

# Working towards effective organisations: Identifying and validating high performance of prospective CEO and board members

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**“When CEOs stumble and fall they pull their companies down with them”**

**Kaufman, 2008**

# The Conversation with Top Executive Recruiter

Many '**senior candidates prefer to talk themselves into roles**'  
relying on:

- mana,
- reputation,
- high public visibility,
- social networks, and
- publicly available information on achievements

rather than

- ***undertaking in-depth selection processes including the use of various psychometric tests.***

# The Conversation with Top Executive Recruiter



Lombard Finance and Investments directors: Bill Jeffries, Sir Douglas Graham, Michael Reeves and Lawrence Bryant. Photo / Mark Mitchell

**Lombard's directors were found guilty not for what they said - but for what they left unsaid. Chris Barton reports.**

It's a modern-day morality tale of financial ruin. A fall from grace. A story of how some 4400 New Zealanders entrusted \$127 million to honourable men who loaned that money to property developers who didn't repay the loans. Most of the money - often people's life savings - was lost.

Craig, you need to add STUFF, HERALD etc????

# The Conversation with Top Executive Recruiter

## Mainzeal directors failed first step of a crisis, Supreme Court told

3:45 pm on 9 March 2022

A lawyer for Mainzeal's liquidators says the company was in a crisis that the directors failed to recognise.

Liquidators Andrew Bethall and Brian Mayo-Smith are appealing the Court of Appeal ruling which found the directors' decision to continue trading the company recklessly, while technically insolvent for nine years, did not result in a material loss to creditors.

The directors include former prime minister Dame Jenny Shipley.

Craig, you need to add STUFF, HERALD etc????

# The Conversation with Top Executive Recruiter

## 'Incompetence' behind Fletcher Building's woes, admits chairman Sir Ralph Norris

Ellen Read, Rob Stock and Catherine Harris 14:23, Feb 14 2018

A grim-faced Sir Ralph Norris resigned as chairman of Fletcher Building saying the board had to be accountable for the troubled building group's massive construction losses.

Norris had planned to stay in the job until next year, but decided at the weekend to step down in the face of a \$486 million increase in the projected losses for Fletchers' troubled Building and Interiors (B&I) division on 16 major construction projects.

Craig, you need to add STUFF, HERALD etc????



# The importance of CEOs and Board Members

- Sets the tone at and from the top
- Creates the work environment they believe is best to drive success
- Creates and maintains the culture
- CEO controls the company's biggest moves which account for 45% of a company's performance
- **Just three in five newly appointed CEOs live up to performance expectations in their first 18 months on the job (Dewar et al, 2019).**

# The importance of CEO individual characteristics

- Conscientiousness
- Emotional stability
- Agreeableness
- Extraversion
- Openness
- Affects the entire performance of the top management team and subsequently also the outcomes of the organisation.
  - (Peterson et al, cited in Shen, et al., 2022)

# The Literature Review

## **Upper Echelon Theory (1984) - Hambrick & Mason**

1984 the first theory outlined how executives influence outcomes in organisations

## **In the nineties, second generation UE studies – various academics**

- Processes and practices which improve efficiency and effectiveness
- Diversity
- Importance of prior experience (national and international)
- Positive effect of including internationally diverse top management/directors in the global era

(Carpenter, et al. 2004).

# The Literature Review

## **The literature review validated the experience of the executive recruiter:**

- Difficult to find pre-emptive evidence that a prospective executive will deliver the expected high performance (Kacanski, 2020; Pozen, 2010; Schrage, 2014).
- Unwillingness to undertake psychometric tests to prove that they are the right fit for an organisation, results in unsuitable appointments, (Kacanski, 2020; Pozen, 2010; Schrage, 2014) which
- Leads to workplace dysfunction with far-reaching repercussions (Jones, 2019).
- Dysfunction is often identified after the damage has occurred (Jones, 2019) and
- Company culture is eroded (Kaufman, 2008).

**What does this tell us?**

**The issue lies with selection**

# The Literature Review

## Relevant factors affecting selection are:

- Executives' perception of their position of power and reputation (Kacanski, 2020)
- Reliance on appointments from social networks (Kacanski, 2020)
- Cultural differences in response to questions and process during the interview process (Tixier, 1996)

# The Resulting Study

An explorative, qualitative study consisting of:

- a literature review
- a review of assessment tools
- in-depth and semi-structured interviews  
(King, 2004).

# The Aim of this Study

Three-fold aim:

- Firstly, interview phase to understand the collective experience of executive recruiters, CEOs, board members, professional bodies for directors to investigate better selection practices and more appropriate assessment tools to validate past performance.
- Secondly, to adapt tools and selection practices to identify and appoint appropriate candidates.
- Finally, suggest adapting the tools to identify candidates who are more appropriate for Aoteroa's unique bi-cultural business environment.

# Methodology

- Explorative, qualitative study consisting of:
- Literature review ✓
- Review of assessment tools
- In-depth and semi-structured interviews  
(King, 2004)

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# Thank you for your time

## Any questions?

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