Hiring for Culture:
Exploring Small Business Selection Processes

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Project Overview:

"Culture eats strategy for breakfast"

48.5% of employees work in small businesses – leading job creation and innovation in key sectors.

Many founders say they "hire for culture."

What does this mean & how are they selecting employees?

"Never mind the screaming and weeping next door. That's just how we get things done here. Now, tell me more about your qualifications for this job."

Culture: Several Views

Culture is

"a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems."

Edgar Schein

Schneider's ASA Model

Attraction	Selection	Attrition
People are attracted to companies with employees who are similar to themselves in personality, values & interests.	Companies select people who possess knowledge, skills, and abilities similar to existing members.	Over time, those who do not fit in well are more likely to leave.

Martin – Meyerson Cultural Styles

Integrated	Differentiated	Ambiguous
Employees share common performance expectations and agree on social norms.	Various groups differ in performance expectations & vary in social norms.	Performance expectations & social norms are all over the map. Opinions vary widely depending on who you ask.

Hiring: How We Select

Small Business Case Studies

Context:

From 2014 - 2015, three Austin small companies' hiring processes were studied: revenue under $50M & FTE's ranging from 10 – 60.

- 37 Interviews for 7 positions
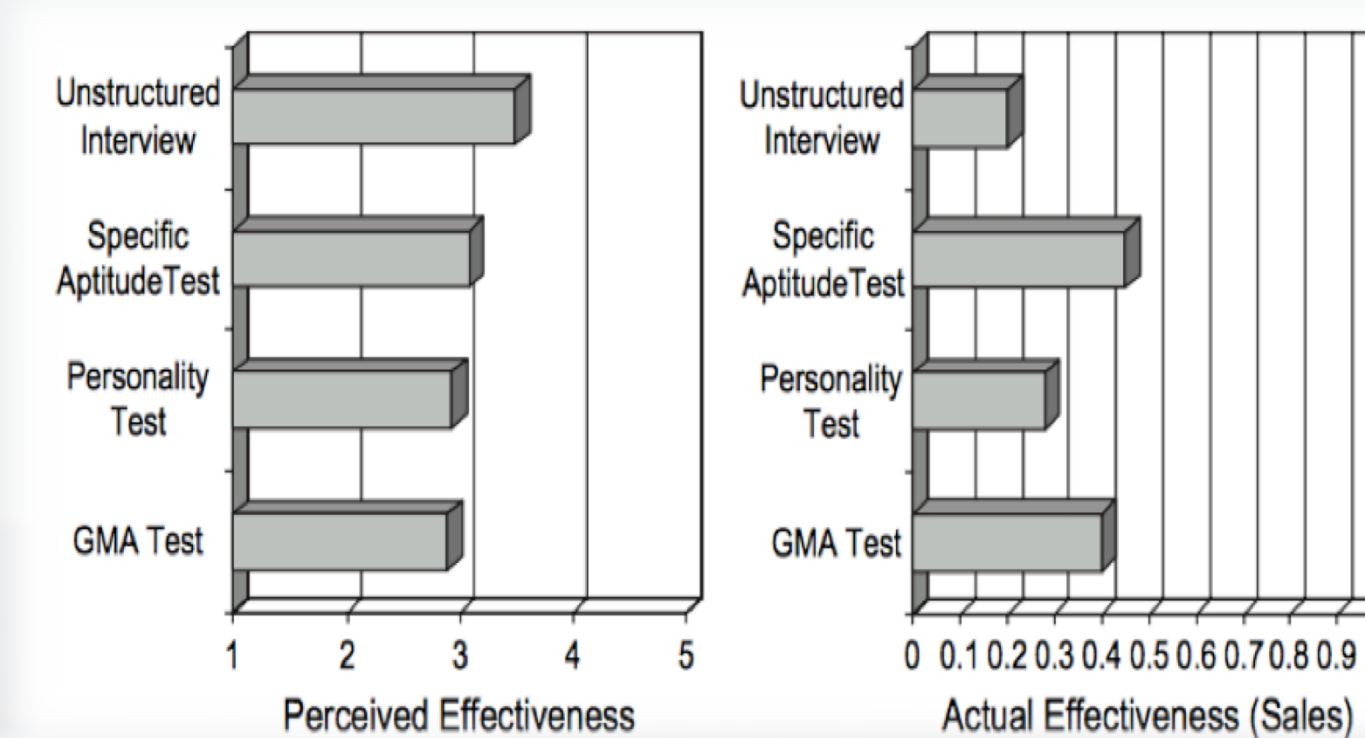- 62 Phone screenings
- 325 Resume screenings

Findings:

- In hiring for 'culture' most interviewers engaged in a process of personality matching.

- Some founders delegated group fit (and sometime skill fit) to the team or person they would be working with.

- Some interviewers used the question, "why do you want to work here," to test for philosophical matching to the mission of the company.

Low Interview Validity

How are founders interviewing and what traits predict success?

- 2/3 of firms use unstructured interviews
- Job knowledge predicts performance (r= .48)
- Previous job experience predicts performance (r= .32).
- Conscientiousness (r= .22)
- Self esteem (r= .26).

Vinchur, A. J., Schippmann, J. S., Switzer, F. S., & Roth, P. L. (1998). A meta-analytic review of predictors of job performance for salespeople. *Journal of Applied Psychology*, 83, 586–597.

Recommendations:

Improve Decision Making

Hiring Traps & Decision Biases

1. "Like Me" Bias We feel strong affinity toward candidates who share life experiences, social status, and other similarities with us.

2. Potential Bias We construct a story about a person's future success due to our help, despite their hazy skill set, because they "have so much potential!"

3. Beauty Bias A candidate's physical attractiveness influences our judgement of how successful they will be. Beauty = Better

4. Halo/Horn Effect One strong trait glorifies the candidate in excess. Conversely, one annoying habit poisons the well in evaluating that candidate's attributes.

5. Polarizing In groups, strongly held views sway moderates to more extreme positions.

6. Confirmation Bias We selectively listen only to information that confirms our initial perceptions of a candidate.

7. Optimism Bias We are too confident about our abilities to pick the right candidate thinking our intuition can be honed and our hiring validity will increase through experience.

8. Representativeness A candidate's characteristics strongly parallel expectations - a guy who looks like a professor must be smart. Or deciding a bodybuilder is not capable of nuanced negotiations.

9. Salience You over-rely on one memorable detail to make a hiring decision. "Oh yeah, that's the gal that worked for Apple - definitely make her the offer."

10. Amplification In groups, biases and thinking errors are increased, resulting in the go along to get along problem.

11. Substituting Feeling for Thinking The emotional tail wags the rational dog. How you *feel* about a candidate overrides your analysis of their future performance.

12. Fundamental Attribution Error You mistakenly believe that a candidate's success is a direct result of their innate talents and abilities. You discount the effect of environment and luck.

13. Ignoring Context Investigate the situational factors - team influence, scope of responsibility and available resources to understand a candidate's previous performance.

14. Reversion to the Mean One interview is too small a sample to judge long term average performance. The interviewee could be having a great day, or missing the mark. One snapshot won't tell the whole story.

15. Common Knowledge Overweighting In groups, expert (minority) information often is discarded and knowledge common to all members is preferred.

Sources: Kahneman, D. (2011). Thinking, Fast and Slow & Sunstein, C. R, & Hastie, R. (2015). Wiser: getting beyond groupthink to make groups smarter.

Use Interview Rubric

Determine key skills and attributes needed for the position.

- Develop a list of questions for skills and personality traits.
- Use a structured interview for skill discovery.
- Use an unstructured interview for personality discovery.
- Use a job test, testing the skills actually needed for the position.

Controller Criteria	Notes	Score
Skills		
Financial Management 3 yrs, similar scope/scale	Controller in similar industry with 47 employee firm for 5 years	8
Bookkeeping	Reconciled bank accounts (10) monthly - PM invoicing (30 month)	7
Budget Responsibility	Managed annual budget of 3.7M for 5 years	8.5
Personality		
Personable - Extraversion	Greeted employees warmly, treated waiter with consideration	6.5
Conscientiousness	Resume free from errors, writing sample strong, personal planner highlighted – Call references for more info.	9
"Can do" attitude	Seemed eager for new challenges, mentioned learning new computer program in last 3 months.	8
Total		47/60

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Further Information

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TIPI Personality Test – A free 10 question test assessing the Big 5 Personality Traits