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Part One: Why Culture Counts

In winning the war for talent, many organizations believe a competitive pay and benefits package will entice the best and brightest candidates through their door. They’re forgetting one thing—the absolute necessity of a strong cultural fit between the employee and the employer.

From the employee perspective, the organization’s culture allows for meaningful, satisfying work contributions, a sense of belonging, and a dedicated belief in a shared purpose. Other factors include how their superiors and colleagues inspire them and receive their ideas and criticisms. Their understanding of the employer’s social and ethical positions also affect their cultural expectations. Employers, on the other hand, seek employees that share their strategic vision and goals, and can produce at a high level in the organization’s work environment. Both parties suffer if there is a mismatch.

Many companies may argue that they have instituted a particular culture and may even have written it down in narrative form, yet fail to stick to these principles. If this ideal culture is not nurtured, monitored, and corrected, it will fragment. In such cases, talented employees who had hired on because of the professed culture may decide to find employment elsewhere.

This risk cuts both ways. When companies employ a job candidate, they are acquiring more than just that person’s skills. The employer also is acquiring the applicant’s mindset, values, and way of doing things. Organizations that hire someone purely for reasons of competence rather than cultural fit have likely hired the wrong individual. No business wants a rogue employee who rocks the boat, distances colleagues, impedes collaborative efforts, and devalues the company and its leadership.

Once again, culture is a two-way fit.
Strong Weave

Companies invite substantial risks when the employee-employer cultural fit is out of alignment. In his influential article, “People Make the Place,” in the journal *Personnel Psychology*, University of Maryland Professor Benjamin Schneider stated that, “the attributes of people … are the fundamental determinants of organizational behavior.”

In other words, an employee who feels part of a company’s fabric, weaved fully into its organizational culture, is bound to act in the best interests of the company. Yet, according to testing firm Cubiks’ July 2013 survey of more than 500 employees in several countries, many companies’ organizational culture appears to be misaligned with employee expectations.

The survey findings indicate the following:

- More than one-third (35 percent) of respondents stated that the job descriptions touted by the employer was not a good reflection of reality.
- Nearly one-half (46 percent) of respondents stated that their organizations did not have a clear definition of its culture.
- Only 32 percent of respondent organizations assess or measure cultural fit in their recruitment processes.
- More than 41 percent of respondents said their employer would hire a job candidate even if there wasn’t any perception of cultural fit.

The survey respondents strongly affirmed the importance of cultural fit. Nearly all respondents (92 percent), for instance, disagreed with the statement, “cultural fit is just a buzzword,” and 86 percent stated that their organization’s culture was a competitively differentiating factor.
A State of Mind

The study indicates that quite a bit more needs to be done in the recruitment process to ensure the hiring of talented people is clearly aligned with the organization’s culture. At the same time, it elevates the importance for companies to create and communicate a well-defined brand image to attract people who will thrive in their work culture, while deterring those whose temperaments may better suit another employer.

A positive case study is Google. The technology giant has made it abundantly clear what its work culture is in articles and on its website: “We strive to maintain (an) open culture … in which everyone is a hands-on contributor and feels comfortable sharing ideas and opinions.”

Google permits every employee to directly ask questions to its founders and senior leaders and criticize current projects, and has created a work environment of cafes and offices that encourage such frank interactions. The words “work” and “play” appear in the same sentence defining its employment brand. Google thus becomes more than just a technology company—it becomes a state of mind and a way of life.

This is not to say that all organizations must adhere to the culture in place at Google—far from it. An effective culture in a startup company, for instance, could prove disastrous in a mature business. There is no single “perfect” employment culture. What is vastly more important is fit—as near to perfect a match between the employer’s brand and the employee’s work expectations.

Financial Benefits

When there is a mismatch, companies confront steep costs replacing competent individuals: $7,000 to replace a salaried employee, $10,000 to replace a mid-level employee, and $40,000 to replace a senior executive.

When this alignment is strong, however, remarkable corporate benefits ensue. According to David Logan, John King, and Halee Fischer-Wright in their book, Tribal Leadership, a positive employer-employee cultural alignment produces the following:

- Fear and stress decline as the “interpersonal friction” of working together decreases.
- The workforce is far more likely to stay with the company.
- Knowledge transfer is maximized, as the “tribe” (large groups of 20 to 150 fellow employees who know each other) share their latest thinking and practices.
- People’s overall health improves, which is evident in lower injury rates and sick days.
- Employees feel more alive and have more fun.
The authors state that the “success of a company depends on its ‘tribes,’ and the strength of its ‘tribes’ is determined by the tribal culture.”

Other studies paint a similar picture. In the book Built to Last: Successful Habits of Visionary Companies, the authors James Collins and Jerry Porras studied 18 companies that were consistent market leaders. Although their employment brands differed—they did not share a common culture—each had invested heavily in hiring and managing employees who shared their respective cultural principles.

Yet another study indicates that today’s talented college students would accept an average of 7 percent less in starting pay to work for an organization that exhibits a culture they valued, while roughly 85 percent of Millennials affirm that work is more than a means of earning income—it partly defines who they are.

The upshot of these many studies is evident: Companies that employ people with the necessary skills and cultural fit have highly engaged employees eager to collaborate with colleagues toward shared objectives. Organizational learning curves are flattened, worker productivity rises, and more profitable business results are achieved.

The next section of this report looks closely at the need to embed an organization’s culture within the people most responsible for hiring the right individuals—recruiters.
Part Two:

Culture and Candidate-Facing Recruitment

Often the first interaction between a potential client and an organization is through a recruiting specialist. This person is entrusted to accurately convey the culture of the employer in all conversations with the applicant. In other words, the recruiter must embody the organization’s employment brand—the positive attributes that excite employees.

Skilled job candidates likely have more than an inkling of a potential employer’s culture. Perhaps they’ve perused the company’s website, read articles about its treatment of employees, and maybe asked members of the current workforce about the working environment. Thus, they have expectations of the organization’s culture. If the recruiter does not personify these expectations, the candidate’s anxiety about taking the position intensifies—the “fear and stress” addressed in Tribal Leadership.

These same concerns extend to recruiters who are retained by an employer on an outsourcing basis. If the recruiter is not ingrained in the culture of the hiring organization, the risk of miscommunicating the employment brand increases, and with it the possibility of hiring a culturally ill suited job applicant. As former recruiter Stewart Cato, director of workforce solutions at Advantage xPO, put it, “We need to ‘buy’ them and they need to ‘buy’ us.”

Two-Way Fit

London-based T-Systems Ltd. understands this dynamic well. A provider of end-to-end IT and telecommunications corporate voice and data network solutions, T-Systems (owned by Deutsche Telecom in Germany) outsources recruitment processes to achieve needed flexibility and scalability. “Our recruitment tends to fluctuate from peak to trough,” explained Sarah Sandbrook, T-Systems’ HR director. “We wanted to partner with an outsourcing provider that specialized in recruitment—that was its core business.”

The company interviewed several large RPO (recruitment process outsourcing) providers, but Sandbrook felt the organization’s hiring needs would not be given high prioritization by these firms. “We wanted someone big enough, yet small enough,” she said. “We also placed high marks on a vendor that could convey our culture to the skilled individuals we were hoping to hire.”
She described this culture as “full on,” elaborating, “We are 24/7 for most of our customers. Obviously, this insists on highly competitive and highly professional people who are comfortable constantly being on their toes. Their actions must be driven by customer delight, their behavior must be respectful, and they must have integrity. Our motto is, ‘I am T and you can count on me.’”

Sandbrook added, “These are the same people wanted by our competitors like IBM, Google and Amazon; they’re in high demand and short supply. This elevates the need for a strong cultural fit.”

The company ultimately made the decision to engage Advantage xPO. A key factor in this choice was the provider’s RPO model, which calls for its recruiters to work on site at the client location, as a veritable extension of the company’s HR team. Its recruiters engage on a daily basis with the client’s HR staff and in-house recruitment professionals, much as if they were employees of the organization.

At T-Systems, Sandbrook noted that two recruiters from Advantage xPO “sit at desks alongside the HR team. They work on the basis that they are part of our team, coming to all team meetings and interacting with hiring managers at different sites across the UK. The managers can’t discern who is actually an employee or a non-employee, and this is deliberate. We’ve worked hard so you can’t see the joint.”

This seamless integration would not be possible without the two recruiters sharing T-Systems’ culture. “They live and breathe who we are every day,” Sandbrook said. “This is important to us because they are as much our brand ambassadors as the rest of the HR organization. In many cases, they are the first point of contact for the talented individuals we seek to hire. They can immediately detect if the applicant has the right cultural fit. Conversely, they demonstrate to the candidate who we are culturally, as well.”

This is exactly how Mary Jo Greenwood, an onsite program manager at Advantage xPO, sees her role and responsibilities. Greenwood serves as the recruiter to one of the country’s largest investment firms. “It is foremost in our model for us to essentially be an extension of the organization we serve,” she explained.

“In my current position, which I’ve been at for three and one-half years, I worked hard to understand the client’s mission, what it is all about and what the work environment culturally here is like,” Greenwood added. “This has helped me determine the kinds of job candidates that would be attracted to a company like ours, and vice versa.”

Her overarching goal is to ensure a cultural match between the company and the job applicant. “Certainly, I am looking for the skills or abilities the candidate has insofar as the client’s needs, but I am equally looking at the person’s values,” Greenwood said. “People have different personal characteristic’s that align well with different companies, but not all.”
To unearth these characteristics, Greenwood asks a series of carefully designed questions. “I try to have a conversation with the candidate,” she explained. “I might ask things like `Have you failed at a challenge in the past, and how did you deal with this? What did you learn about yourself that has prepared you for future challenges?’ Their responses tell me quite a bit about who they really are.”

In her experience, the highest rates of employee turnover have occurred in situations where there was cultural misalignment between the employer and the employee. “If a recruiter does not take the time during the job interview process to understand the applicant’s mindset, values, and ways of approaching things, and focuses exclusively on the individual’s skills and past job experience, hiring the person often backfires,” she said.

By knowing the client’s culture and truly living it in all their interactions, Advantage xPO recruiters effectively disappear into the clients they serve. As Cato succinctly put it, “For all intents and purposes, we are the client.”
Endnotes

i “The People Make the Place,” Benjamin Schneider, Personnel Psychology

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