

NEW APPROACHES TO RECRUITMENT
AND SELECTION

THE NEW BUSINESS CULTURE SERIES

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NEW APPROACHES TO RECRUITMENT AND SELECTION

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INVESTOR IN PEOPLE

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RATIONALE FOR THE SERIES

The business environment continues to change ever more rapidly. Established practice is constantly challenged in our post-COVID, climate changing, technology driven world leading to the further proliferation of digitalisation, new flexible ways and places of working, leadership styles, diversity, etc. All areas of business and management are finding that traditional frameworks for organisation design, marketing, HR and other functional disciplines no longer provide models for best practice. Not only driven by such changes in the external environment but together with the differing value systems of younger generations there is an urgent need to provide new frames of reference that can help formulate new business strategies while synergising with the career aspirations of the labour market.

‘The new business culture’ is a series of micro-books with each addressing an area of business and management that seeks to demonstrate how and where established traditional models and frameworks are no longer providing optimum frameworks for purpose that informs the range of subject areas discussed. The authors offer new approaches that transcend convention.

In this series of volumes, each distils the essential elements of a key topic and retains focus and purpose and seeks to offer new approaches to overcome the limitations of existing practice.

The content and new concepts therein originate from the synergy between the authors own fundamental research (including supervision of PhD students) triangulated with evidence and application from their extensive client base in their consulting practice. (THT Consulting, Amsterdam).

Purchase of each volume in the series includes exclusive access to a corresponding companion App. Each App enables readers to explore the application of specific concepts in further detail for individual volumes and what it means for them and/or their organisation.

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THE CHANGING WORLD OF WORK

The principal canon of this first volume is that existing practice is effectively a cloning process and seeks to match applicants with the current corporate culture of the hiring organisation. This ignores applicants with different points of view, differing value systems and career aspirations. Candidates for cloning may be in short supply in the labour market in the 'War for Talent'. While we agree that all organisations should develop and promote their core values that embrace their corporate identity it is the way that these core values are used that needs to be revisited.

The authors have undertaken longitudinal research on traditional frameworks and practices which although strive to be objective are rarely free of cultural bias. They also conclude there are serious shortcomings in how effectively organisations utilise their people. Organisations are implementing a wide range of policies and programmes to identify and eliminate pay inequalities and improve their attractiveness as employers to women and other diverse people, however, great change has not materialised.

We have already stated several times¹ that we are living through a period of a quantum transformation in the way we work, and not just working from home because of the COVID pandemic. Technology is changing the skills that organisations need people for and this is at a time of disruption, political and social upheaval. Information growth is polluted with disinformation especially from social media.

We are observing the rapid further development of the autonomous and reflective individual. It is an individual that has a full set of needs, internal

1 For example: 'Two sides of the cultural equation': Trompenaars & Woolliams, Chapter 18 in 'A Relational View on Cultural Complexity', Springer Publications, 2023, ISBN 978-3-031-27453-4.

and external to the organisation. Power is diffused and shared. In contrast with traditional management, where structures and systems are derived from a pre-defined strategy, the new workplace is seeking to balance what matters for the company (its strategy) and what matters for the individuals (their life strategies). This is revealed dramatically in these changing dynamics in what Steven Hankin² of McKinsey & Company coined in 1997 namely 'The War for Talent'.

Competition for the best talent is greater than ever and many of the roles and skills needed even in the near future are unknown to us. How can organisations attract and retain the right talent and motivate those taken on board? And equally important, why should any employee want to work in a corporate environment that doesn't satisfy their own values?

Traditionally businesses must first go out and find talented people. Today people go out and look for talented businesses. As a result, businesses on the one hand must choose the individuals who will be most beneficial to the company from this talent pool once it has been established. On the other hand, they need to be attractive to the values and purpose of the new generation of applicants looking for a perfect fit. In this new paradigm, the evaluation of various capabilities has become the last step. Traditionally, those who score highly are given a label, frequently 'high potential', which typically indicates that they will be closely scrutinised for signs that this potential is blossoming. HR departments have considerable challenges in luring in-demand employees to their own companies. Knowing how to choose and evaluate the best candidates is crucial in this competition, but most tools used for selection and evaluation have questionable validity when it comes to predicting future leadership potential or high levels of performance. We will look at some of the most well-known of these tools, including the MBTI, 360 feedback, Shell's HAIRL system and Hay Job Evaluation, and we demonstrate that each, despite being packed with insightful information, does not adequately address the pressing problem of identifying and evaluating the best candidates.

Leading organisations subscribe to the view that people are the most important resource. In a climate in which competition is fierce and rapid changes demand constant innovations, organisations are in agreement that failure to make the best use of its people has serious consequences. These organisations know that any business that fails to ensure that all employees play a whole part in the organisation cannot hope to optimise productivity, competitiveness and sustainability.

In the 1980s, through growth, improved communication, and new technologies, the world of business took a quantum step to become more oligopolistic and competitive. Even the HR division had to justify its budget, to which it

2 Cited in *The War for Talent*, by Ed Michaels, Helen Handfield-Jones, and Beth Axelrod, Harvard Business Press, 2001 ISBN 978-1-57851-459-5.

responded by becoming integrated and aligned with strategy – based on the claim that in a world that is increasingly oligopolistic in many markets, it is only ‘people’ that can differentiate one organisation from its competitors.

In contradiction, the need for survival in the increasingly competitive marketplace, with many long-established organisations and household names disappearing rapidly, resulted in one of the most over-esteemed concepts: namely ‘shareholder value’. This is the value created for people who never share, and in which employees were just replaceable resources. Hence, the derivation of the title ‘Human Resources’ (people are just a ‘resource’) that replaced traditional phraseology such as ‘Personnel Management’. We prefer the paradigm of the management of resourceful humans.

Gradually we see the evolution of this ‘resourceful human’ at the end of the last century. To add continued value, HR was forced to become more than a partner; it had to become a player that contributes to the creation of the customised workplace. And it became necessary for shareholders to think about values rather than value.

As world markets become oligopolistic with the consumer spoilt for choice, the evolution of work has been directed to become more responsive to customers in these market-driven times. In the 21st century, we will see that the object of management – the individual – is no longer willing to sit passively on the receiving end of managerial policies. Bouchikhi and Kimberly³ have noted that in the 19th century thinking the person was seen as either muscle or energy. Management decided what their reactive⁴ employees should execute. But you can’t simply hire a pair of hands, there is a person on the other end. In the 20th century, partly due to wider access to education, this changed to a paradigm where a subordinate came with a hierarchy of needs (and we would add a need for hierarchy) that demanded to be recognised.

Some protagonists claim employee engagement can be enhanced by adopting a series of hygiene factors – such as decorating restrooms with pop culture and rap music and calling everyone by their first names – and these are almost laughable.

Based on our evidence,⁵ we don’t believe that mature organisations have ever thought any differently about the importance of recruiting gifted employees. However, the values with which organisations have tried to entice these scarce human resources are very different today.

3 Hamid Bouchiki and John Kimberly, *Management 21c: new visions for the new millennium*, in: Chowdhury S. (ed), *Financial Times Management*, 2000.

4 R. Ackoff: *The Art of Problem Solving*, Wiley, 1980. Russ Ackoff distinguishes inactive, re-active, pro-active and inter-active as the main distinguishable approaches.

5 As discussed in Trompenaars and Woolliams, *Business Across Cultures*, Wiley, 2005.

VIGNETTE: JOBS FOR LIFE?

We can still recall the values that attracted the Dutch author to Shell years ago. First and foremost was the 'name'. Shell, Heineken and Unilever were at the top of the list as attractive companies⁶: Shell because of its international reputation and high quality jobs, Heineken because of the attractiveness of the product and Unilever for the kind of organisation it was. Then his father would also add, 'Son, working for any of these three, will ensure you a job-for-life'.

Fons remembers vividly the recruitment process he went through after completing his PhD at Wharton, University of Pennsylvania. The main research was supported by Shell both financially and in terms of making available the staff of many refineries to assess the effect of national culture of organisational culture.

So why having a discussion with so many international people?

No way. Shell was very keen on assessing your set of values and attitudes. Obviously, the discussions were focussed on which type of work Fons was looking for. Marketing, HR or Operations? And if it was the human side of business, what type of work? But he remembers with all discussions he had with the variety of senior panel members a serious question was raised in all: How mobile are you Mr. Trompenaars? And what about your partner?

It was clear that the main focus in recruitment was on values and attitudes. Do you fit a culture where you are moved every three years to another job and/or country?

It is no coincidence that later in the nineties, there was a shift in thinking by HR about how to recruit and maintain young talent. The employment market was tighter. The Internet boom was approaching its zenith. Many young people thought there was a direct connection between their own talent they perceived as having no end, and what they could achieve in their own start-up companies. This was particularly true in financial services and high-tech fields. Though the 'heyday' for this generation, accustomed to making the 'easy' or 'quick-buck', is slowing down, the tension between the demand and the supply of well-educated and talented personnel has become even more significant.

6 Cited in <https://www.independent.co.uk/news/business/a-mix-that-has-worked-for-shell-and-unilever-1411379.html>.

Not only has the demand for quality employees changed in terms of numbers, but in terms of profile. For instance, secondary-school education has become much more vocational. The broader, comprehensive systems have been replaced by a more focussed approach (fewer, but more intensive courses). Also, universities have adopted a 'knowledge in application' approach, rather than guardians or creators of knowledge.

There isn't enough talent to go around, particularly when the economy improves and the company's reputation as a desirable place to work becomes more crucial. America experienced a book publishing boom on 'the best companies to work for'. There are 'best companies' for women, gays, black Americans, Hispanics and other minorities because of the increasing diversity in the workplace. The spread of this trend is almost certain. What it promises to develop into is 'A War for Talent', in the words of Peter Drucker, particularly once the economy picks up. And the 'war' has become a fight for values and purpose. And if so, what to do with the increasing diversity of possible applicants?

However, hardly any attention has been given to a very much under-researched issue – which is the image of the organisation to the job seeker. The values with which organisations entice scarce human resources are very different today.

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HOW IT USED TO BE

The classical approach to hiring during the latter half of the 20th century was by today's challenges a simple standard straightforward process. A vacancy for a job would be advertised together with an outline job description.

Applicants would provide their basic details, age, qualifications and experience, often together with one or more generic references from past employers or 'friends'. The latter often where the referee had some societal status – such as a clergyman, local doctor, etc. The application submitted often what was a simple letter rather than a structured CV.

The hiring manager (often who would become the job seeker's line manager rather than the HR department) would struggle through a stack of applications trying to determine who they might want to consider. Several would be invited, often on the same day for an interview.

After a series of interviews (often ad hoc led by a busy manager, again often with little experience of interviewing and assessing candidates), a job offer was made, and the particulars of the offer were perhaps negotiated.

Eventually, a candidate would accept an offer and begin work. Frequently the offer involved a trial period after which and with satisfactory performance, the appointment would become permanent.

Selection was often subjective and based on whether the interviewer 'liked' the applicant. The interviewer faced what statisticians call the 'stopping problem' OK, you interview several candidates and dismiss the first, second and third as unsuitable. The fourth is much better and appears to be suitable. But do you stop there and offer him/her the job or arrange even more interviews hoping you might get an even better candidate? By the time you have conducted ten interviews, you have forgotten what candidate four was like? The theory of absolute judgement¹ basically says you can't hold the memory and assess more than seven with any degree of objectivity.

1 Humphreys, P. (1995). Human Reliability Assessor's Guide. Human Factors in Reliability Group.

So why not stop at candidate four who was good enough? Trying to cost everyone's time and travelling expenses of candidates is not an effective algorithm.

The lack of effectiveness of the above procedures for job selection was one of the many factors that contributed to the growth function but even before the rise of HR, some interesting often devious schemes were conceived.

VIGNETTE: THE REAL INTERVIEW

The father of one of the authors (Peter) experienced one such scenario which today would be considered highly unethical.

Mid-career, Peter's father presented himself for an interview for a senior post in a major insurance company. He was ushered in to a waiting room together with several other candidates. A little later, a (female) secretary appeared to say the interviews would not be conducted in alphabetical order of candidates' names, but based on the sequence of the dates when applications were received. She said, Mr X, your first please follow me. This prompted the remaining candidates to start chatting to each other to try recall when they had submitted their applications and thus when they would be called for interview. This 'broke the ice' and candidates continued to engage in conversations. Initially they discussed the weather and sports' news but then about the reinsurance department where the job was located and what the job might involve, etc.

After half an hour, Mr X returned to the waiting room and the secretary asked for Mr Y who was next. There was a flurry of questions to Mr X. 'What did they ask you?', 'How many were on the interviewing panel', etc. The remaining candidates continued to open up more, partly from boredom when realising they were going to be in the waiting room for hours. Candidates started to say things like 'I don't mind if I don't get the job, I've heard it's not a good place to work', 'If I get the job, then I'll only stay for a few months as my family are moving to another part of the country when our house is sold'.

Peter's father joined in saying things like 'I don't think the salary is high enough for what will be expected of us' and 'I don't think the annual leave is enough' and 'I'm not prepared to do overtime as I prefer to spend the time with my family'. Mr Y returned and the secretary beckoned Mr Z. And so the long morning continued, many reflecting that this scenario was the typical approach one had to go through in applying for a senior managerial job.

Peter's father was nearing the last to be called when the secretary burst in and said. 'Thank you to Peter's father, we'll let you know'. Mr X, Mr Y,