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Industry Trends: Fascinating Rhythms in the Career Paths of Hospitality Executives

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Abstract

We explored the idea that the timing of executives' career moves was consistent with Bak's notion of self-organized criticality. Consistent with predictions, time series analysis of job changes for 43 hospitality executives obeyed a power law and revealed a mixture of predictable and unpredictable patterns with a musical nature (pink noise distribution). The data showed better fit for traditional 'organization men' versus opportunistic 'trailblazers.' These differences in career patterns (rhythms) could be used to reliably distinguish between these two executive-types using neural nets. Potential implications for executive coaching and development are discussed.

Keywords

leadership, career path, mobility, executive coaching, power law, pink noise, neural net

Job hopping, mobility, and career pathing—these broadly-related terms refer to the *timing* or pace of tenures across an individual's career. These changes include transitions between firms, industries, and sectors, or even changes in occupation. Many argue that the frequency of transitions is rising, as careers now tend to be "boundaryless" (Arthur, Inkson, and Pringle 1999) and unfold outside traditional organizational structures (Miner & Robinson 1994), and that personal values have evolved such that people increasingly change work settings for greater autonomy, life balance, and meaning in work (Hall 1986; Handy 1998; Wrzniewski, Dutton, and Debebe 2003). This article reports the results of a comparative analysis of the changing career paths of hospitality CEOs.

In their seminal study of the career histories and personal characteristics of top executives of the *Fortune* 100, Cappelli and Hamori (2004) reported a substantial change in the nature of executives. In addition to the well-known "organization man," who builds a career by methodically and slowly navigating a company's corporate hierarchy, they found that top executives are increasingly likely to come from outside a company, job tenure is much shorter, and executives get to the top faster by holding fewer jobs. Schoar and Zuo (2012) similarly found that managers are becoming CEOs earlier in their careers and at younger ages, show a sharp increase in the number of firms they work in prior to becoming CEOs, and stay less time in a given job.

Irrespective of such shifts in executives' career paths (cf. Cappelli and Hamori 2004; Schoar and Zuo 2012), our observations from global executive search assignments during a 25-year span suggests that there have always been two types of executives: the predictable, steady organization man and the more unpredictable and opportunistic "trailblazers" (see, for example, Kefgen and Houran 2010). We speculate that the period of effective leadership by a specific person in a specific environment is time-limited and that career moves therefore have inherent "rhythms." Furthermore, we anticipate that this rhythm differs between the two leadership types. We tested this basic idea in a time series analysis of the career moves of seasoned hospitality executives as documented in their bios and resumes. We should note at the outset that both organization men and trailblazers can produce excellent outcomes. The difference in their career paths does not constitute a value judgment but instead documents the changes in contemporary approaches to careers.

We have sufficient data to quantify our observations regarding the rhythm of career advancement. Let's call the inter-career-move time intervals x, and we can capture the distribution of time intervals between career moves by a power law in the form $F_x = C\,X^D$, where C and D are constants, and F_x represents the frequency of x's occurrence in the time series. The central interest is the exponent D, because it reflects the most important properties of the distribution. In particular, for values $0 < D < 2$, the distribution describes a mixture of predictable and unpredictable features called "pink noise" (Voss and Clark 1978). By way of explanation, there are three main categories of sound based on their mathematical elements: white noise, brown noise,

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and pink noise. White noise is random noise. A graph of white noise shows no specific organization, and the sound of white noise is often perceived as irritating and disturbing. Brown noise is very structured and organized. People usually hear brown noise as mechanical and rigid. Pink noise is more structured than white noise but not as rigid as brown noise. This noise is called "1/f," meaning that it falls between the two extremes. Pink noise is the mathematical nature of nearly all human-composed music, and this 1/f structure has been found in the mathematical elements of many social phenomena as well (Guastello, Peressini, and Bond 2011; Lange 1999). We expected to find this pattern in our data. Since predictability is a central feature of organization men, such executives should reflect greater steadiness (and perhaps better fit to the power law) than would trailblazers, who would show greater irregularity. A finding of a pink-noise-type relationship is important for two main reasons: First, systems showing pink noise need not invoke external causes to explain their behavior. Just like, say, earthquakes and traffic jams (Bak 1996), they can be understood as self-organizing entities with their own internal dynamics. Second, for mathematical reasons, power laws do not allow computation of a single "average" observation, as such statistics vary with the length of the total interval being considered. Confirming such patterns in these data would support our earlier conclusions on executive types derived from qualitative methods (Kefgen and Houran 2010).

Method

Our data come from a convenience sample of 43 hospitality executives in diverse segments of the hospitality industry (e.g., hotel, casino, restaurant, and cruise line) selected from HVS's proprietary database. Records were selected based on a C-level job title, availability of full biography, knowledge of executive performance, and overall industry reputation. Coauthor Keith Kefgen categorized each executive as either a trailblazer (n = 22) or an organization man (n = 21). We found that the career spans of the trailblazers (M = 30.6 years) and organization men (M = 26.5 years) were not significantly different, $t(40) = 1.51$, *ns*. We next documented the series of role transitions for each executive, either within or between firms, defined here as the time (in years) between role transitions, the period during which an individual is changing roles or changing his or her orientation to a role already held (Louis 1980).

Results

The distribution of transition time intervals shown in Exhibit 1 is typical of power laws. This observation is verified in Exhibit 2 by the finding that when X and F_X are plotted in a log-log graph, a straight line emerges that fits

Exhibit 1:
Distribution of Times between Role Changes, Combining All Data across Executives (N = 356)

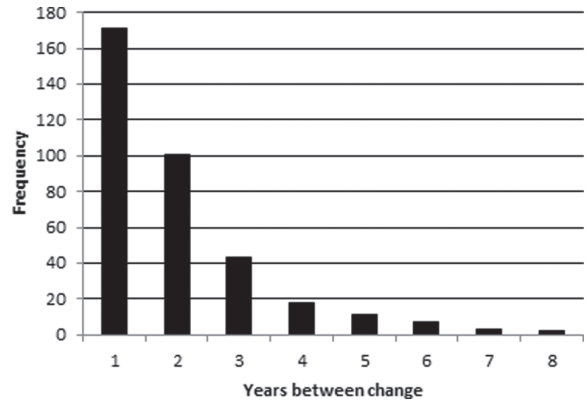
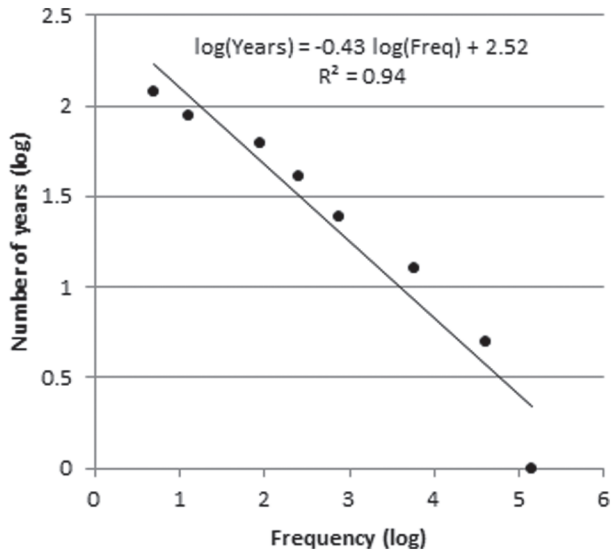


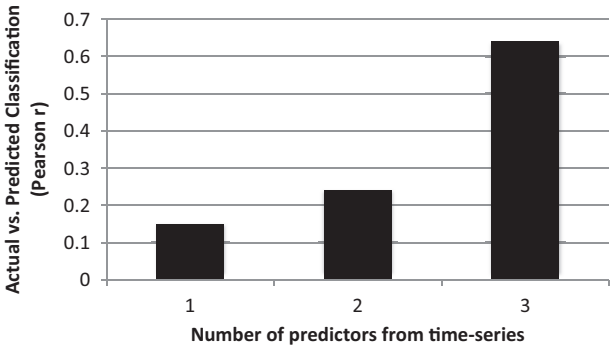
Exhibit 2:
Log-Log Plot of Frequency (x-axis) and Years between Role Changes (y-axis)



the data well (R^2 = 0.94). Also, the slope of this line (–0.43), whose negative reflects the exponent D, lies inside the range for pink noise. Thus, as anticipated, the data are a mixture of predictable and unpredictable patterns that parallel music.

As we anticipated, the data for the organization men (R^2 = 0.96, D = 0.44) fit better than those of trailblazers (R^2 = 0.85, D = 0.40). Even though the difference between the two groups' D exponents is nonsignificant ($p > .10$) and can be ignored, the difference in the R^2 values is statistically

Exhibit 3:
Quality of Prediction Using Neural Nets with 1, 2, or 3 Predictors



significant ($p < .05$). Inspection indicates that the graphs are significantly ($p < .01$) distorted for the trailblazers due to a lack of observations in the 0-1 year category (37% of cases) relative to the organization men (57%). In other words, trailblazers were more likely than the organization men to stay at least one year in a particular role. We have no information about the circumstances or stated reasons behind the executives' career moves, but we can infer that the organization men were more likely to leave quickly or be pushed out of roles than were the trailblazers. One possible reason for this is that the trailblazers may have shown more opportunistic behavior and waited out a difficult situation so they could stay for an expedient period of time before leaving.

The preceding naturally raises the question of whether organization men and trailblazers can be distinguished based on their time series of career moves. The math that answers this question is based on the power equation above. Despite extensive experimentation, linear techniques (including linear regression, logistic regression, and discriminant analysis) all failed to explain more than 5 percent of the total variation in the two groups' career moves. However, we achieved excellent results using a standard neural net with one intermediate layer as embodied in the "Neuralnet" software included in the R language (Fritsch and Guenther 2012). An autoregressive approach was used, which used subsets of executives' time series $T = T_1, T_2, T_3, \ldots, T_n$ to predict their classification (represented by a dummy variable equal to either 1 or 0). Exhibit 3 shows the correlations when two, three, or four consecutive elements of T are used (e.g., when three elements are used, all elements T_{n-2}, T_{n-1}, T_n are used as predictors). It can be seen that increasing the number of predictors clearly improves prediction, and just three elements are effective ($r = 0.64$, $p < .01$) in predicting executives' classification as being either an organization man or a trailblazer.

Discussion

Our hypotheses received strong support. First, the finding that time intervals between career moves follow a power law means that such changes occur at many time scales simultaneously and that career transitions have their own internal dynamics, which are unaffected by external factors. Second, clear evidence of pink noise in the timing of career moves for both groups strongly suggested that these individuals were following a behavioral rhythm—a pattern that inherently maintains a person's interest (Cutting, DeLong, and Nothelfer 2010). This conclusion seems to apply mainly to organization men, who indeed showed greater adherence to the power law, whereas the trailblazers showed more "erratic" patterns—perhaps in response to greater external opportunities and challenges. Metaphorically, one type of leader tends to "waltz" whereas the other tends to "rock."

Given the exciting prospect of being able to predict executive types, these results justify additional research to replicate and extend the present findings, especially given the following potential implications:

- Supervisors should not automatically assume that frequent "jumps" or tenures on a resume reflect incompetence, poor job fit, or proneness to distraction. Rather, the individual in question could be a budding trailblazer whose career path reflects an opportunistic or entrepreneurial mind-set. Supervisors must strive to understand the drivers that prompt role changes and that means careful, balanced due diligence in HR contexts.
- We expect organization men and trailblazers to differ in their receptiveness to particular training and development methods. The steadier rhythm of organization men might be more compatible with structured learning environments—such as books, classrooms, and seminars. The more erratic rhythm of trailblazers would appear more conducive to idiosyncratic, less structured, and "real world" methods like mentoring, coaching, trial-and-error, and cross-training or job shadowing.
- Finally, we expect to find different values in each leadership type. From a recruitment and retention perspective, organization men would seem to find most attractive those organizations that offer a secure environment that rewards loyalty and steady growth. However, trailblazers would seem to seek opportunities that offer greater autonomy and self-direction, aggressive advancement, diversity of tasks (combating boredom or complacency), and transferable skill development.

These are merely a few immediate ideas and implications inspired by the findings. Additional research might

validate these suggestions. At the same time, future work should address some concerns. In particular, time series analyses like ours are often complicated by the presence of transient functions, which make the time series nonergodic (nonstationary), in which case the data cannot be described by a single function. We note that Guastello, Peressini, and Bond (2011) pioneered the use of new methods to study ill-behaved sequences of events across a range of applications. Also, qualitative case studies of organization men and trailblazers would provide a deeper understanding of the *how* and *why* behind specific career moves. Regardless of the methods being used, we urge greater emphasis on studying the *time* dimension than has been the case in earlier research. In the conclusion to *Walden*, Henry David Thoreau wrote, "If a man loses pace with his companions, perhaps it is because he hears a different drummer. Let him step to the music which he hears, however measured, or far away" (p. 251). Our results hint at a new aspect of occupational behavior and suggest that Thoreau's sentiment may be more literally true than employers ever imagined.

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Bios

James Houran leads the Performance Management service of HVS Executive Search[en dash]North America. He is a 20-year veteran in psychology with a Master's in Psychology from the University of Illinois (Springfield) and a Ph.D. in Psychology from the University of Adelaide. Dr. Houran has authored over 100 journal articles, and his award-winning work has been profiled by many media outlets and programs including the Discovery Channel, A&E, BBC, Court TV, NBC's Today Show, *USA Today*, *New Scientist*, *Psychology Today* and Forbes.com.

Rense Lange holds a Masters degree in Computer Science and a Ph.D. in Psychology from the University of Illinois at Urbana-Champaign. He has authored nearly 100 publications in such diverse areas as artificial intelligence, computer science, criminology, crowdsourcing, econometrics, engineering, education, medicine and psychology. As Founder/CEO of Integrated Knowledge Systems (IKS), Dr. Lange focuses on the integration of psychometrics (CAT) and artificial intelligence to develop advanced online personnel related testing software, with applications ranging in scope from the enterprise level up to nationwide academic testing programs.

Keith Kefgen is the Founder/CEO of HVS Executive Search and has over 25 years of experience in the hospitality industry. Having graduated from the Cornell University Hotel School, he went to work at Waldorf-Astoria Hotel before embarking upon a career in hospitality executive search. A frequent lecturer on industry related issues, Mr. Kefgen has authored over 100 articles on the topics of executive selection, pay-for-performance, corporate governance and executive leadership.