



RECRUITING FOR CULTURE FIT

ARE YOU GETTING VALUE(s) FROM YOUR SELECTION ACTIVITIES?

DDI Australia Research Report



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DDI AUSTRALIA RESEARCH REPORT

This report is based on online surveys completed by 223 HR/Recruitment professionals and managers during December 2004 and January 2005. The respondents represents approximately 200 Australian organisations.

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As part of DDI's on-going commitment to research, we conduct surveys and studies on current HR issues through our Centre for Applied Behavioural Research (CABER) and our HR Benchmark Group.

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Other Research conducted by DDI

- Selection Forecast: Recruiting and Hiring Talent (2004)
- Leadership Forecast: A Benchmarking Study (2003-2004)
- Managing Performance: Building Accountability for Organisational Success—2003
- State of e-Learning: Developing Soft Skills (2002-2003)
- Leading on the Fault Line (UK—2003)



INTRODUCTION

Accurate employee selection decisions have never been more important to organisational success. Organisations need quality staff who can operate in an environment of increasing complexity and change. Furthermore, in a business environment where intellectual capital increasingly represents an organisation's currency of trade, it is people that create and sustain an organisation's competitive advantage.

Hiring the wrong person for the job can be costly. The time and expenses associated with advertising, agency fees, and interviewing candidates, together with the negative long-term financial and non-financial implications of hiring the wrong person, make finding and hiring the right person critical.

So what is involved in finding the right person?

Traditionally, organisations have focused on identifying and selecting people based on their skills and experience. It makes sense, if you can find someone who has the right set of skills and has done a similar job there is a good chance they will be able to perform effectively in a new role.

However, while skills and experience continue to be important, research and practice increasingly point to 'motivational fit' as a key differentiator in the selection process. DDI defines motivational fit in two distinct ways: **Job Fit Motivation** and **Organisation Fit Motivation**.

Job Fit Motivation refers to the degree to which the activities and responsibilities of a particular job are consistent with the activities and responsibilities that an individual finds personally satisfying. In short will somebody want to do the job?

Organisation Fit Motivation is defined as an individual's compatibility with an organisation's values and mode of operation. While organisational fit covers a range of organisational attributes the most common and frequently cited element centres on the congruence between individual and organisational **values**. This is often referred to as **Culture Fit**.

While the data from both constructs play an important role in making effective hiring decisions, researchers and practitioners believe Organisational Fit increasingly represents the key. As the parameters of jobs continue to blur, and individuals are asked to embrace a range of responsibilities, knowledge and skills needed for a specific job may be less important.

Too often, organisations fail to consider motivational fit and in particular organisational fit. It's simple. Against a backdrop of increasing complexity, change and employee demands, information about organisational fit can help organisations make better hiring decisions.

This research focuses on aspects of culture fit. The objective was to increase understanding of practices and attitudes towards the assessment of culture fit in order to enhance the operationalisation of this construct in the workplace.

ASSESSING FOR CULTURAL FIT

Despite the acknowledgement that cultural fit is important, many organisations do not regularly assess for fit.

It is probably no surprise that 90% of respondents rated recruiting for cultural fit as very important to essential. The fit between an employee and the organisation is a crucial component of individual and organisational success. Results of numerous research studies¹ illustrate the importance of this congruence between the values of the individual and the values and culture of the organisation.

While most respondents rate recruiting for cultural fit as very important to essential **only 36% of respondents indicated their organisations always recruit for cultural fit.** While a further 30% indicated they often recruit for cultural fit, more than a third of respondents indicated they only sometimes to never recruit for cultural fit.

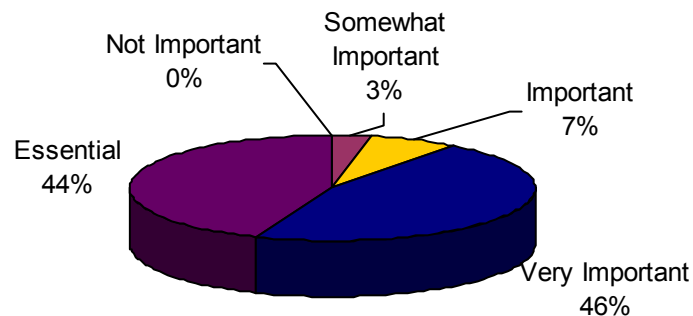


Fig 1: Importance of Recruiting for Cultural Fit

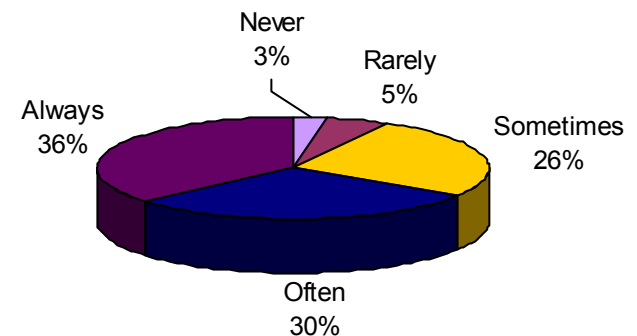


Fig 2: How Often Cultural Fit is Assessed

¹ Chatman, J. A. (1991), Matching people and organizations: Selection and socialization in public accounting firms. *Administrative Sciences Quarterly*, 36, 459-484

O'Reilly III, C. A., Chatman, J. A., & Caldwell, D. F. (1991). People and organizational culture: A profile comparison approach to assessing person-organization fit. *Academy of Management Journal*, 34 (3), 487-516

Cable, D. M., & Judge, T. A. (1996), Person-organization fit, job choice decisions, and organizational entry. *Organisational Behaviour and Human Decision Processes*, 67(3), 294-311



METHODS USED TO ASSESS FOR CULTURE FIT

By far the most common method used to assess for culture fit is behavioural interview questions specifically targeting values (91% of respondents). Other methods commonly used to assess for culture fit include panel interviews (61%), reference checking against values (58.3%) and informal meetings with team members and colleagues (48.6%).

Other methods, specifically cited by organisations included:

- Onsite visits
- Trial work periods
- 'Assessment' in social situations e.g. pre employment dinner

Most organisations use multiple methods to assess for culture fit with 75.4% reporting they use at least three methods.

Using Behavioural Questions to Assess for Ethics and Integrity

The following sample of behavioural questions can be incorporated into a behavioural interview to reveal insights about a candidate's ethics and integrity. These questions would typically be used towards the end of an interview, once the interviewer has had an opportunity to build rapport with the candidate. Asking follow up questions to uncover the thinking behind the behaviours will provide a more complete snapshot. The examples should be discussed and evaluated by a consensus decision among knowledgeable managers.

Based on article prepared for DDI Directions by William Byham, Ph.D., Founder and CEO, DDI

1. Often times, we are confronted with the dilemma of having to choose between what is right versus what is best for the company. Can you provide two examples of situations in which you faced this dilemma and how you handled them?
2. Give me an example of an ethical decision you had to make on the job. What factors did you consider in reaching this decision.
3. Have you ever had to bend the rules or exaggerate a little bit when trying to make a sale? Can you provide an example.
4. Tell me about an instance where you had to go against company guidelines or policies in order to get something done.

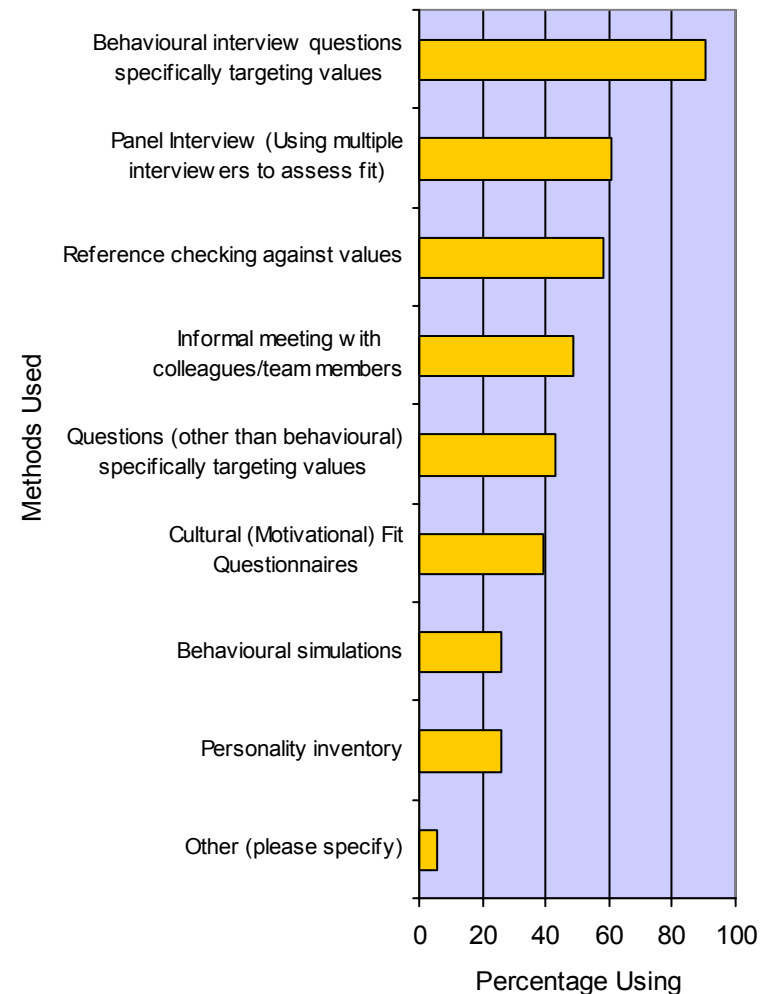


Fig 3: Methods Used to Assess for Culture Fit

METHODS USED (CONT)

While assessing for cultural fit during the recruitment process is consistently identified as critical, many organisations are not systematically assessing for fit and/or employing methods that are likely to deliver the best outcome. For example, methods such as Cultural (Motivational) Fit questionnaires appear to be underutilised.

When asked to rate the effectiveness of each method, behavioural questions once again rated highly with 78% of respondents rating them effective to very effective.

The **method rated the second most effective was Cultural (Motivational) Fit Questionnaires with 69% rating these effective to very effective. While in itself this is not surprising, the fact that only 39% of respondents indicated they use this method** during the recruitment process suggests that it is being underutilised in practice.

Behavioural simulations such as role-plays also rated relatively high with around 63% of respondents rating this method effective to very effective. Like Cultural (Motivational) Fit Questionnaires, Behavioural simulations appear to be underutilised with only 25.7% of respondents indicating they use this method.

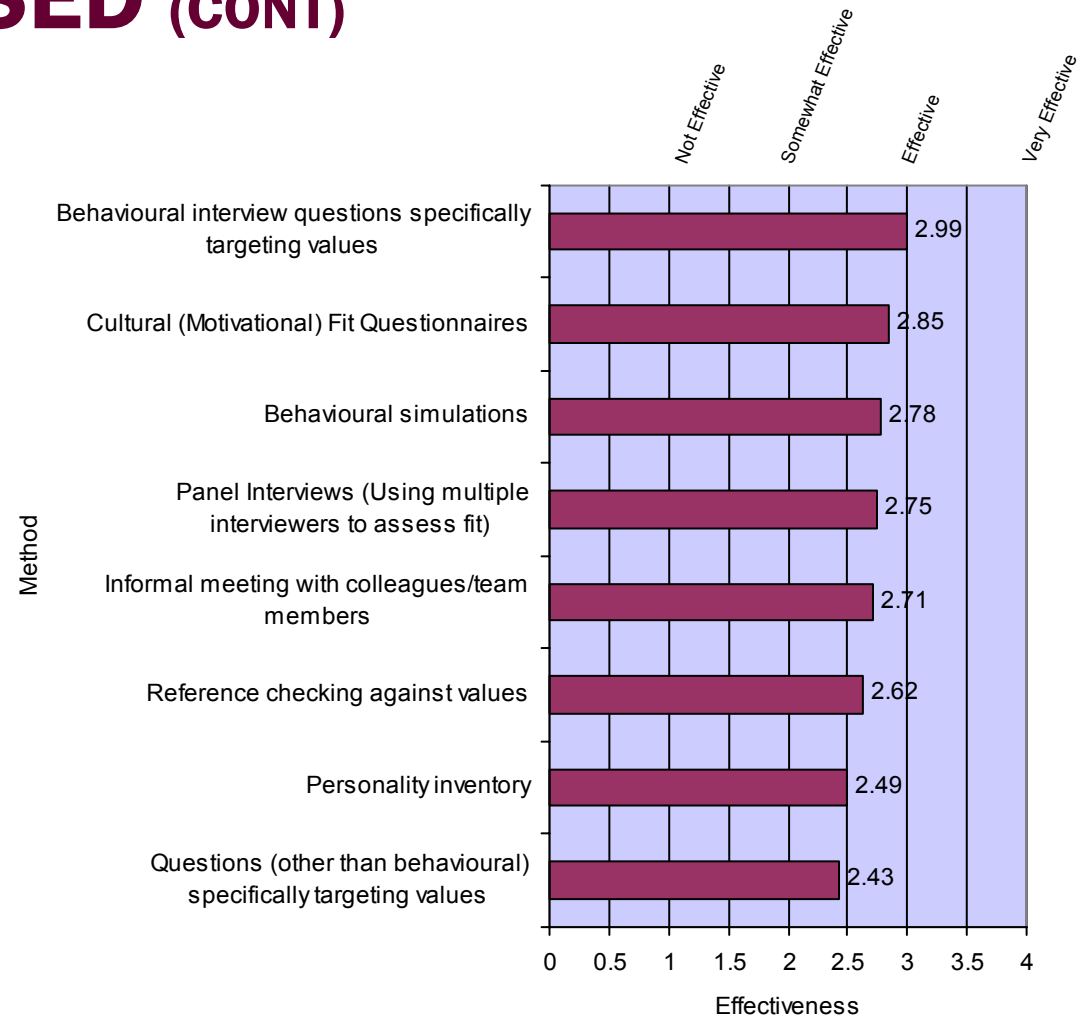


Fig 4: Effectiveness of Methods Used



IMPACT OF POOR CULTURE FIT DECISIONS

The importance of recruiting for culture fit is further supported by the impact of poor culture fit decisions. Along with helping to reduce absenteeism and turnover, assessing for fit also helps organisations increase employee satisfaction and morale, which leads to better performance and productivity. Motivated employees are more likely to take charge of their own performance, seek ways to improve processes, products and services and contribute positively to their organisation's bottom line success. Considering that job dissatisfaction is the leading cause of voluntary turnover and is directly linked to lower productivity and morale it makes sense to consider and assess for fit during the recruitment process.

The research confirms the impact of culture fit. We asked respondents to indicate the percentage of poor recruitment decisions that can be attributed to poor culture fit and those that can be attributed to poor skills/capability with results clearly indicating the majority of poor recruitment decisions can be attributed to poor culture fit. Refer figures 5 and 6.

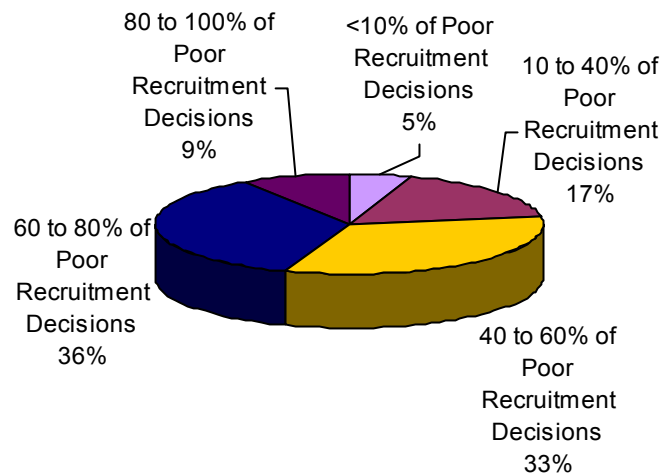


Fig 5: Percentage of Poor Recruitment Decisions attributed to Poor Culture Fit

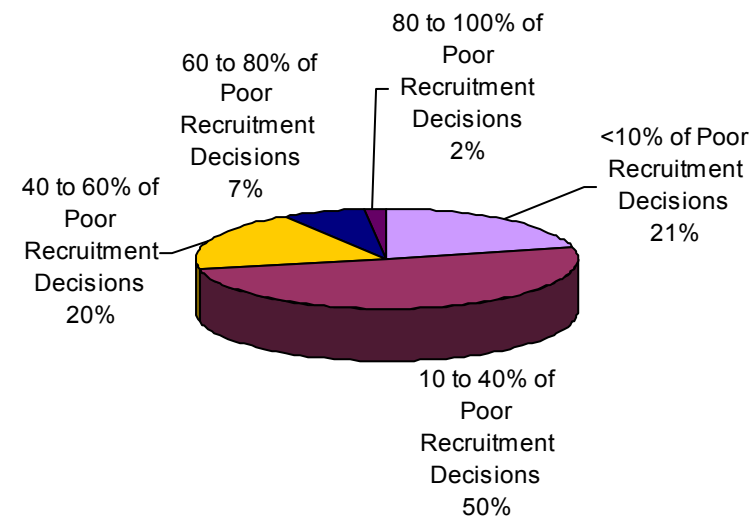


Fig 6: Percentage of Poor Recruitment Decisions attributed to Poor Skills / Capability

CHALLENGES

Hiring managers do not assess for cultural fit because they don't know how. Most people rely on gut feel when assessing candidates for cultural fit.

If organisations recognise the importance of assessing for culture fit, why do so many not assess it and/or employ methods that are less likely to deliver positive outcomes? The research highlights a number of factors that may be contributing to this situation.

- While HR professionals and recruiting specialists may be versed in practices supporting the assessment of culture fit, the results suggest that hiring managers may not possess the same capability. **78% of respondents believe that organisations and hiring managers do not assess for culture fit because they don't know how**, suggesting a need for more training and education in recruitment practices such as behavioural interviewing.
- According to respondents, today's complex and fast paced business environment appears to be putting pressure on managers to make decisions quickly and without due consideration of issues such as culture fit. **63% of respondents believe that hiring managers are often in too much of a hurry to adequately consider and assess for culture fit and 73% of respondents believe that hiring managers that are under pressure to fill positions will often ignore culture fit.** Additionally, **56% of respondents believe hiring managers would hire someone who is not quite right, rather than go back to the start of the recruitment process.**
- The War for Talent has been well documented and according to respondents the pressure of candidate short markets appears to be impacting the quality of recruitment decisions with **52% of respondents agreeing that tight labour markets force hiring managers to ignore culture fit during the recruitment process.**

The pressure placed on hiring managers is real and undoubtedly impacts the capacity of many managers to undertake activities such as recruitment. On the flip side, the cost of poor recruitment decisions from a financial, productivity and personal perspective is significant.

DDI's 2004 Selection Forecast identified talent shortages as the main challenge to recruitment and hiring faced by HR professionals. With demand for quality candidates increasing and the supply stagnating or falling, competition for the same candidate ranks as the second major barrier to recruiting and hiring. In addition to this, a recent DDI survey asked Hiring Managers to indicate their most common hiring mistakes. The results were split evenly, between hiring too quickly (34 percent) and basing hiring decision on candidates' relative quality rather than a true match for the job (34 percent).



CHALLENGES (CONT)

Despite the availability of various tools and systematic processes, **74% of respondents believe that most people rely on gut feel** when assessing candidates for culture fit. Once again this suggests that while organisations may be using methods such as behavioural interview questions, many may not possess the skills to adequately evaluate responses.

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
Organisations and hiring managers do not assess for cultural fit because they don't know how	1%	14%	8%	71%	7%
Hiring managers are often in too much of a hurry to adequately assess for cultural fit	3%	20%	14%	50%	13%
Hiring managers are afraid to ask questions about cultural fit because they may be perceived as discriminatory	7%	36%	18%	36%	4%
Hiring managers that are under pressure to fill positions will often ignore cultural fit	3%	13%	11%	59%	14%
Tight labour markets force hiring managers to ignore cultural fit during the recruitment process	5%	22%	21%	45%	7%
Hiring managers would hire someone who is not quite right, rather than go back to the start of the recruitment process	4%	19%	21%	46%	10%
Most people rely on gut feel when assessing candidates for cultural fit	1%	11%	15%	66%	8%

Table 1: Recruiting for Culture Fit

OTHER KEY FINDINGS

Despite being difficult to measure, values should be included in the recruitment process.

While some organisations may intentionally recruit against a different culture profile as a way supporting cultural change, respondents clearly support the importance of values and integration of values throughout the recruitment process.

- 95% of respondents believe that despite being difficult to measure, values should be included in the recruitment process
- 88% of respondents believe recruiting for culture fit does not create an organisation of clones and lack of diversity

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
Values are too difficult to measure and should not be included in the recruitment process	35%	60%	4%	2%	0%
Recruiting for cultural fit creates an organisation of clones and lack of diversity	29%	59%	7%	4%	1%
The importance of values in organisations is over-rated	32%	60%	7%	1%	0%
Rejecting someone on the basis of culture fit is an easy way out	10%	54%	21%	14%	2%
Most values are so general, they serve little value in the recruitment process	15%	56%	16%	13%	0%

Table 2: Recruiting for Values—Perceptions



SELECTED DEMOGRAPHIC RESULTS

BY NUMBER OF EMPLOYEES

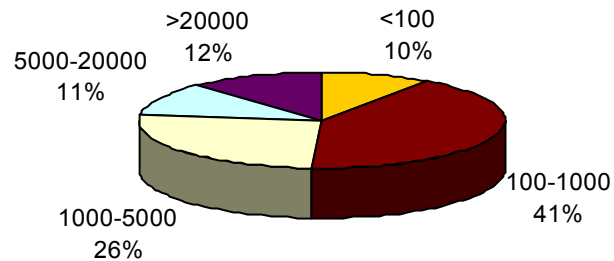


Fig 7: Breakdown of Respondents by Org Size

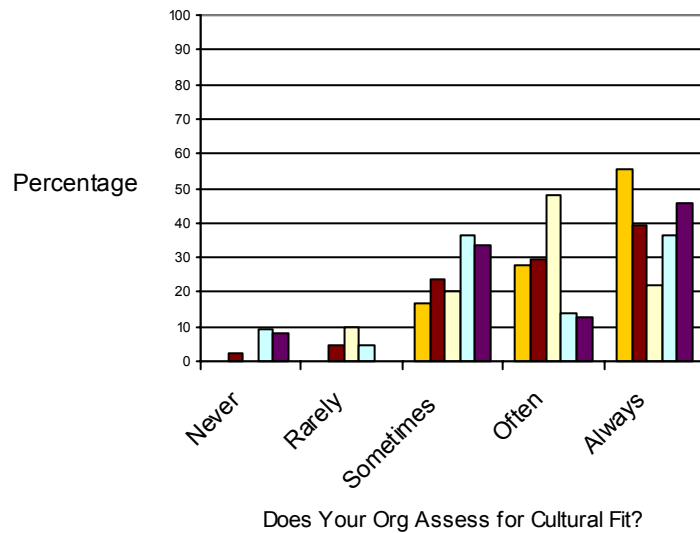
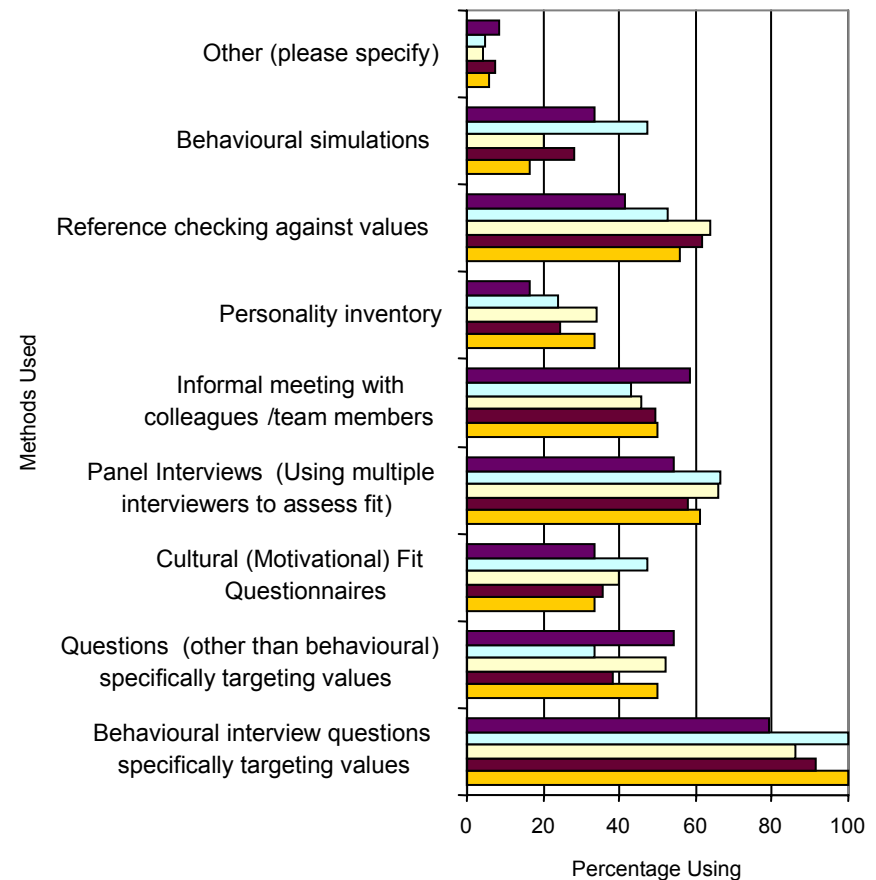


Fig 9: Frequency of Assessment

Fig 8: Methods Used by Organisational Size



**BY
INDUSTRY**

SELECTED DEMOGRAPHIC RESULTS

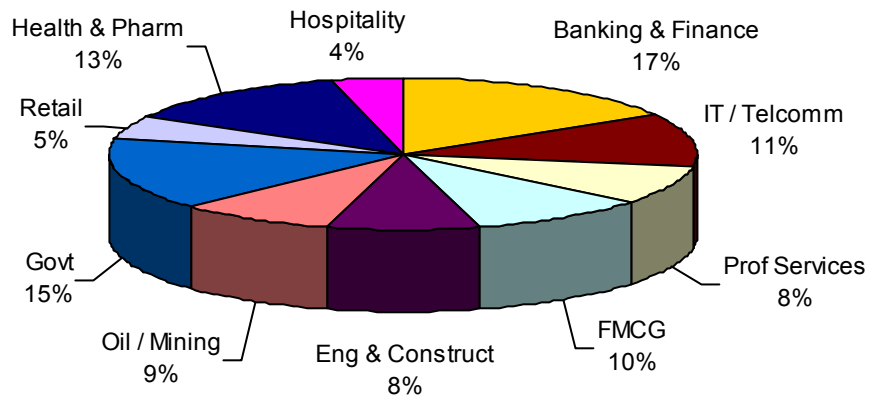


Fig 10: Breakdown of Respondents by Industry

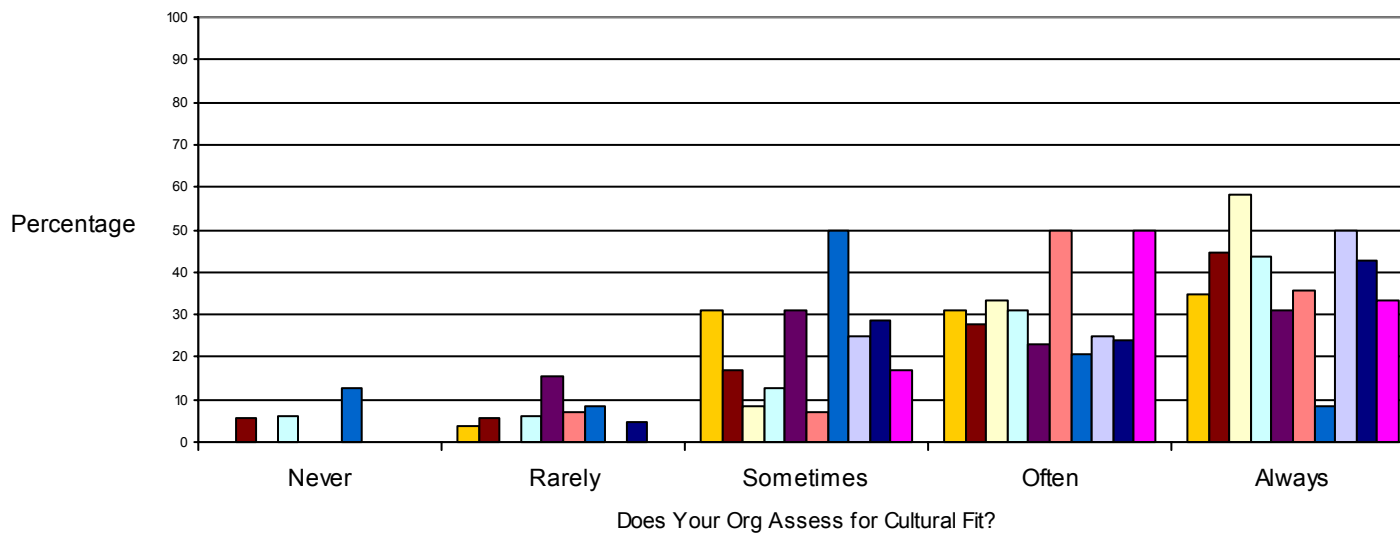


Fig 11: Frequency of Assessment

Fig 12: Methods Used

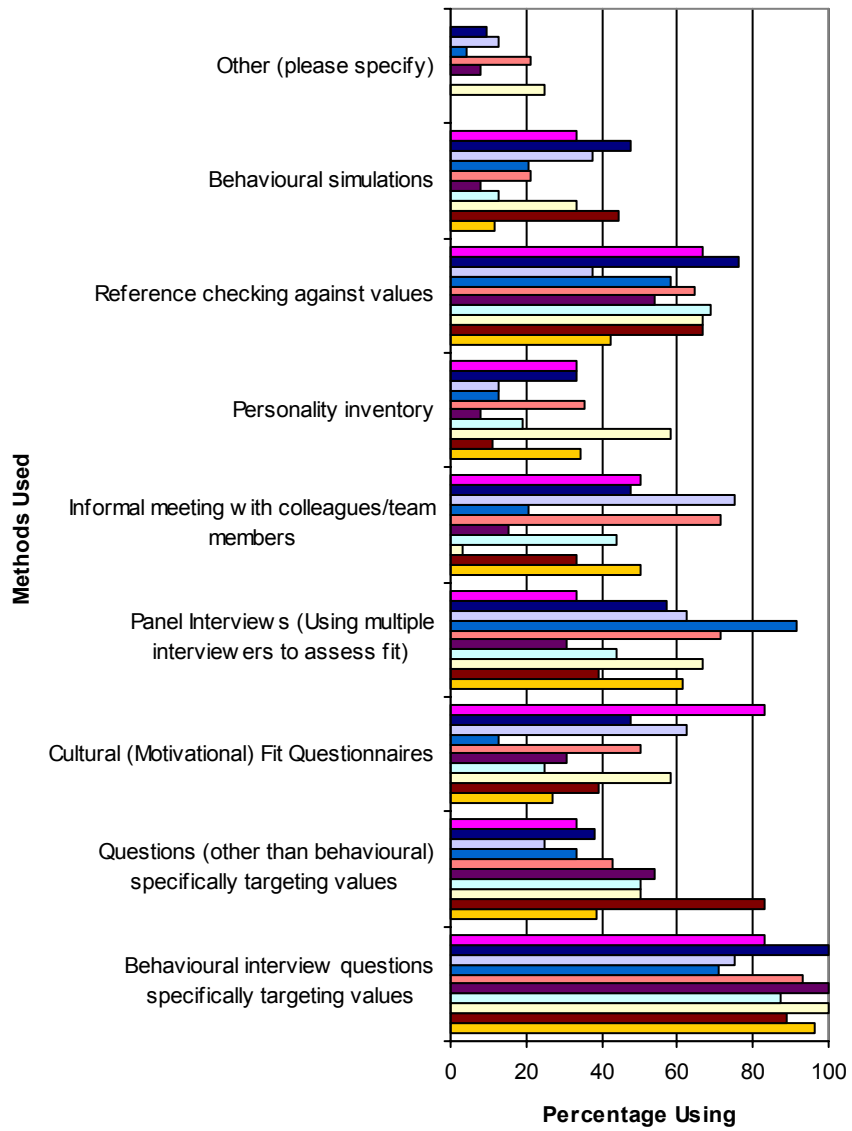
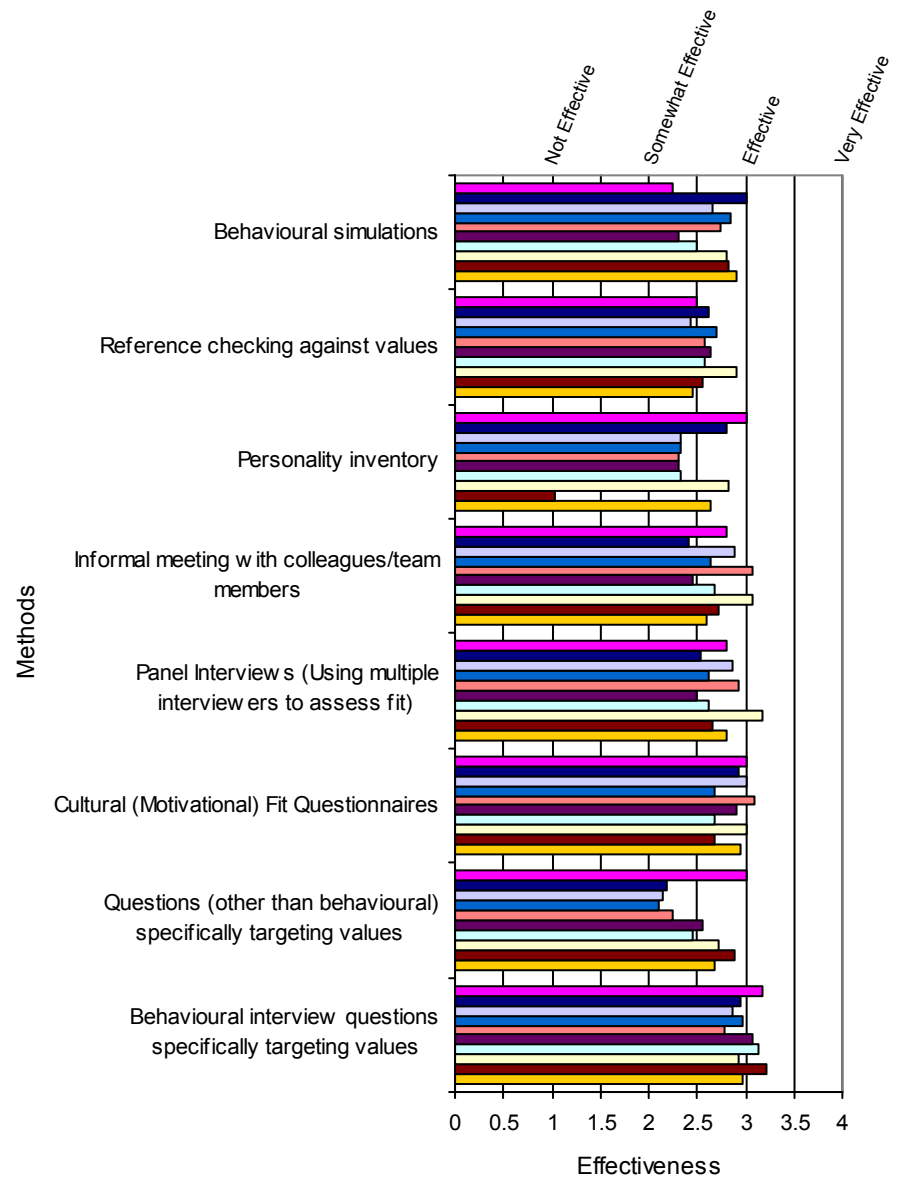


Fig 13: Effectiveness of Method



SUMMARY OF RESULTS

There is widespread recognition across organisations of the importance of values and culture and the need to consider these during the recruitment process. Despite this, the results of this research suggest that many organisations do not assess for culture fit and/or employ methods that may not deliver the best possible outcome. In addition it appears that many hiring managers are not adequately skilled to utilise these methods and/or make objective judgements, often relying on gut feel when making decisions.

Furthermore, today's complex and fast paced business environment appears to be putting pressure on managers to make decisions quickly and often without appropriate consideration for factors such as culture fit. In addition, tight labour markets in many sectors and disciplines are impacting the quality of some recruitment decisions.



RECOMMENDATIONS FOR INTEGRATING CULTURE FIT

There are various ways organisations can embed and assess fit as part of their recruitment and selection process.

- Articulate the value proposition up front - Clearly and realistically articulate the attributes of the organisation to prospective employees. This increases the likelihood of attracting the 'right' people in the first place. Your recruitment advertising should communicate a clear message about the job and the organisation.
- Use tools such as Realistic Job Previews and/or 'Day in the Life' profiles to help applicants self screen. These enable applicants to better understand the dynamics of a particular job and organisation and make decisions early about suitability for the position. As such many applicants may self screen themselves out of the recruitment process.
- Utilise some form of Motivational Fit tool - this typically involves three steps. Firstly, analysing the job and organisational characteristics that are most present and absent in the role and organisation to determine a job and organisation profile. Secondly, asking prospective employees to complete a motivational questionnaire to provide information about characteristics they would find appealing or unappealing in an ideal job and organisation. Thirdly, comparing the organisation and individual profiles to determine suitability and fit. Effective tools will also generate motivational fit questions that can be used in the interview to further explore suitability and fit.
- Describe values in behavioural terms and use behavioural-based questions to assess suitability. Alternatively, identify competencies that align with the core values and ensure that interview questions are constructed to address these. Most competency models often include constructs that are similar to those that make up culture fit. A good example is Customer Focus. An effective competency model will include specific behavioural indicators that articulate how the value of Customer Focus applies to a job or family of jobs.
- Ensure all managers and individuals are adequately trained in recruitment practices. This should include, behavioural interviewing, motivational fit concepts, and interpretation/evaluation of recruitment data.



AcqHireSM

DDI's *AcqHire*SM provides the tools to quickly gather and analyse all the information you need to make accurate, well informed hiring decisions that will help you build a lasting competitive advantage. *AcqHire*SM consists of five integrateable components: Success Profiles, Screening and Testing, Interviewing-Targeted Selection®, Simulations and On-boarding.

A key component of the *AcqHire*SM Screening and Testing component is the Motivational Fit System.

AN OVERVIEW

DDI's Motivational Fit System (MFS) is a flexible, automated software system that provides tools to obtain and analyse information to help determine whether job candidates will find a specific job satisfying and the organisation's culture desirable to work in.

MFS is a selection system enhancement that, when used in conjunction with other selection tools, greatly enhances an organisation's ability to identify areas to explore and confirm during interviews to accurately assess candidates' motivations as they relate to the characteristics (facets) of the target job and the organisation.

MFS has built-in tools to analyse data and generate outputs for assessing motivational fit in job candidates:

- The **Job Fit Analysis Questionnaire (JFAQ)** is completed by work content experts who know the job well, identifying the characteristics (facets) that are most present and absent from the job.
Outputs: A Job Profile and Job-based interview questions.
- The **Organisation Fit Analysis Questionnaire (OFAQ)** is completed by organisation experts who know and understand the organisation in its current as well as future state, identifying the facets most present and absent from the organisation's culture.
Outputs: An Organisation Profile and Organisation-based interview questions.

- Job candidates complete the **Ideal Job Inventory (IJI)** to provide information about characteristics they would find appealing or unappealing in an ideal job.
Outputs: Candidate Profile based on IJI.

The candidate's IJI responses and the JFAQ results are analysed by MFS to generate:

Candidate/Job Comparison graph and interview questions tailored to the candidate *and* the job.

- Job candidates complete the **Ideal Organisation Inventory (IOI)** to provide information about characteristics they would find appealing or unappealing in an ideal organisation.
Outputs: Candidate Profile based on IOI.

The candidate's IOI responses and the OFAQ results are analysed by MFS to generate:

Candidate/Organisation Comparison graph and interview questions tailored to the candidate *and* the organisation.

Motivational Fit System

BETTER
PEOPLE
FASTER



About the Authors

Bruce Watt, Ph.D. is Managing Director for DDI Australia. Bruce has extensive academic and consulting experience in the area of selection. His primary expertise is in the design and implementation of integrated human resource systems, succession management systems, diagnosis and assessment of executive capability, and assessment and selection systems.

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Emma Wienker is a Consultant with DDI Australia. Emma has significant experience in the provision of psychological services including: test administration, analysis and interpretation, psychological report writing, construction of assessment & test norms, and the design/delivery of assessment centres for selection and development.

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ABOUT DDI

Since 1970 Development Dimensions International has worked with some of the world's most successful organisations to achieve superior business results by building engaged, high performing workforces. We excel in two major areas:-
Designing and implementing selection systems that enable you to hire better people faster and identifying and developing exceptional leadership talent crucial to creating a workforce that drives sustained success.

What sets DDI apart is realization. We focus on the needs of our clients and have a passion for their success.

The outcome? You bring the best people on board who get up to speed faster, contribute more and stay longer—giving you the ultimate competitive advantage.



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POWERING
SELECTION
SUCCESS



DEVELOPING
EXTRAORDINARY
LEADERS



UNLEASHING
EXECUTIVE
TALENT

