Industrial and Organizational Psychology, **2** (2009), 159–162.
Copyright © 2009 Society for Industrial and Organizational Psychology. 1754-9426/09

COMMENTARIES

Executive Selection Is a Process Not a Decision

DAVID V. DAY
University of Western Australia

Given the problems that continue to amass in contemporary organizations, it is understandable how Hollenbeck (2009) might overlook additional reasons as to what's wrong with executive selection. Not that they were needed, but we now have even more cases of organizations that have been driven to the ground by their inept (or corrupt) senior executives. There is ample and mounting evidence that there is a lot wrong with executive selection, which is why I would like to highlight two important issues that Hollenbeck did not address.

Selection as Part of Succession Management

Executive selection should not be considered a stand-alone decision but rather as part of a comprehensive succession management process. This goes beyond just a consideration of replacement planning that identifies potential successors for key positions, to also helping prepare the candidates across organizational levels for these future roles through ongoing developmental activities (Berke, 2005; Day, 2007). Executive selection should not be considered a solitary discrete event but as one part of a series of judgments made about potential candidates for these important positions.

Most applications of succession management use some form of a ''9 Box'' planning grid. This is a 3×3 grid in which individual performance is plotted against judgments of the candidate's executive leadership potential. Through detailed discussions, the ''talent management'' committee—typically consisting of the CEO and others from the top management team—makes assessments of the performance/potential of those individuals who are considered possible candidates for future executive positions. Through these deliberations, the candidate is assigned to one of nine boxes on the grid. Each box is associated with recommended actions running from counseling or termination (poor performance and low potential) to being targeted for accelerated development opportunities (excellent performance and high potential; see Day, 2007 for a more detailed description of each box in the grid). Sound practice dictates that this succession planning and management process occur at least once per year but preferably more often.

Hollenbeck (2009) did briefly mention the so-called Session Cs as conversations ''where executives discussed the capabilities of other executives'' (p. 7), but this does not really convey the full range of information that is considered, the formality and importance of the process, or the resulting outcomes. When done properly,

Correspondence concerning this article should be addressed to David V. Day.
E-mail: david.day@uwa.edu.au
Address: University of Western Australia Business School, 35 Stirling Highway (M261), Crawley WA 6009, Australia.

https://doi.org/10.1111/j.1754-9434.2009.01126.x Published online by Cambridge University Press

the succession management process considers multiple possible candidates for the kinds of corporate-critical roles found at the senior executive level. When one of these positions becomes available, the executive selection process becomes a matter of choosing among several well-known candidates—or an external person (more on that conundrum later). In short, the succession plan is implemented. This selection decision is therefore part of an ongoing process that incorporates aspects of performance management, leadership development, and selection. However, the unfortunate reality is that succession management appears to be more of a pipe dream than reality in most organizations. By some recent estimates, less than 30% of companies surveyed reported having a formal succession plan (Fegley, 2006), and that number drops to 10% of small and medium enterprises (Ward, 2007).

The evidence also suggests that organizations need help with succession management. Survey results from over 500 top-level (C-suite) executives indicated that succession planning was rated by 75% of the respondents as one of the biggest future challenges for their respective companies (Morgeson, 2008). And when asked to rank the issues, 30% ranked succession planning as the #1 challenge for the future. By comparison, the next most highly ranked issue was recruiting and selecting talented employees (19%).

However, what do industrial–organizational (I–O) psychologists have to offer when it comes to succession planning? Hollenbeck lamented that I–O psychologists typically play a limited role in executive selection, which might be aggravated by their limited background in succession management. There is no academic I–O literature to speak of on succession management processes (succession effects, yes; succession management, no), the topic is rarely if ever covered in I–O textbooks, and to my knowledge it is not taught in I–O graduate seminars. With such limited expertise in succession management, why would we be expected to be at the table when important executive decisions are made?

However, I do not wish to portray an overly pessimistic picture of what we have to offer potentially. Of course I–O psychologists can play an important role in executive selection decisions, but the first thing we need to do is stop thinking of it as just a selection issue. Executive selection is one piece of a broader and more complex talent management system. Hollenbeck argues that executive selection is a problem based on decision making and judgment, but it is not limited to the decision of which executive to select. Rather, it includes the pressing problem of helping members of a talent management committee make informed judgments about employee potential. As one example, there is a robust I–O literature on performance appraisal training in which frame-of-reference training has shown to be very useful in promoting accurate rating decisions in performance appraisal (e.g., Woehr & Huffcutt, 1994), assessment center (e.g., Schleicher, Day, Mayes, & Riggio, 2002), and competency modeling contexts (Lievens & Sanchez, 2007).

Rest assured that I am not suggesting that rater training is the answer to executive selection woes. However, among other things, frame-of-reference training has been shown across a number of studies and training contexts to help establish shared evaluation standards among raters. Where talent management committees need particular help in this regard is in developing shared standards of *potential*. How do you judge one's potential for things like leadership or handling complex and novel challenges? How do you make these standards more explicit and work towards calibrating evaluators in ways that enhance a shared understanding of these standards? Many I–O psychologists do have the background and the skills to help with these kinds of issues, but we have to move beyond the limited thinking that our expertise is mainly associated with more traditional issues such as performance appraisal and employee selection. We have the skills to help, but we have

https://doi.org/10.1111/j.1754-9434.2009.01126.x Published online by Cambridge University Press

to pay attention to the real challenges that organizations face. The evidence suggests that succession management is a major quandary in many organizations, and it is more of an overarching concern than the more delimited topic of executive selection.

The Internal/External Candidate ''Paradox''

A second problem that Hollenbeck overlooked is an increasing bias in executive selection. In their book on executive selection, Sessa and Taylor (2000) identify what they see as a paradox. Although the evidence suggests that selection committees are increasingly looking to external hires for executive positions, the evidence also suggests that externally hired executives are more likely to fail than those hired from inside. And when selection committees are open to considering both internal and external candidates, the research findings of Sessa and Taylor suggest that they choose an external candidate 75% of the time. What is going on here? By all accounts, if there is a bias it should be in favor of the internal candidates.

Too often the arguments about executive selection decisions parallel those from the interview literature. That is, because the data overwhelmingly suggest that unstructured interviews are relatively poor predictors of performance or job success, it is preferable to use tests and other forms of psychometrically sound decision aids (Highhouse, 2008). What tends to be overlooked is that the succession management process (which subsumes executive selection) is not like an interview but rather an ongoing, intensive, job tryout process. It is more similar to a ''live fire'' assessment center than an interview. If used appropriately, the succession management process has generated a wealth of data on internal candidates over any number of years. This goes beyond just the performance or potential judgments reflected in the 9 Box to include actual performance in stretch assignments, a record of developmental activities, reports from superiors and subordinates, and so on. There is nothing nearly as extensive for external candidates. So why is there an apparent bias in their favor?

Given the preceding discussion, one likely explanation is that these extensive data are not available on the internal candidates because there is no formal succession management process. It could also be that the practices or processes are not in place to develop internal executive leaders. Or a third possibility is that the data are there, but the selection committee does not like what it sees or cannot make coherent sense of it all. And yet a fourth possibility is a reliance on a ''savior complex'' in which an outside executive is expected to come in and rescue the company (or division or business unit). It is the reverse of the traditional maxim. Apparently, the devil you don't know is preferable to the one you do. Not that executives are devils, mind you.

Where I–O psychologists should be directing their attention is in terms of building a theoretically grounded and empirically based approach to succession management. It is a complex process that includes many of the tools we claim expertise in such as criterion development, measurement, performance management, employee development, and, yes, selection. In practice, I–O psychologists need to work with those executives who are charged with making important decisions with regard to succession management. We can help in terms of collecting better (psychometrically sound) data about candidates and working with committee members toward using these data more effectively. In doing so, we would contribute to the scientific literature as well as help organizations deal with one of their most pressing challenges. A more serious focus on succession management could epitomize the scientist–practitioner model that is the foundation of our field.

Finally, in his urgings about addressing the topic of executive selection, Hollenbeck mentioned the executive selection simulation developed by researchers at the Center for Creative Leadership (CCL; Peak

https://doi.org/10.1111/j.1754-9434.2009.01126.x Published online by Cambridge University Press

Selection Simulation®) and the possibility of research using data collected with this tool. Although little research has been published from this simulation, there is at least one journal article based on it (Day & Sessa, 2003). It is ironic that one of the factors in deciding to discontinue a research focus on executive selection at CCL was that it was not seen as particularly relevant to leadership or leadership development. Hollenbeck makes an insightful counterpoint that assessing leadership is indeed one of the major priorities in executive selection. However, it is all part of a broader and ongoing assessment-development–selection–evaluation system underpinning succession management that I–O psychologists need to better understand and contribute to in scientific and practical ways.

References

Berke, D. (2005). *Succession planning and management: A guide to organizational systems and practices*. Greensboro, NC: Center for Creative Leadership.

Day, D. V. (2007). *Developing leadership talent: A guide to succession planning and leadership development*. Alexandria, VA: Society for Human Resource Management Foundation.

Day, D. V., & Sessa, V. I. (2003). Accounting for choice: How committees justify executive selection decisions. *The Psychologist-Manager Journal, 6*, 72–88.

Fegley, S. (2006). *2006 succession planning: Survey report*. Alexandria, VA: Society for Human Resource Management.

Highhouse, S. (2008). Stubborn reliance on intuition and subjectivity in employee selection. *Industrial and Organizational Psychology: Perspectives on Science and Practice, 1*, 333–342.

Hollenbeck, G. P. (2009). Executive selection—What's right . . . and what's wrong. *Industrial and Organizational Psychology: Perspectives on Science and Practice, 2*, 130–143.

Lievens, F., & Sanchez, J. I. (2007). Can training improve the quality of inferences made by raters in competency modeling? A quasi-experiment. *Journal of Applied Psychology, 92*, 812–819.

Morgeson, F. P. (2008). *CHRO strategic research: Human capital challenges*. Alexandria, VA: Society for Human Resource Management Foundation.

Schleicher, D. J., Day, D. V., Mayes, B. T., & Riggio, R. E. (2002). A new frame for frame-of-reference training: Enhancing the construct validity of assessment centers. *Journal of Applied Psychology, 87*, 735–746.

Sessa, V. I., & Taylor, J. J. (2000). *Executive selection: Strategies for success*. San Francisco: Jossey-Bass.

Ward, S. (2007). Succession planning. Retrieved November 12, 2008, from www.sbinfocanada.about.com/od/businessplanning/g/successplanning.htm

Woehr, D. J., & Huffcutt, A. I. (1994). Rater training for performance appraisal: A quantitative review. *Journal of Occupational and Organizational Psychology, 67*, 189–205.

https://doi.org/10.1111/j.1754-9434.2009.01126.x Published online by Cambridge University Press