

From Graduate Potential to Leadership Capability: A Strategic HRM Framework for Developing Effective Early-Career Leaders

“La Famiglia Accademica”

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ABSTRACT

The transition from university into organisational employment represents a milestone in the development of future organisational leaders. Contemporary organisations increasingly depend on graduates who possess strong academic qualifications, technical competencies and digital capabilities; however, academic and technical excellence does not necessarily translate into effective leadership. That misalignment between graduate potential and leadership capability presents a strategic human resource management challenge, particularly as organisations seek to develop sustainable leadership pipelines in increasingly complex and dynamic work environments. This concept paper proposes that leadership capability among early-career professionals should be deliberately developed rather than assumed to emerge automatically through tenure or promotion. In this paper, graduate attributes refer to knowledge, skills and personal capacities entering employment, leadership capability refers to the integrated capacity to perform leadership functions, leadership readiness refers to preparedness to assume leadership responsibilities, and organisational value refers to the contribution of these developed capabilities to organisational outcomes. Drawing on Strategic Human Resources Management (SHRM) and the Resource-Based View (RBV) of the firm, the paper conceptualises early-career leadership development as a strategic process through which organisations identify, nurture and deploy valuable human capabilities. The paper proposes an integrated framework linking graduate attributes with strategic HR practices, including talent identification, structured onboarding, mentoring and coaching, training and development, job rotation, stretch assignments, performance management, career development and leadership exposure. The framework further recognises the distinctive characteristics and expectations of Generation Z employees, including their expectations regarding development, meaningful work, feedback, flexibility, technology and career progression. The paper argues that strategic HR practices may function as the organisational mechanism through which individual graduate potential is transformed into leadership capability and, ultimately, leadership readiness and organisational value. The proposed framework provides a basis for future empirical testing and offers organisations a structured approach for developing a sustainable leadership pipeline from the early stages of employees' careers.

Keywords: strategic human resource management, leadership pipeline, leadership capability, early-career professionals, graduate development, Generation Z, talent management, resource-based view.

INTRODUCTION

The changing nature of work intensified the need for organisations to develop leadership capability earlier in employees' careers (Rahman, 2026). Organisations operate within fluid environments characterised by technological change, workforce diversity, changing employee expectations, artificial intelligence, global competition and increasing demands for organisational adaptability (Khatoon et al., 2025). Consequently, organisations cannot rely exclusively on traditional approaches in which employees acquire leadership responsibilities only after many years of organisational tenure. The early-career workforce represents an important source of future leadership talent. Recent university graduates enter organisations with potentially valuable resources, including academic knowledge, professional qualifications, technological familiarity, digital capabilities, creativity and relatively high learning potential (Mishchuk et al., 2025). Conversely,

possessing these attributes does not mean that graduates are prepared to lead people, manage conflict, make complex decisions, exercise judgement or navigate organisational politics (Lawson, Zheng, & Davani, 2026). This paper identifies this challenge as a significant corporate problem because organisations may struggle to transition academically capable graduates into effective leaders. The central argument of this concept paper is therefore that graduate potential should not be equated with leadership capability. Rather, organisations require intentional HR systems capable of transforming individual potential into leadership competence. The proposed study reframes the question from; “*Do graduates have leadership potential?*” to: “**How can strategic HR practices systematically convert graduate potential into effective leadership capability**”

Background to the Problem

Universities generally prepare graduates through academic and professional programmes designed to provide disciplinary knowledge and technical competencies (Vlachopoulos, & Pachni Tsitiridou, 2026). However, organisational leadership involves a broader configuration of capabilities.

An academically successful graduate may possess:

- i. strong cognitive ability;
- ii. technical knowledge;
- iii. professional qualifications;
- iv. digital literacy;
- v. problem-solving ability;
- vi. creativity; and
- vii. capacity to learn (Grenda, 2026).

Nevertheless, effective leadership may additionally require:

- i. interpersonal competence;
- ii. emotional intelligence;
- iii. communication;
- iv. ethical judgement;
- v. decision-making;
- vi. conflict management;
- vii. accountability and collaboration;
- viii. strategic thinking;
- ix. influence and persuasion;
- x. adaptability; and
- xi. the ability to manage and motivate others (Aquino et al., 2025).

For conceptual clarity, graduate attributes are treated as entry-level knowledge, skills and personal capacities, leadership capability as the developed and integrated capacity to exercise leadership functions, leadership readiness as the demonstrated preparedness to assume leadership responsibilities, and the organisational value as the organisational contribution arising from the effective deployment of developed capabilities. These constructs are related but are not used interchangeably.

Thus, the conceptual problem is not necessarily that graduates lack ability but there may be a disconnect between the capabilities developed through higher education and those required for organisational leadership. This creates an important responsibility for HR functions. Recruitment can identify potential, but recruitment alone cannot create leadership capability. The strategic HR function must therefore extend beyond attracting talent and migrate towards developing, deploying and retaining leadership potential. The proposed framework consequently places strategic HRM at the centre of the graduate-to-leader-transition.

Statement of the Conceptual Problem

A central assumption in many organisations may be that academically strong and technically competent gradu-

ates will naturally develop into effective leaders as they gain organisational experience (Markman, Du, & Nørgaard, 2026).

This assumption is problematic for three reasons;

- i. Technical competence and leadership competencies are conceptually different. A graduate may demonstrate exceptional performance in an individual contributor role without possessing the interpersonal, relational and strategic capabilities required to leads others.
- ii. Leadership capability is developmental. It may require structured opportunities for learning, feedback, coaching, mentoring, responsibility and reflection.
- iii. Organisations may possess substantial graduate talent but fail to systematically convert that talent into an organisational leadership resource.

The paper proposes that Strategic HRM practices provide the developmental bridge between the **Graduate Potential** and the **Leadership Capability**, while RBV explains how the resulting human capabilities may become strategically valuable organisational resources when they contribute to value creation and are difficult for competitors to replicate. Thus, SHRM explains the organisational mechanism for capability development, whereas RBV explains the potential strategic value of the developed capability.

Purpose of the Concept Paper

The purpose of this concept paper is to develop a strategic HRM framework explaining how organisations can nurture leadership capabilities among early-career professionals and establish a sustainable leadership pipeline from graduate entry level.

Objectives

The proposed concept paper seeks to:

- i. Examine the conceptual distinction between graduate potential and leadership capability.
- ii. Identify the leadership capabilities potentially required by early-career professionals for progression into leadership roles.
- iii. Examine strategic HR practices that may facilitate the development of leadership capability among graduates.
- iv. Explore the relevance of Generation Z characteristics and expectations to early -career leadership development, while recognising variation by industry, culture, occupation and organisational context.
- v. Apply SHRM and RBV perspectives to explain how organisations can transform graduate talent into strategic leadership resources.
- vi. Develop an integrated conceptual framework linking graduate attributes, strategic HR practices, leadership capability development and leadership outcomes.
- vii. Provide propositions that can subsequently be empirically tested.

Research Questions

The conceptual framework could be guided by the following questions:

- i. What attributes constitute graduate potential within contemporary organisations?
- ii. What leadership capabilities are required for the transition from early-career professional to effective organisational leader?
- iii. Which strategic HR practices may facilitate the development of leadership capability among early-career professionals?
- iv. How might Generation Z characteristics and expectations, subject to variation across industry, culture, occupation and organisational context, influence the graduate-to-leadership transition?

- v. How can SHRM and RBV explain the transformation of graduate potential into a strategic organisational leadership resource?
- vi. How can these relationships be integrated into a coherent leadership pipeline framework?

Theoretical Foundation

Strategic Human Resource Management (SHRM)

SHRM provides the overarching theoretical foundation because the study concerns the deliberate alignment of human resources practices with organisational objectives (Jayarathna, Perera, & Gunawardana, 2026). Under this perspective, recruitment, selection, training, performance management, career development, talent management and succession planning should not operate as isolated HR activities. They should collectively contribute to the development of organisational capabilities. The implication for the proposed study is that graduate development should be treated as a strategic organisational process rather than merely an employee training activity. In this framework, SHRM is the developmental architecture, it aligns and integrates HR practices so that graduate potential is intentionally converted into specific leadership capabilities. The focus is therefore not on individual HR practices in isolation, but on their strategic alignment with organisational leadership requirements.

Figure 1: SHRM Dimensions

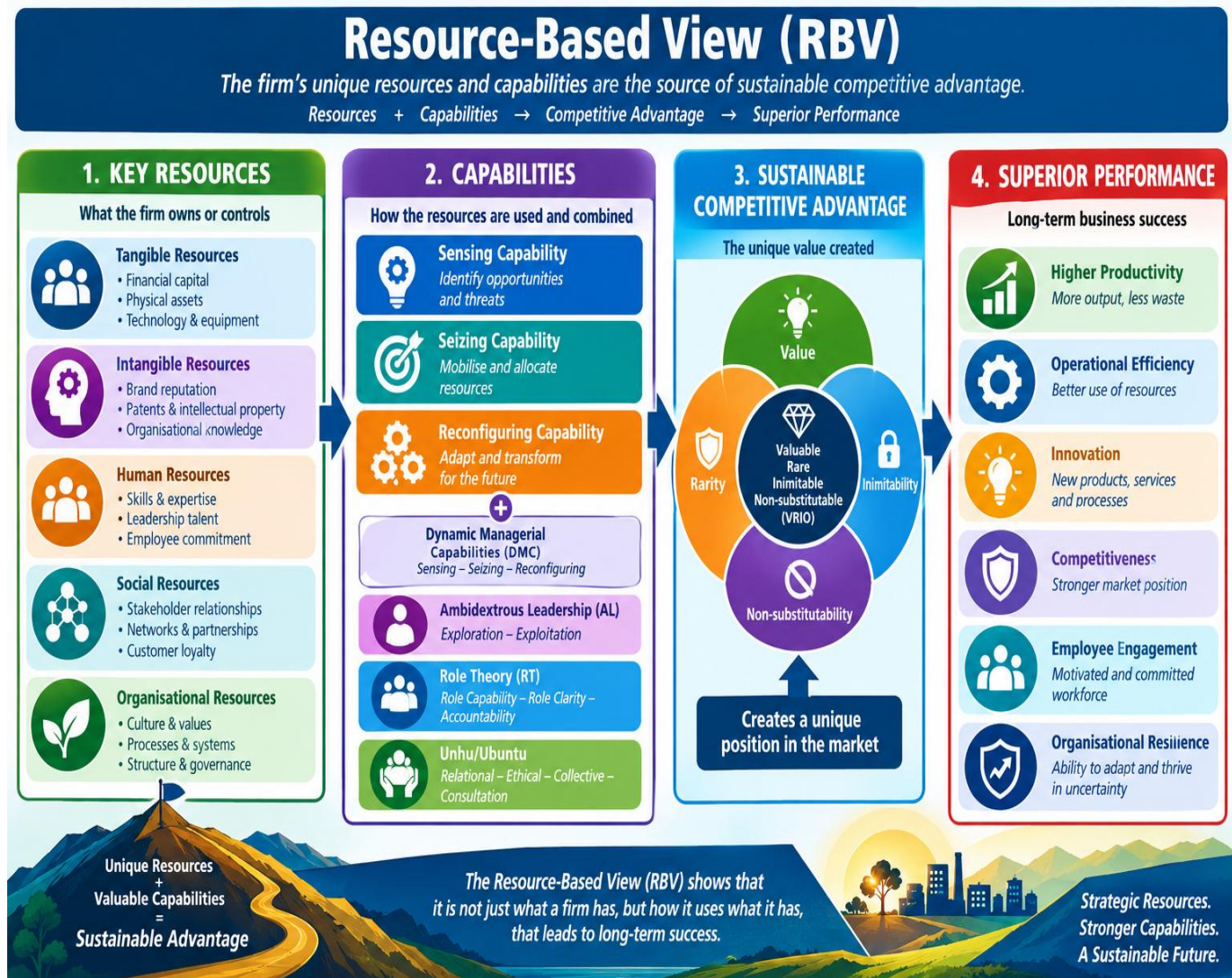


Resource-Base View (RBV)

The RBV provides a particularly useful explanation for why organisations should invest in early-career talent. From an RBV perspective, human resources can become strategically valuable when they provide capabilities that contribute to organisational advantage and are difficult to replicate (Vincent, & Brian, 2026). In the proposed framework, value arises when developed leadership capabilities contribute to organisational

outcomes, rarity refers to capabilities not widely possessed by competitors, inimitability reflects the difficulty of reproducing the capability because of accumulated learning and organisational context, and strategic utilisation concerns the organisation's ability to deploy the capability effectively. The proposed argument is that the graduate is the starting resource, while the strategically developed leadership capability is the potential organisational resource. SHRM explains how that capability is developed, RBV explains why its resulting characteristics may create organisational value.

Figure 2: RBV Dimensions



Generation Z (Gen Z) Perspective

The paper identifies the characteristics, expectations and psychological contracts associated with Gen Z professionals and graduates as a contextual component of the literature review. These characteristics should not be treated as uniform across all members of the cohort, differences may arise from industry, culture, occupation and organisational context. Accordingly, the Gen Z perspective is positioned as a contextual influence that may affect how early-career employees respond to leadership-development practices rather than as a universal explanation of employee behaviour. Younger employees may enter organisations with different expectations concerning:

- career progression;
- learning and development;
- continuous feedback;
- technology;



- v. flexibility;
- vi. meaningful work;
- vii. organisational values;
- viii. inclusion;
- ix. autonomy; and
- x. opportunities for growth (Salvadorinho et al., 2025).

The proposed framework can position the Gen Z perspective as an important contextual dimension influencing the effectiveness of leadership-development practices.

The framework can be structured around **four major stages**:

Stage 1: Graduate Potential

Academic capability
Technical capability
Digital/AI capability
Learning agility
Innovation potential

Stage 2: Strategic HR Development Architecture

Talent identification
Onboarding
Training & development
Mentoring & coaching
Job rotation
Stretch assignments
Performance management
Career development
Leadership exposure

Stage 3: Leadership Capability

Personal capability
Relational capability
Decision-making capability
Strategic capability
People-management capability
Adaptive capability

Stage 4: Outcomes

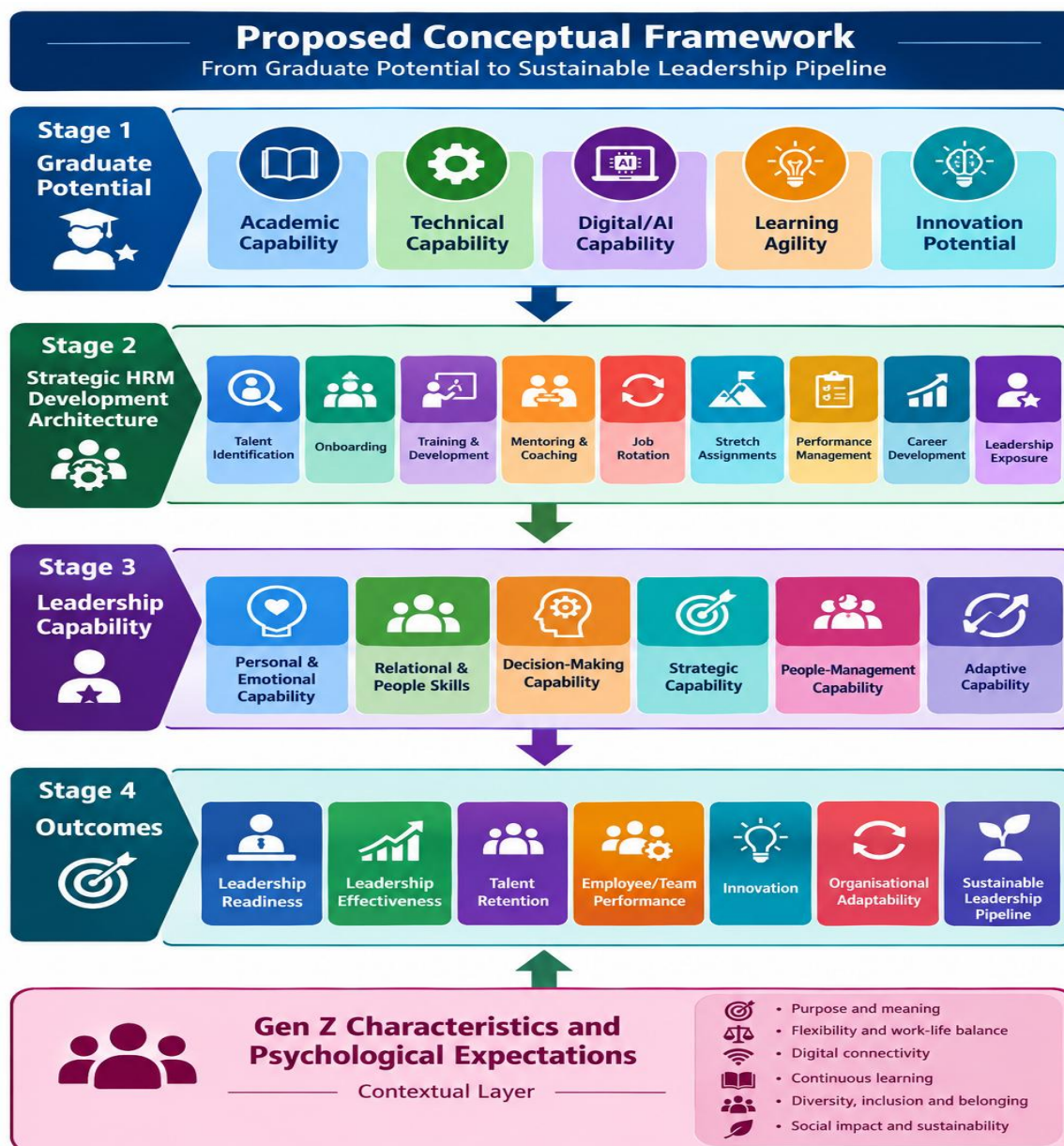
Leadership readiness
Leadership effectiveness
Talent retention
Employee/team performance
Innovation
Organisational adaptability
Sustainable leadership pipeline

Contextual Layer

Gen Z characteristics and psychological expectations.

HR practice–capability linkage: talent identification primarily supports the recognition of learning agility, innovation potential and emerging leadership potential; onboarding supports role clarity, organisational understanding and relational capability; training and development builds decision-making, strategic thinking and people-management capability; mentoring and coaching strengthen personal, relational and reflective capability; job rotation develops adaptability, systems understanding and cross-functional collaboration; stretch assignments strengthen decision-making, problem-solving and strategic capability; performance management reinforces accountability, feedback and goal-oriented behaviour; career development supports longer-term strategic capability and leadership readiness; and leadership exposure provides opportunities to practise influence, people management and decision-making. The practices are therefore treated as an integrated developmental architecture rather than as interchangeable activities.

Figure 3: The Proposed Conceptual Framework



The Core Conceptual Proposition

The central proposition of the paper is that, graduate potential is unlikely to translate automatically into effective leadership, instead, strategic HR practices may facilitate the transformation of graduate potential into leadership capability, thereby strengthening leadership readiness and, when effectively deployed, contributing to organisational value and sustainability of the organisational leadership pipeline.



Proposed Propositions

Proposition 1: Graduate potential provides an important foundation for leadership development among early-career professionals but does not, by itself, guarantee leadership effectiveness.

Proposition 2: Strategic HR practices that systematically identify, develop and deploy early-career talent are likely to strengthen the conversion of graduate potential into leadership capability.

Proposition 3: Mentoring, coaching, experiential learning and leadership exposure are likely to contribute to the development of interpersonal, decision-making, and people-management capabilities among early-career professionals.

Proposition 4: The alignment between early-career employees' developmental expectations and organisational HR practices is likely to influence the effectiveness of graduate leadership-development initiatives.

Proposition 5: Leadership capability developed through strategically integrated HR practices is likely to enhance leadership readiness and leadership effectiveness.

Proposition 6: A strategically integrated graduate leadership-development system is likely to contribute to the sustainability of the organisational leadership pipeline.

Proposition 7: Leadership capability is proposed as a mediating mechanism through which strategically integrated HR practices influence leadership readiness and subsequent organisational value.

Proposition 8: The alignment between early-career employees' developmental expectations and organisational HR practices is proposed as a contextual moderating condition that may strengthen or weaken the effectiveness of graduate leadership-development initiatives.

The Conceptual Gap

A potentially important gap emerges from bringing these perspectives together. Existing leadership literature has extensively examined what effective leaders do, while talent-management and SHRM literature has examined how organisations attract and develop talent (Tanchaisak, 2025). However, the proposed paper focuses specifically on the conceptual transition between the two:

How does an organisation convert a newly recruited graduate with potential into an employee who is genuinely leadership-ready?

The paper therefore positions the graduate-to-leadership transition as a distinct conceptual problem. This creates an opportunity to integrate individual-level graduate potential with organisation-level strategic HR architecture, with leadership capability as the developmental transformation, leadership readiness as the immediate outcome, and organisational value as the subsequent organisational-level outcome.

Significance of the Conceptual Paper

Theoretical Significance

The paper contributes to SHRM literature by conceptualising leadership pipeline development as a process of strategic capability conversion. The framework positions graduates, not simply as employees requiring induction and technical training, but as potential sources of strategic human capital whose capabilities can be deliberately developed. SHRM explains the strategic alignment and developmental mechanism, while RBV provides the logic for understanding how developed leadership capabilities may become valuable, difficult-to-imitate and strategically utilised organisational resources.



Organisational Significance

The proposed framework addresses a practical challenge confronting organisation: the possession of talented graduates does not necessarily translate to an adequate supply of future leaders. The framework provides HR managers with a potential roadmap from moving from:

Recruitment → Development → Leadership Readiness → Leadership Pipeline

rather than relying on: **Recruitment → Tenure → Promotion**

This distinction could have substantial practical value.

HR Professional Significance

For HR professionals, the framework encourages a shift from conventional graduate-management programmes towards leadership-centric talent management. HR departments could use the framework to design:

- i. graduate leadership programmes;
- ii. talent identification systems;
- iii. mentoring schemes;
- iv. succession pipelines;
- v. accelerated development programmes;
- vi. leadership academies;
- vii. job rotation systems; and
- viii. graduate career pathways.

Graduate Significance

The framework could also benefit early-career professionals by recognising that leadership development is a process rather than an automatic consequence of academic achievement. It potentially provides graduates with clearer pathways for understanding the capabilities they need to develop beyond their university qualifications.

Organisational Performance Significance

A sustainable leadership pipeline can potentially reduce organisational dependence on external recruitment for managerial positions and improve continuity in leadership succession. The organisational-value component of the framework can subsequently be assessed through measurable indicators such as employee/team performance, innovation, talent retention and organisational adaptability. The proposed logic is:

Better graduate development → stronger leadership capability → greater leadership readiness → stronger internal talent pipeline

Proposed Contribution to Practice

The paper could ultimately produce a practical Leadership-Centric HR Strategy Roadmap, consistent with the proposed final chapter. A five-step roadmap could be:

Step 1: Identify

Identify graduate talent and leadership potential.

Step 2: Diagnose

Assess the gap between existing graduate capabilities and leadership requirements.



Step 3: Develop

Provide targeted training, coaching, mentoring and experiential learning.

Step 4: Deploy

Provide graduates with opportunities to exercise emerging leadership capabilities.

Step 5: Progress

Integrate demonstrated leadership capability into career progression and succession planning.

Methodological Implication

While the paper is conceptual, the framework can be positioned for subsequent empirical testing. A future empirical study could operationalise graduate attributes. Strategic HR practices, leadership capability, leadership readiness and organisational value as distinct constructs, and test the proposed mediating and moderating relationships using appropriate quantitative and qualitative methods. A future empirical study could therefore investigate:

Quantitative phase:

- i. relationship between strategic HR practices and leadership capability;
- ii. relationship between leadership capability and leadership readiness;
- iii. relationship between leadership readiness and organisational value indicators, including employee/team performance, innovation, talent retention and organisational adaptability.

Qualitative phase:

- i. graduates' experiences of transitioning into organisations;
- ii. perceived leadership capability gaps;

Proposed Final Model

Thus, the overall conceptual argument can be reduced to:

- i. graduate potential represents the starting resource;
- ii. strategic HRM represents the developmental architecture;
- iii. leadership capability represents the transformation;
- iv. leadership readiness represents the immediate outcome; and
- v. a sustainable leadership pipeline represents a longer-term strategic organisational outcome, while organisational value is assessed through measurable organisational indicators.

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