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Design/methodology/approach: A literature review reveals the most critical hospitality leadership needs in times of rapid and continuous change, and supports the assessment center approach as a means of judging key leadership competencies. The steps involved in developing a center to assess three particularly critical leadership competencies are outlined and challenges noted.

Findings: The assessment center is shown to be a valuable means of both assessing and predicting leadership talent beyond the scope normally associated with this method.

Practical implications: Assessment center methods can be extended to accomplish the organization's most important goal – preparing for, and responding to, future leadership requirements.

Originality/value: The paper is of value to both academic and practitioner readers interested in leadership development. It provides a rationale and practical guide for assessment center design and implementation.

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assessment centers, leadership, management development, equal opportunities, trust, organizational change

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Predicting Leadership: The Assessment Center's Extended Role

Successful hospitality managers don't just talk about change, they live it. Every day, high performing organizations and the people who develop them experience novel and unpredictable events. Look around at well-respected senior executives, at young, fast-tracked managers, and at the brightest and most promising hospitality students. You'll find that they all respond effectively in a dynamic organizational environment. In addition, two other competencies have been found to characterize tomorrow's high performers – the ability to establish trust in work environments, and the behaviors and sensitivities required to manage effectively in a multinational workplace.

Selecting and developing future leaders is a key survival task for most hospitality organizations (Adams and Waddle, 2002). Assessment centers have for many years been used in succession planning to assist executives in identifying individuals with exceptional talent (Jones, 1992; Kudisch *et al.*, 1997; Lievens and Conway, 2001). Typically, assessment centers focus on evaluating specific "skills", the behaviors involved in such well-defined activities as managing conflict, leading discussions, or making presentations. While such skills are an essential component of managerial effectiveness, simply demonstrating isolated behaviors in typical managerial contexts does not provide a complete profile of the assessee's potential to respond appropriately when confronted with new challenges. The inability of traditional assessment centers to address fully the complexities of managerial decision making, judgment, and leadership behavior, has been a continuing frustration.

This paper describes how the application of assessment center methods have been extended to provide valuable insights on broader and more critical indicators of leadership effectiveness. Specifically, the assessment center method can provide:

- a means of determining an individual's ability to respond effectively to organizational change;
- an opportunity for participants not only to articulate their values but also to demonstrate commitment to these standards; and
- a forum for assessing participant's ability to address issues of diversity and multi-culturalism in ways that facilitate an inclusive and supportive workplace.

Literature supporting the critical importance of each of these three areas of managerial competence is briefly reviewed before background on the assessment center concept is presented. The steps in developing a center to assess these three leadership competencies are then outlined, challenges noted, and implications discussed.

Leadership Competency Clusters

The phrase "competency cluster" is used to indicate a set of competencies – knowledge, behaviors, and attitudes—that, when applied appropriately, result in desired outcomes. The first cluster of significance to leadership effectiveness is the ability to respond to change. While part of change management involves planning, the change process itself is guided by individuals who identify dilemmas, make decisions, and take actions during the transition period. Hennessy (1998), for instance, found that a leader's behavior significantly influences the effectiveness of the change management. A robust stream of research has documented the importance of the leader's role in the change process (Isaac-Henry and Painter, 1991; Stewart and Kringas, 2003; Buchanan *et al.*, 1999; Conger *et al.*, 1999).

Recent studies have also established the importance of trust to leadership success (Simons, 2002a, 2002a; Zaheer *et al.*, 1998; Barney and Hansen, 1995; Herzog, 2001). Trusted leaders inspire a shared vision and motivate employees to collective action. Trust has been

identified as central to building essential relationships and gaining employee commitment (Becerra and Gupta, 2003; Butler and Cantrell, 1994). In fact, in a recent *Wall Street Journal* article (Hymowitz, 2004) the author argued that the measure of a great leader is whether employees will follow him or her. Such loyalty, the author proposes, is the result of having developed strong bonds of trust. Other researchers agree, noting that trust provides one of the only genuine sustainable competitive advantages in today's dynamic business environment (Srikonda, 2000; Maccoby, 1997; Rousseau *et al.*, 1998).

Finally, there is no question that organizations are becoming more multinational and workforces more diverse (D'Annunzio-Green, 1997; Kauser and Shaw, 2001; Jarvenpaa and Leidner, 1999). Consequently, those in leadership positions have in common the need to manage across cultures whether at the individual, team, unit, or corporate level. Increasingly, leadership success will depend on the ability to maintain agile cultures and to build trust in diverse hospitality environments.

Given the importance of these competency clusters, those responsible for preparing human resources must seek the most effective means of identifying and developing the next generation of leaders.

Background on the Assessment Center Method

According to one well-accepted definition (Gatewood and Feild, 1987, p. 471), an assessment center is a method of evaluating individuals' knowledge and skills using a series of exercises or activities designed to elicit a range of responses. Starting with a thorough job analysis, key competencies are identified. Then, activities are developed that are intended to elicit the behaviors deemed most crucial for job success. Evaluators, referred to as assessors, are trained to observe, appraise, and record participants' performance during these exercises using

structured feedback forms. Results of standardized tests are often used to supplement assessors' observations. After a day or more of activities, assessors meet to develop a consensus evaluation of each participant on the specific dimensions of concern before sharing their evaluations with the assessee. Frequently, a specific plan for professional development is also suggested. Through this process, an individual's current competencies and future potential can be assessed in a reliable and controlled manner as assessors observe participants leading discussions, solving problems, and performing other typical managerial tasks (Carr, 1995; Appelbaum *et al.*, 1998; Karren, 2001; Hough and Oswald, 2000).

The assessment center concept is not new. In fact, the US Office of Strategic Services used assessment centers during World War II for the selection of secret intelligence agents and propaganda experts for foreign assignments (Thornton and Byham, 1982). In 1989, the International Personnel Management Association published a document called *Guidelines and Ethical Considerations for Assessment Center Operations*. These guidelines were up-dated in 2000 and endorsed by the 28th International Congress on Assessment Center Methods (Joiner, 2000, 2002).

Research on the value and validity of assessment centers began in the late 1960s. Accumulated literature has clearly established the value of center activities in evaluating a wide range of pre-determined knowledge and skills. Such studies have been reviewed periodically (Huck, 1977; Klimoski and Strickland, 1977; Jansen and Stoop, 2001; Winter, 1995; Tziner, 1990; Spychalski *et al.*, 1997); the majority of researchers subsequently have concluded that the assessment center method has a sufficiently high criterion-related validity to be considered a reliable indicator of an individual's future performance.

Examples of assessment center experiences and the various competencies assessed can be

found in both business and management education (Brownell and Chung, 2001; Rowe, 1994; York, 1995). Accounts of center effectiveness as a selection and development process have been reported in a wide range of arenas such as global sales (Cook and Herche, 1992), finance (Tziner, 1990), health care (McDaniel, 1995), law enforcement (Cosner and Baumgart, 2000; Bromley, 1995), the military (Thomas et al., 2001) and hospitality (Littlefield, 1995; Berger, 1985; Berger, 1985), among others.

The potential of assessment centers to provide valuable insights into participants' performance, however, extends beyond the information traditionally gained by observing specific behaviors to evaluate the mastery level of a particular skill. When systematically developed with clear outcomes in mind, collective judgments about a much broader and more complex level of assessee performance can be attained. The focus of this paper is on the use of assessment centers to make informed judgments about three such critical and overarching leadership competencies.

Extended Applications of the Assessment Center Method

In studies conducted to determine the validity of assessment center measures (Lievens, 2001a, 2001b; Kudisch *et al.*, 1997; Lievens and Conway, 2001; Arthur et al., 2000), several researchers noted that there were particularly high inter-correlations among assessment dimensions. This discovery suggests that an individual's (assessee's) behaviors might be clustered into fewer and broader dimensions with little decrease in assessment validity (Arthur *et al.*, 2003; Jones and Whitmore, 1995). In other words, assessors in the past have focused on single behaviors such as eye contact, probing questions, or message organization and have used these indicators to make judgments about traditional managerial skills such as presentational speaking or discussion leading. Now, however, there appears to be support for making broader

and equally as reliable judgments about the more complex performance dimensions of facilitating change, developing trust, and managing diversity. Effectiveness in each of these dimensions requires a cluster of knowledge, skills, and attitudes.

In addition, research findings confirm that assessors who focus on fewer clearly defined performance dimensions are able to classify the behaviors they observe more accurately (Gaugler and Thornton, 1989; Sagie and Magnezy, 1997). A high degree of accuracy leads to greater convergent validity; that is, assessors' evaluations are more closely aligned. This is a desirable outcome, as feedback to assessees is more meaningful when assessors are in agreement regarding the nature of development needs. Consensus regarding judgments about the highest performing participants is also a sign of a strong and healthy organizational culture.

Responsiveness to Change

Assessment centers provide a window into the future. Unlike other types of performance evaluation that focus on past or current behaviors, center activities may be constructed so that assessors observe each participant in a simulation that enables judgments to be made regarding the likelihood that the assessee will respond appropriately to situations that have yet to be encountered on the job. As organizations depend increasingly on individuals who can address new and changing circumstances, there is no more reliable predictor of future performance than an assessment center.

Rather than focusing on a set of discrete units of knowledge or individual skills, assessors can extend the scope of their concern to make judgments about the effectiveness of an individual's broader response to a complex set of changing circumstances. Senior executives evaluate the merit of an assessee's performance based on the likelihood that the response will result in desired organizational outcomes. In other words, assessment is based on what decisions

are made and what actions taken in solving a dilemma related to organizational change, and the extent to which those choices reflect the organization's values and priorities.

For example, a simulation might focus on changes or crises resulting from downsizing, a hostile takeover, or some other situation requiring leaders to make key decisions and perform in a dynamic organizational environment. Long time employees have just been let go. Morale is low. The property/plant continues to lose money and is in jeopardy of closing altogether. Can participants keep the organizational values in mind as they address the immediate problems? Can they balance the needs of multiple stakeholders – investors, owners, management, employees, and customers?

Ability to Generate Trust

Another selection challenge has been to identify individuals able to create a culture of trust and who are perceived as having a high level of personal integrity (Brownell, 2003). Among the most reliable and measurable indicators of trustworthiness is what Simons (2002a) has called behavioral integrity. Behavioral integrity can be defined as the degree of congruence between an individual's words and actions. When confronted with options, trusted organizational leaders demonstrate behavior that is consistent with the vision and values they articulate. That is, while well-informed managers may understand and articulate such principles as fairness and inclusiveness, an assessment center provides a context where assessors can judge whether individuals' decisions and subsequent actions are consistent with their professed priorities. The critical question becomes, "When under pressure, do assesses walk the talk?"

How is this leadership trait operationalized as an assessment center measure? Participants are surveyed prior to the start of center activities and asked to describe such things as their management philosophy and beliefs concerning their workplace culture. From this response,

assessors determine the assessee's professed values and preferred management style. Simulations that require the participant to demonstrate the principles described, such as when introducing a new policy or procedure to employees, allow assessors to judge whether these actions and approach are consistent with the individual's expressed beliefs and with the organization's values and vision.

Valuing Diversity

As organizations become increasingly diverse, the assessment center is valuable because it helps to predict participants' likely behavior regardless of their educational level (Huck, 1977), nationality, age (Huck, 1977), or gender. This benefit is particularly critical when executives are called on to make objective assessments of a diverse employee population. In addition, assessment center activities can be designed to reveal an individual's attitudes and orientation toward diversity management. Exercises within the assessment center framework may require participants to negotiate with individuals from other cultures, appraise employees' performance in a multicultural department, or work effectively with a team of diverse colleagues. In each case, assessors observe participants as they respond to one another, make decisions, and solve problems that require cross cultural perspectives or that address issues of diversity. As globalization often requires managers to work in different cultures and unfamiliar conditions, the assessment center experience is most likely to surface any knowledge, skills, or attitudes that need to be addressed.

The Process of Assessment Center Development

The process of developing an assessment center to accomplish the three goals just described is similar to that used when more traditional outcomes are targeted. The process begins by clearly defining desired outcomes. Creating an assessment experience that leads to informed

decisions regarding an individual's responsiveness to change, ability to establish trust, and intercultural effectiveness may seem a daunting task. Given the importance of these goals, however, an assessment center appears to be the most appropriate selection and development tool.

Step 1: Collect relevant data

The first step is for assessment developers to gather company-specific information, the most critical of which pertains to the organization's mission and its vision for the future. This knowledge helps to predict the kinds of challenges and dilemmas its leaders are most likely to confront, and to develop experiences tailored to the particular organization. Gaining the support and consensus of top-level decision makers is also critical to creating a successful assessment center experience. Appropriate data-collection activities include individual interviews and focus groups, including in-depth discussions with human resources professionals. It also is useful for center developers to observe various organizational processes, and to have access to written internal and external documents. A portfolio of such things as sample letters, financial statements, and daily schedules assist in creating realistic and company-specific assessment challenges.

Step 2: Design the assessment experience

The outcome of a successful data collection process is a wealth of material and information that enables developers to create concrete assessment experiences. If properly designed, the organization-specific assessment activities elicit responses that enable trained assessors to make judgments regarding the dimensions identified as key to leadership effectiveness. The greater the variety of assessment activities and the more tailored they are to the particular organizational environment, the better able assessors will be to provide a reliable

and consistent assessment. In many cases, assessees also are asked to engage in pre-program preparation such as completing standardized instruments or providing background information on their work history, professional goals, or management philosophy.

A number of activities can be designed to assess each of the three competencies we have discussed. Examples are provided below:

(1) *Responds effectively to change*. Assessment exercises reveal such behaviors as willingness to take risks, tendency toward a proactive orientation, decision-making consistent with the organization's mission/vision:

- Scenarios that require individual problem solving or decision making in response to an organization-specific crisis or dilemma – the labor force may have suddenly shifted, or a product may have had to be recalled, or the competition may have cut costs significantly, or the economy may have forced considerable downsizing. Such scenarios challenge assessees to create a positive future through their approach to problem solving and communicating change.
- Challenges that require the individual to view a familiar concept in new ways, to demonstrate innovation and creative problem solving – assessees may design a marketing plan, create a product of the future, or solve a problem using a limited set of resources. In all cases, individuals are asked to think “out of the box”.

These types of activities require assessees to “stretch”, and observers can make informed judgments regarding the degree to which individuals are rigid or flexible, resourceful or uninspired.

(2) *Builds trust through behavioral integrity*. Assessment exercises reveal such behaviors as the ability to articulate clear values, the tendency to act on values

that are consistent with organizational priorities and culture, the degree to which actions and words are aligned, and the degree to which the individual is willing to be accountable for his or her decisions:

- In-basket exercises which require individuals to prioritize – presenting individuals with a wide range of options and asking them to prioritize the handling of tasks will illustrate whether their values in practice are consistent with those expressed in pre-assessment surveys. The in-basket might contain phone call messages, requests, notes on employee problems, invitations, and any variety of tasks with associated deadlines.
- Assignments that ask assesseees to present their solutions and implementation plans either orally or in writing – assesseees might be asked to solve a problem and to then write a memo recommending a particular course of action. Assignments are created so that different choices reflect the individual's value-orientation, and that orientation can then be compared to earlier expressed priorities. The same type of assignment might result in an oral persuasive presentation.

(3) *Demonstrates that diversity is valued.* Assessment exercises reveal such things as the ability to recognize differences that are most likely explained by such influences as culture, gender, age, or ethnicity. Similarly, assessments can be designed that enable judgments to be made regarding the assessee's tendency to respond in a respectful and fair manner to individual differences or the ability to create a supportive and inclusive team and organizational climate:

- Scenarios and role plays that require interaction and decision making by members of a diverse team – assesseees' behavior can be observed as they interact

to solve a problem or make a decision. Are they inclusive and respectful of all group members? Is any group member ignored or his/her ideas discounted? Are different viewpoints acknowledged and considered?

- Assignments that require objective assessment and action – cases can be developed to provide assessees with problems related to valuing diversity.

Objective decision-making is required in instances such as where an employee is having a performance problem that relates to cultural dimensions such as time management (late to meetings) or nonverbal communication (lack of eye contact).

Playing the role of a human resource manager, assessees might be given a position description accompanied by candidate profiles and then asked to provide a selection ranking and rationale.

While the suggestions above capture a portion of the dimension to be assessed, a wide range of options exist for developers to create tailored materials that focus on the precise ways in which each of the three competency clusters is expressed in a specific organizational context.

Step 3: Develop rating scales

Once the activities have been designed, behaviorally anchored rating scales are developed so that objective, concrete feedback can be provided to each participant on each dimension assessed. Inter-rater reliability is increased through the use of this technique, which provides descriptions of outstanding, average, and poor behavioral responses for each item (Engelbrecht and Fischer, 1995; Jansen and Vloeberghs, 1999).

For example, one assessment dimension concerns a participant's diversity awareness, or the degree to which differences are valued as measured by the extent an assessee is willing to engage in open and inclusive communication. Rather than providing a scale from, for instance,

one (poor) to five (excellent) and asking assessors to select the most appropriate number, behaviorally anchored rating scales provide a much more descriptive and rich framework for assessment and subsequent feedback.

Imagine that Chris, an assessee, is in a small group that has been asked to create a public relations plan in an effort to recover from a serious crisis that has damaged the company's image. If the group itself is not diverse, then group members may be given role play profiles. Each profile represents a different cultural background and perspective that would shape an individual's ideas about how to approach the case problem. Below is an example of an assessors' rating scale that would be used to indicate the degree to which Chris demonstrated diversity awareness and inclusiveness. Assessors would choose the category that most accurately represented Chris's behavior during the discussion:

(1) *Clear indication that diversity is valued.* Most typical assessee behaviors:

- sought all group members' perspectives so that everyone was heard;
- asked questions for clarification so that all ideas were thoroughly understood;
- listened thoroughly to differing opinions without interrupting;
- focused on all group members so that no one felt excluded from the discussion;
- drew out group members so that everyone's views were expressed; and
- responded in a non-judgmental manner which demonstrated respect for all ideas.

(2) *Valuing diversity apparent but requires additional development effort.* Most typical assessee behaviors:

- sought other group members' perspectives several times during the discussion;
- occasionally asked questions for clarification so that ideas were better understood;
- listened to differing opinions without interrupting;

- focused on several group members, not exclusively on those who talked most frequently;
- occasionally asked others for their ideas so that a number of views were expressed; and
- often responded in an objective, non-judgmental and non-evaluative manner.

(3) *Insufficient evidence that diversity is valued; this is a high priority development need.*

Most typical assessee behaviors:

- did not seek other group members' perspectives;
- seldom asked questions for clarification; ideas were not always thoroughly understood;
- frequently interrupted to disagree with those who had differing perspectives;
- focused almost exclusively on the one or two group members who expressed the strongest viewpoints;
- spent more time talking than seeking information or ideas from other group members; and
- dominated the discussion; had strong opinions and was not open to other positions.

The above dimensions are intended only as a generic model of how assessment measures might be developed to capture the specific behaviors typical of outstanding, average, and poor performance.

Step 4: Train assessors

Once assessment goals are clarified, organization-specific information gathered and reviewed, activities developed and scales created, assessors need to be identified and trained.

Few decisions are more important to the overall success of the assessment process than credible, well-prepared assessors. Ultimately, it is the judgment of these senior executives that determines the success of the program. An equally valuable outcome of this process is that it requires participating executives to engage in dialogue and to reaffirm a clear and common vision for the organization, its values and its mission. Special assessor materials may be created to enrich each executive's background and increase his or her understanding of the role played in this dynamic process. Although assessors receive as much background material as possible in advance, at least a portion of assessor training often takes place immediately prior to the beginning of the assessment experience.

Assessors must be confident that the method will provide valuable outcomes and must feel free to express their perspectives in a supportive and flexible environment. These executives play a critical role in helping assessees understand better their performance needs by providing direct and constructive feedback. Often, assessors also assist participants in the creation of a personal development plan that outlines strengths as well as those areas that require additional attention and improvement. The most critical assessor competencies are described as follows:

- (1) *Observation and recording.* Sensitivity to a wide range of communication behaviors and the ability to record behaviors accurately.
- (2) *Information processing.* Ability to process information in group settings and collaborate to achieve consensus on assessment results.
- (3) *Feedback and empathy.* Skill in communicating assessment results to participants with clarity, sensitivity, and tact.
- (4) *Coaching.* Ability to communicate developmental information in a manner congruent with the organization's goals, and put it into a context for the participant to use in

subsequent career development activities.

- (5) *Intuition and judgment.* Sensitivity and sound judgment are required in processing all assessment activities. Confidentiality must be honored and discretion used in subsequent communications regarding assessment outcomes.

Step 5: Identify assesses

Identification of center participants is as difficult and sensitive a task as the selection of assessors. Since selection for the assessment center is itself symbolic—an indicator that the company views a particular individual as possessing leadership potential—criteria for participation must be clear and consistent. Care must be taken to ensure that the process is fair and open, and that all involved understand the assessment goals and desired outcomes. The more clearly the goals and process are communicated throughout the organization, the more likely all members are to perceive the activity as positive and equitable.

As noted, selection to participate in an assessment center communicates a strong message to the individual about the organization's confidence in his or her future. This attention boosts the employee's feelings of self-efficacy (Tziner *et al.*, 1993; Klimoski and Breckner, 1987; Schmitt *et al.*, 1986) which, in turn, results in additional job-related effort and increases the likelihood that he or she will do well. Since assessment centers are based on the principle that individuals grow and develop over time, the experience positively impacts the individual's morale and motivation (Cook and Herche, 1992). Further, the positive effect of participation on performance persists over an extended period, encouraging participants to continue developing their skills and increasing their knowledge well beyond the center experience (Jones and Whitmore, 1995; Engelbrecht and Fischer, 1995).

Step 6: Evaluate assessment center effectiveness

As with all key organizational processes, continuous evaluation and improvement are essential to ensure that the assessment center functions as a meaningful and reliable method of selecting and developing top leadership talent. Many organizations have discovered that keeping a database of all assessment components is the most effective means of tracking assessees and confirming the center's value in predicting success. Because individual development plans are an integral part of most assessment designs, monitoring assessee performance over time is particularly useful. In addition, the executives who serve as assessors are often the best source of feedback on such dimensions as selection criteria in identifying participants, the effectiveness of specific activities, and the accuracy of evaluation instruments. The integrated nature of the assessment center development process is suggested in Figure 1.

Although our focus has been on the use of assessment centers as a tool for observing three specific "extended dimensions" of performance, this activity can serve a variety of related purposes. Centers are often used to identify talented managers early in their careers so that their professional development can be planned wisely. An assessment experience also can be designed to complement performance appraisals as employee strengths and development areas are identified and action plans created (Engelbrecht and Fischer, 1995).

Assessment Center Limitations

Assessment centers, for all of their obvious benefits, are not without limitations. While the author has participated in the design and development of centers created to address the three broad competences discussed here, there has been no formal longitudinal study to gauge the impact and accuracy of these interventions. Both participants and assessors express support and confidence in assessment center results. And, while numerous assessees have gone on to assume

senior leadership positions, no evidence has been gathered to prove that the assessment center and subsequent development feedback directly contributed to their career development.

In addition, a number of authors have reviewed the potential problems associated with the validity of assessment center results. Problems readily arise if the center is poorly designed, if the link between organizational values and assessment activities is weak, or if assessors are untrained. In addition, the self-fulfilling prophecy may affect supervisors' subsequent perceptions of a previous assessee's performance and increase the chances that she will be viewed more positively than her peers. Similar concerns center on employees' perceptions of equity if the selection process is random or unclear.

An assessment center is also costly, requiring resources not only in development costs but also in the time of senior executives, who spend a minimum of two to three days involved in center activities. Such participation, as expensive as it may be, is invaluable, given the powerful impact the input from these executives has on the career development of future organizational leaders.

Conclusion

As continuous change becomes the norm, effective leaders will be those who can deal with the unexpected, who can adapt to new and complex situations, and who can create a promising future by fostering environments of trust and inclusiveness. Assessment centers have been used for several decades to evaluate management skills. Their extended application in assessing the three critical and multi-faceted leadership competencies discussed in this paper, however, makes them an even more distinctive and valuable organizational practice.

How will you know whether or not an employee will respond appropriately when confronted with future dilemmas? How can you distinguish those who have the potential to

develop into trusted leaders who can work effectively in a global industry? Increasingly, successful organizations are turning to assessment centers as a reliable and highly individualized way to meet future challenges by identifying the employees who will lead them there.

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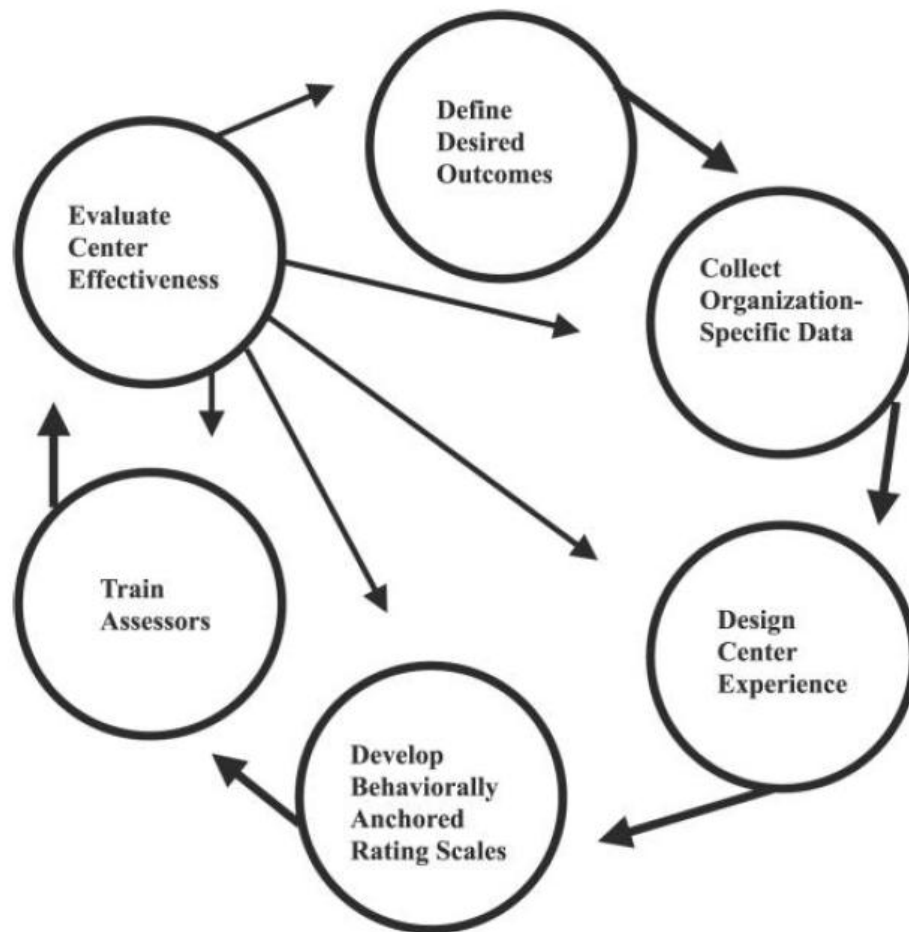


Figure 1. Assessment center development process

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