

Are Your HiPos Overrated?

By Robert Hogan, Derek Lusk and Tomas Chamorro-Premuzic



After McKinsey introduced the notion of a “war for talent” 20 years ago, HR departments began to focus on ways to attract, develop, and retain star employees. Today, the war for talent goes on but is mostly fought in the leadership space. This makes sense because leaders impact whole teams, units, and organizations, and many businesses now devote substantial resources to identifying leadership potential as early as possible. The recent rise of high-potential (HiPo) identification programs represents the most deliberate and systematic attempt so far to place bets on those who appear most likely to occupy key leadership positions in the future (Campbell & Smith, 2014; Silzer & Church, 2009).

This paper argues that, to make HiPo interventions worth-

while, organizations must focus less on *emergence* — predicting who seems like a leader — and more on *effectiveness* — predicting who is capable of building high-performing teams. The fact that the base rate of managerial incompetence in corporate America — where funding for HiPo programs is the highest — is about 65%, suggests that many organizational leaders stress their employees, quash their engagement and productivity, and risk derailing both their own careers and entire organizations (Hogan, et al., 2010). According to several estimates, 70% of American workers say that they would take a pay cut if someone would fire their immediate boss. Clearly, then, HiPo identification programs tend to fast track many candidates who have little potential for leadership, and this suggests that many HiPos are in fact overrated.

In our view, typical perceptions of leadership potential are often biased in favor of loud and charismatic personalities, but such people are often unable to inspire individuals to work as high-performing teams. Leaders with such personalities often excel at politicking and self-promotion, which explains why they are often nominated as HiPos despite their limited potential for leadership. This article outlines a framework for helping organizations improve their HiPo interventions and increase the future representation of talented leaders in their workforce. Our starting point is to define leadership adequately.

What is Leadership?

Most of the great human achievements in history have been the result of large-scale cooperation: e.g., digging the Panama Canal, constructing the Egyptian pyramids, establishing the United Nations in 1945 to prevent world wars, and building the international space station. These accomplishments would have been impossible without effective leadership, the process that persuades people to

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set aside their selfish agendas and work as members of a coordinated group to achieve something beyond the capacity of single individuals (Hogan & Kaiser, 2005; Van Vugt, 2006). Good leaders can turn a group of B players into an A team; bad leaders turn a group of A players into a B team. Good leaders encourage employees to identify with group goals while simultaneously pushing them to new heights of performance, including superior financial results (Kaplan, Klebanov, Sorensen, 2012; O'Reilly, Caldwell, Chatman, & Doerr, 2014). Conversely, bad leaders negatively impact employees and organizations and create poor financial performance even while often profiting personally (Kaiser, Hogan, & Craig, 2008).

Western notions of leadership tend to glorify individual outcomes (e.g., the leader's career success), while ignoring the effects that bad leaders have on their teams and organizations (Hogan & Kaiser, 2005). We think that definitions of leadership effectiveness — and how organizations think about leadership potential — should focus on the performance of the group rather than the career trajectories of individual executives. Similarly, HiPo identification programs should focus on candidates' ability to enhance the performance of their teams, mostly by encouraging cooperation among the members. As Charles Darwin (1871) observed, "a tribe including many members who were always ready to aid one another, and to sacrifice themselves for the common good, would be victorious over most other tribes, and this

would be natural selection" (p. 132). Consequently, it is not enough for HiPos to emerge and be noticed, they should also have the talent needed to create a high-performing teams and units (R. Hogan, Curphy, & J. Hogan, 1994).

How charismatic HiPos hurt organizations

People who call attention to themselves are most likely to get noticed. As a result, when HiPo nominations are primarily based on intuitive personal judgments, HiPo talent pools will be tilted toward charismatic hard chargers. However, charisma is often correlated with narcissism and psychopathy (O'Boyle, et al., 2012). Although there are many uncharismatic narcissists (Woody Allen), as well as people who are both charismatic and humble (the Dalai Lama, Pope Francis), narcissism and charisma often go together (e.g., Donald Trump, Steve Jobs, Silvio Berlusconi). And the scientific research is quite clear—narcissistic CEOs ruin companies (O'Reilly, Doerr, Caldwell, & Chatman, 2014). They create volatility in their firms' financial performance until exhaustion sets in. The first well known publication to make this case was Jim Collins' legitimately famous book, *Good to Great*. The high performing CEOs in Collins' study were notably modest and reluctant to call attention to themselves — they were humble, but effective leaders. In reading Collins' study, one wonders how his humble CEOs ever got their jobs in the first place.

Organizations compound the problem by evaluating leadership using supervisors' ratings and track records for rapid promotions (Church, Rotolo, Ginther, & Levine, 2015). Industrial psychologists have studied supervisors' ratings for years, hoping to find some rationality and objectivity, but supervisors' ratings are stubbornly subjective, biased, and contaminated by politics. Managers usually know who they like, but they often don't know who is doing a good job. Although they confuse being a high-performer and being rewarding to deal with, many high-performers who get stuff done are cranky and hard to live with, and therefore they receive low performance ratings.

Consequently, judgments of potential are inevitably tinged with judgments of how much the person is liked by peers and supervisors (Marinova, Moon, & Kamdar, 2013). Our point is that persons designated as HiPos may or may not have leadership potential, but they almost always have effective impression management skills, which results in high ratings from their bosses, and in turn, promotions. However, the skills needed to get positive performance ratings from one's line manager are quite different from those required to build high-performing teams. In other words, there is a clear difference between impression management skills and leadership talent, except when it comes to HiPo nominations, which confound both.

In contrast with charisma, there *is* a link between humility and leadership. Recalling Collins' high performing CEOs were humble; many highly effective leaders were/are also notably humble. We are thinking of such military legends as Horatio Nelson or Ulysses S. Grant, politicians such as Angela Merkel or Michelle Bachelet, business legends such as Warren Buffett or Zara founder Amancio Ortega, and legendary sports coaches such as Greg Popovich and Bill Belichick.

Research provides overwhelming evidence that subordinates want to see four key characteristics in leaders: integrity, competence, good judgment, and vision. There has virtually never been a study showing that subordinates *want* charismatic managers — even when they may think they do — or that effective managers are charismatic. On the contrary, there are compelling findings showing that subordinates prefer bosses who are competent, trustworthy, and unassuming.

The distinction between the behaviors that get people noticed and the behaviors associated with effective leadership was first highlighted by Fred Luthans' seminal research. He gathered data on a sample of 457 managers using multiple methods. After three years, he collected criterion data including salaries and promotions, and the performance of the units for which the managers were responsible. Luthans found that the high performers fell naturally into two groups: (1) managers who received rapid promotions and pay raises; and (2) managers whose units performed well. Membership in the two groups correlated .30, which means they overlapped about 10%.

Following Luthans, we call the first group *Emergent* and the second group *Effective*. Next, Luthans determined how the two groups spent their time at work, and not surprisingly, they spent their time differently. Managers in the Emergent group were primarily involved in *managing up* — networking, building relationships with bosses, projecting confidence, and playing politics. Managers in the Effective group were primarily involved in *managing down* — working with their teams to improve performance, removing barriers that impede success, managing conflict, and following through on commitments.

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Using data from our extensive research archive, we identified the personality profiles of Emergent and Effective leaders. The Emergent profile reflects people who stand out in groups — lively, engaging, and colorful. The Effective profile reflects people who are concerned with getting the job done — focused and process oriented. The high performing CEOs in Collins' seminal book were notably modest and that fits our profile of Effective managers. The problem is that, in our experience, Emergence typically trumps Effectiveness, which helps explain the 65% failure rate for managers.

Practical recommendations for HR practitioners

The preceding discussion leads to three recommendations for creating and implementing successful HiPo identification programs. First, start with a proper definition of leadership — one

that focuses on team effectiveness, rather than the individual career success. Leadership is about building and maintaining high performing teams that can beat the competition — building a team requires different skills from those needed to master office politics and be well-regarded by one's manager. Defining talent in terms of managerial ratings of performance or the ability to jump levels will inevitably cause organizations to select people who talk a lot and successfully self-promote, without necessarily driving high performance in their teams.

Second, use quantitative assessments that are predictive and fair. Psychologists know that well-validated measures of personality forecast leadership behaviors far better than human intuition, and that they account for around 50% of the variance in leadership effectiveness. In contrast, there is no compelling evidence showing that intuitive evaluations of leadership potential — including the commonly used unstructured interview — can predict effective leadership. Following this, assessment programs that use scientifically defensible personality assessments can replace conscious and unconscious biases, nepotism, and politics, with a merit-based system. For example, based on actual leadership talent, women would be expected to occupy more than 15% of board seats (Koenig, Eagly, Mitchell, & Ristikari, 2011), yet flawed evaluations methods — and focusing on the “loud” and dominant traits that are more common in men — contribute to a universal underrepresentation of women in leadership. In addition, charismatic people interview well, regardless of their level of talent, and as a result, leadership pipelines are full of hard-chargers who may not function well in affiliative cultures.

Third, use outcome data to validate your models. Organizations today are awash with data, but often don't know how to organize, analyze, and use it. Discussions of “big data” and “analytics” suggest that sophisticated new techniques are needed to reveal the magic formula for leadership potential. However, there is no need to reinvent the wheel and much to gain by keeping things simple. Consider the fact that the best measures of leaders' performance — particularly how their behavior impacts teams and their effectiveness — are rather old school: multisource feedback or 360s (especially upward feedback), team engagement levels, measures of team and organizational climate. These measures can then be complemented with objective performance metrics such as productivity, revenues, profit, and customer service. Although no data are perfect, combining a wide range of outcome variables will help organizations benchmark their HiPos against high-performing leaders to fine-tune their models of leadership potential. Importantly, despite the tendency to look for novel, unique, or fad-like competencies (e.g., agility, grit, growth mindset, and digital leadership), it is useful to remember that the fundamental ingredients of leadership effectiveness are unlikely to change over the next few years. Leadership evolved over thousands of years. Although the context of work and careers change, the qualities that enable individuals to create higher levels of engagement and performance in a team do not: e.g., expertise, good judgment, competence, good people-skills, self-awareness, and humility.

To conclude, there is much progress to be made in the process of finding the right people to become the key leaders of



tomorrow. Leadership is the most consequential force in human affairs; consequently, when choosing leaders, it can be folly to play it by ear. Fortunately, there is well-established science — with good theories and valid tools — for predicting future work-related behaviors, so we don't need to wait for groundbreaking advancements or discoveries in the field. HR needs only to apply some of this existing science to reap its benefits. ■

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