



Press Release
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Hiring for uncertainty? Landmark study reveals how career experience builds true leadership foresight

A new research paper titled '*Human Capital and Strategic Foresight: Evidence from Managers' Stock Purchases*', published in *Strategy Science*, written by Associate Professor John Mawdsley of HEC Paris and colleagues, reveals that not all broad career experience is equal when it comes to a leader's ability to make effective strategic decisions.

The research, which uses a novel measure of managerial foresight, finds that while experience across multiple firms and functions enhances predictive judgment, experience across multiple industries can actually diminish it, especially in volatile market conditions.

The study analyses a unique dataset linking senior managers' personal stock purchases in their own companies to the long-term market performance following announcements of new product launches. By examining the trades of 1,803 senior executives at 257 S&P 500 firms ahead of nearly 3,000 new product announcements, the researchers were able to measure whose bets paid off, thereby inferring whose foresight was most accurate.

The right and wrong kind of breadth

The research demonstrates that managers who have cultivated deep, within-industry breadth, having worked for multiple companies in the same sector, possess superior foresight. This variety builds a rich, contextually relevant understanding of competitive dynamics and industry-specific best practices that directly informs accurate strategic prediction.

Equally valuable is cross-functional mastery. Leaders whose careers have spanned core operational areas like R&D, marketing, and finance develop the holistic perspective necessary to assess a product's complete journey to market, significantly strengthening their predictive ability.

Conversely, the study identifies a potential hidden risk in the classic "outside" hire. Managers whose careers span multiple industries actually show diminished foresight. The research suggests that while their experience is broad, it can become too diffuse, increasing the

likelihood of drawing overconfident but flawed analogies from mismatched contexts, which can lead to costly strategic missteps.

Critically, the stakes of this knowledge divide are not static. These effects can be magnified during periods of high financial market volatility. In uncertain and turbulent times, the value of contextually relevant, within-industry and cross-functional knowledge soars, while the dangers of misapplying broad, cross-industry experience rise sharply.

"The instinct to hire a 'generalist' during uncertainty might not be the best idea," warns Professor John Mawdsley. *"Our data shows that a broad résumé is not a monolithic benefit. What matters is variety with relevance, breadth of experience that is directly applicable to the firm's specific context. In turbulence, the leader who has seen multiple crises within your sector will likely outperform the leader who has seen multiple sectors but only in calm waters."*

A generation forged in uncertainty

Professor Mawdsley also highlights the implications for developing future talent. *"Consider the emerging generation of leaders, particularly Gen Z, who navigated the upheaval of Covid-19 and entered a workplace defined by economic and political uncertainty. This cohort has been conditioned to adapt and recalibrate constantly. Organisations might do well to recognise this inherent resilience and, critically, couple it with deliberate, structured internal development to build that crucial, relevant knowledge breadth."*

"Ultimately," Professor Mawdsley concludes, *"firms compete on the quality of their leaders' predictions. This research provides a sharper lens for building that capability. It's about cultivating leaders whose careers tell a story of complementary knowledge, not just a checklist of disparate roles. By building foresight deliberately from within and hiring with this nuance in mind, companies can significantly de-risk their strategic future."*

About HEC Paris:

Founded in 1881, HEC Paris is a leading European Business School. Its ambition is to positively impact both businesses and society thanks to its three-pronged approach **"Think, Teach, Act"** and thus to contribute to a more inclusive, sustainable and prosperous world.

With 178 research professors from all around the world producing and teaching unique knowledge to **more than 4,500 students from 135 different countries**, the HEC Paris campus serves as a real laboratory for innovation and exchange which is open to the world's diversity and challenges.

Inspired by its 5 core values - **Excellence, Curiosity, Entrepreneurial spirit, Diversity and Responsibility** - HEC Paris offers a complete range of training courses for the leaders of tomorrow: the Pre-Experience Program, specialized masters, MSc, the Summer School, the MBA, the Executive MBA, the TRIUM Global Executive MBA, the PhD, as well as a wide variety of programs targeted to leaders and managers.

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