> related to defining the performance requirements against which the new executive will be evaluated.

#### **Consideration 2: Collecting and Organizing the Information**

The goal of executive selection is to maximize the probability that the selected candidate will positively contribute to an organization’s performance. To accomplish this, organizations need to choose the candidate who possesses the set of personal qualities (or competencies) that will maximally contribute to an organization’s success. One of the greatest challenges associated with executive selection is in accurately specifying those competencies that will maximize the probability of success. Unfortunately, even if one were to identify a set of competencies necessary for success with 100 percent accuracy, there is no guarantee that the chosen candidate will bring about organizational success. Executive selection is only part of the picture that includes internal organizational culture and external market conditions such as competitor maneuvers and regulatory changes that can impact organizational outcomes. That said, executive selection is still one of the best ways for an organization to gain a competitive advantage.

For many organizations, the executive search begins with creating a job description. It should be noted here that while this is often the case, a more rigorous procedure would involve an organizational need analysis.<sup>4,5</sup> Those interested in this procedure should refer to the cited sources.

As suggested in the first section of this article, the creation of a job description for an executive should involve several individuals with whom the new executive will closely work. There are two common ways of specifying a job: job analysis, and competency analysis or competency modeling. While a clear distinction exists between the two,<sup>6</sup> both represent means of systematically gathering, analyzing, and organizing information related to a job in order to

infer personal qualities necessary for success. These two techniques can be used, (a) separately and later combined, (b) in conjunction, or (c) in place of one another.

In terms of current practice, it is unlikely that organizations will conduct a comprehensive job or competency analysis for a single executive position. This is understandable – conducting a formal analysis of an executive position is not only expensive, but is likely to be much more challenging than analyzing entry-level positions where the tasks and related knowledge, skills, abilities and other characteristics (KSAOs) tend to be more clearly defined. However, rather than an “all or none” approach, it is possible to create a process whereby several of the methodologies used in formal analysis are incorporated into what is currently being done. A few of the more critical elements of these are presented below.

1. *Identify the decision-makers:* As suggested earlier, one of the first steps in designing an executive selection procedure is to identify the individuals who will be working closely with the new executive. This step can be accomplished easily through short survey or face-to-face conversation.
2. *Collect information from decision-makers:* The second step is to gather all relevant information related to the executive position. This again can be conducted via a brief survey or face-to-face conversations whereby the decision-maker is asked about the various tasks to be performed by the new executive, as well as the personal qualities (competencies) they believe are necessary for successfully carrying out those tasks.
3. *Request verification from decision-makers:* Once all information has been received, aggregated and organized, this information can be sent to the same decision-makers for verification. It may be useful to utilize a rating scale of the items to remove unnecessary items, i.e., reducing contamination.
4. *Establish relative importance:* This last step is critical in that not all of the competencies will be equally important. To treat all competencies (under both technical and behavioral) as equal is akin to saying that anyone with an M.D. should be able to perform heart surgery. This is simply not the case.

When the above steps have been executed properly, the resulting summary (or candidate specification) can be used to create the job description as well as the interview questions. This candidate specification should be treated as a blueprint against which all candidates are to be judged.

### **Consideration 3: Minimizing Subjectivity and Maximizing Objectivity**

We are all biased in one way or another. In selection contexts, some of the more common biases include the *similar to me bias* (when candidates with similar background as the decision-makers are viewed more favorably); *impression management* (where candidates attempt to influence the impression made on the interviewers<sup>7</sup>); *halo effect* (whereby an outstandingly positive or negative résumé influences interviewer perception on a candidate's subsequent interview); and *contrast effect* (where interviewee order influences interviewer perceptions either positively or negatively<sup>8</sup>). We are all susceptible to these biases regardless of race, intelligence, gender or age.

One obvious impact of such biases is reduced accuracy in selection decisions. Anything that unduly biases the interviewers' perception of a candidate's qualification should be minimized as much as possible. The following list describes steps that can be taken to minimize subjectivity and maximize objectivity in order to enhance predictive validity or accuracy.

1. *Become aware of potential biases:* A highly effective technique for minimizing bias is simply making an effort to become more knowledgeable about the various biases and their potential to influence interview outcomes.<sup>3</sup>
2. *Use the same questions for all candidates:* Rather than an informal interview where questions are thought-up during or shortly before the interview and may differ for different candidates, a well-planned set of interview questions, presented to all candidates in the same order and manner, and free from follow-up questions, can dramatically cut down emotional influences and improve predictive accuracy of selection interviews.<sup>1</sup>
3. *Use standardized procedures for all candidates:* In addition to using the same set of questions, it is important to make the procedures the same for all candidates. For example, all candidates should be interviewed by the same individuals, and, if possible, in the same order. All candidates should also be given the same information, e.g., about the interviewer, the job itself, and other information relevant to the job.
4. *Use behavior-based questions:* Based on the notion that the best predictor of future behavior is past behavior, behavioral interviews are becoming increasingly popular. Although the types of questions and predictive accuracies can vary widely, behavior-based questions are typically far superior to non-behavior-based questions.<sup>9</sup>

In addition, there are numerous other techniques that have been shown to further enhance the predictive accuracy.

cies of interview results, e.g., training interviewers, using behavioral anchors, limiting the number of questions and interview period, etc. However, when carried out appropriately, the four steps listed above should significantly enhance decision accuracy.

#### **Consideration 4: Use of Personality/Leadership Assessments**

Alluded to in earlier sections, in a study of over 300 executives from organizations varying in size and industry, the Center for Creative Leadership reported that the single greatest reason given as the cause of executive failure is the inability to get along with subordinates. Likewise, ranked number two among eight reasons given for executive success was their ability to get along with subordinates.<sup>2</sup>

The above study confirms what many of us already know – that people’s personalities matter. What’s more, as one moves up the organizational hierarchy, his or her soft skills become increasingly instrumental. It then seems puzzling why such qualities as conscientiousness, leadership, empathy, etc. are not measured and reported more systematically as part of the executive selection process.

Résumés tell a lot about an executive’s formal schooling, level of experience, technical expertise, rate of promotion, and even patterns of job-related interests. However, they say little about a candidate’s default mode of behavior stemming from how they view the world. Of course, some may claim that it is possible to infer certain personality traits through interviews, and early evidence indicates that this may be what interviewers pick up on during interviews.<sup>10</sup> However, there are more reliable ways of gauging these important qualities. That said, organizations differ in their personality and leadership quality needs, and because not all assessments are created equal, there are few things to keep in mind when choosing assessments.

1. *Keep to the candidate specification:* When created properly, the candidate specification described earlier is all that is needed to filter in qualified candidates and filter out unqualified candidates. Thus, assessments that measure qualities or traits that fall outside of the candidate specification are superfluous. Holding all things equal, most of us would prefer to have a David Packard (co-founder of Hewlett-Packard, known among his employees as compassionate and employee-focused) as CEO rather than a “Chainsaw” Al Dunlap (former CEO of Sunbeam Corp, known for his strategy of firing half of his employees and berating the other half). But, unless those qualities are deemed essential for organizational success, they need to remain nice-to-haves and not essential to the job.
2. *Examine the test’s theoretical rationale and empirical evidence:* Given the hundreds of personality and leadership-related assessments in existence, it is important to find out whether an assessment (and

the specific personality traits that it measures) has solid validation evidence (There are different types of validities – construct, content, and criterion, among others). Many assessments do not provide validation evidence related to job performance. In such cases, other forms of validation evidence need to be examined. For well-known assessments, there are academic review articles and meta-analyses (a statistical summary of a collected set of studies) available. For lesser-known assessments, free test manuals that report psychometric property details and sample populations are usually available from publishers.

3. *Keep it simple:* When it comes to personality traits or leadership-related qualities, it is important to remember that there is no perfect executive equally suited for all organizations, all market conditions, and for all peers and subordinates. There are too many factors that determine organizational success. In the same industry, the worst performing CEO of one organization can turn out to be the best in another. The point here is that it is unrealistic to believe that there is an executive who possesses, in abundant quantities, 20 out of 20 qualities suggested to be critical for effective leadership. Just as in marriage, my personal philosophy is to choose two or three important personal qualities and to gauge them well. Hopefully, in time, all the other flaws will fade into the background.

#### **Conclusion**

I’m not a golfer myself. Nonetheless, I thought a golf analogy might be useful: A driver that contains the latest technology in club material and design in the hands of a world-class golfer is almost certain to outperform a poorly designed driver in the hands of an amateur. Likewise, when it comes to improving the chances of choosing the right executive, a well-planned executive selection strategy (to include pre- and post-planning meetings) and a rigorously-designed, structured interview executed by a thoughtful hiring professional are certain to lead to higher predictive accuracy and reduced costs associated with false positives, i.e., hiring the wrong executive, than any conventional interview, haphazardly created and inconsistently applied by an unqualified interviewer.

To hark back to my CEO friend from the beginning of this article; he has since acknowledged that he could have used a more standardized approach in his executive selection process.

Human Resources/Organizational Development managers as well as internal/external recruiters will surely vary in their familiarity with what is presented here. Regardless of one’s level of familiarity, those involved in hiring are frequently tasked with selecting the best possible candidate in the shortest amount of time. The steps outlined in this article, while adding just a few more hours

to the traditional executive selection process, are certain to increase predictive validity; ultimately translating into a significant increase in ROI.

## Endnotes

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