



# Cultural Considerations In Hiring

## **Inside you will learn:**

- Why Corporate Culture Matters
- 2 Problems with Defining Corporate Culture
- 5 Ways to Assess Cultural Fit in Hiring
- How Important Cultural Fit is to the Bottom Line

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## Table of Contents

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- I. Introduction .....3
  - A. Defining corporate culture.....3
  - B. Why corporate culture matters .....4
    - 1. Psychological and economic wellbeing .....4
    - 2. Costly corporate misfits.....4
- II. Problems with defining corporate culture .....5
  - A. Goals versus values.....5
  - B. Understanding what is unspoken .....5
- III. Interviewing for cultural fit.....6
  - The Five P’s: A Client Assessment for Matching Culture® .....6
    - 1. Power .....6
    - 2. Push .....6
    - 3. Pace .....6
    - 4. Play .....7
    - 5. Principles.....7
- IV. Conclusion .....8
  - Find Out More .....8
  - Bibliography.....9
  - Author Bios .....10

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*Corporate culture is an amalgam—a blend of the values, beliefs, taboos, symbols, rituals and myths all companies develop over time.*

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## I. Introduction

The concept of corporate culture garners significant media buzz today and not all of it is good. In the news we learn that important mergers between goliath multinationals never finally actualize, not because of failure to come to financial agreement, but because of a “misfit” of corporate cultures. We are told that the real cause of notorious financial scandals like those at Enron were not so much the fault of individuals involved, but of that nebulous culprit, the “culture.”

At the same time, business publishing is exploding with volumes offering to help us “build a corporate culture,<sup>1</sup> “tweak” our corporate culture,<sup>2</sup> or tailor our corporate culture specifically for “mentoring” or “team building”. Websites, conferences and seminars abound with advice for changing corporate culture, creating an inspiring corporate culture, and developing an intuitive corporate culture.

What really is corporate culture, anyway? And how has it come to occupy so much importance both in the media and in the decision-making process of businesses large and small?

### A. Defining corporate culture

Perhaps the simplest definition of corporate culture is the oft-cited: “it’s the way we do business.” But all companies do business. And corporate culture is actually much more complex and amorphous than that. In truth corporate culture is an amalgam—a blend of the values, beliefs, taboos, symbols, rituals and myths all companies develop over time. From this amalgam every company develops its own set of rules and regulations, its own style, its distinctive “personality.”

Contrast the edgy, Frisbee-flying start-ups of the 90s against traditional button-down cultures like IBM or UPS. Compare the 8-page Human Resources Leave and Absence policies of many of today’s corporate giants with Motleyfool’s succinct “do an amazing job and take the time you need”<sup>3</sup> version. You begin to see how distinct—and how divergent—corporate cultures can be.

Where any individual fits comfortably on this corporate culture spectrum will determine not only how much time it will take to adapt, but how quickly he or she can expect to succeed and to lead others to success.

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*According to 49% of CEOs, the ability to maintain a common corporate culture and understand local customs and ways of doing business are the two factors on which global business depends.<sup>5</sup>*

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## **B. Why corporate culture matters**

Clearly, corporate culture is important. It defines the driving forces, values and tempo of the organization. Moreover, it deeply affects the effectiveness of individuals based on their personality and work style. To illustrate: shortly after stepping down as chief executive officer of IBM Corp. in 2002, Louis V. Gerstner addressed MBA students at Harvard Business School. “The thing I have learned at IBM,” he said, “is that culture is everything.”<sup>4</sup>

### **1. Psychological and economic wellbeing**

Studies have shown that culture affects employees in various ways, from their ethics to their willingness to call in sick. Poor cultural fit can be the cause of poor morale and negative attitudes that permeate throughout an entire organization. Discontent can lead to poor work product and slowed productivity and can influence recruiting, employee turnover, and public perception of the company’s wellbeing.

Even once the situation has been identified and corrected—and the mismatched employee eliminated from the corporate equation—there may be far-reaching negative consequences to the organization which take time, patience, and often costly management intervention to reverse.

### **2. Costly corporate misfits**

Damage from mismatched leadership is hard to quantify. After that key executive has moved on—often with bad feelings on both sides of the relationship—the leadership vacuum must be filled again. Recruiting experts like Bradford Smart find that mishires are frequently “misfits” for corporate culture. Since statistically a staggering 50% of all employment situations result in a mishire,<sup>6</sup> the implications of cultural mismatch start to show themselves in hard numbers.

- The U.S. Department of Labor estimates the cost of mishiring a \$100,000 per year manager at \$300,000.<sup>7</sup>
- Other estimates run the gamut from a conservative 10 times the executive’s base salary<sup>8</sup> to an astounding 24 times that salary.<sup>9</sup>

Obviously those organizations choosing to ignore cultural considerations in their hiring and recruiting approaches will do so at some financial peril.

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*Experienced Executive Search professionals can help companies articulate their culture so that it is reflected in the position description, the search, the interviewing process, and in hiring negotiations.*

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## II. Problems with defining corporate culture

As Keith Swenson of William Mercer has noted, “If you can define the culture in some ways, then you can hire for it.”<sup>10</sup> But unfortunately that isn’t always easy. Problems often arise in hiring because companies are confused about their corporate culture or because they are not consciously aware of it.

### A. Goals versus values

According to Morris R. Shechtman, author of *Working Without a Net: How to Survive & Thrive in Today’s High Risk Business World*, “99 out of 100 companies confuse their goals with their values.” He explains that “goals are where you’re going; values are how you’re going to get there. Values are absolutely critical, but most companies don’t know what those values are. They’re intent on where they’re going, not on how they’re going to get there.”

Organizations that fail to identify their core values tend to make the same hiring mistakes over and over again. “If you don’t know what your culture is, you’ll keep replicating the same problems in every hire,” says Shechtman. “We see that epidemically throughout corporate America.”<sup>11</sup>

### B. Understanding what is unspoken

In other instances the corporate culture may manifest itself very clearly, but because its cultural attributes haven’t been “spelled out” in policies, advertising, or other company communications, even long-term employees and managing executives may not be highly conscious of it. There are multiple examples of unspoken elements of company culture, the most obvious being in dress codes. For instance, like the business suit and tie is modeled but not codified.

But other clues to corporate culture appear if you know where to look for them. A complex organizational chart may reveal a company operating within a rigid hierarchy as opposed to a loosely structured organization where executives may even function without titles. Other indications can be found in the type of sponsorships or philanthropic activities a company participates in, its physical layout—even artwork displays and décor.

Executive search professionals can help companies articulate their culture so that it is reflected in the position description, the search, the interviewing process and in hiring negotiations.

### III. Interviewing for cultural fit

Conducting an executive interview is a highly complex task in and of itself. But extracting from that interview the elements of an individual's personality, behaviors and value system that make for good "chemistry" or "fit" with the hiring company's culture can be extraordinarily difficult—unless the interviewer has both the experience and a process for doing so.

Toward that end, CarterBaldwin has developed a client assessment mechanism that works to define, articulate and match culture. We have found that most cultural nuances can be delineated by what we call the **Corporate Cultural Considerations**, or **The 5Ps**.

#### **The Five Ps: A Client Assessment for Matching Culture®**

- 1. Power** – We must determine if the power of the organization is primarily concentrated at the top, with decisions made by a small group or single individual and then executed by organizational subordinates. Or if the power is more delegated, often requiring a general consensus before decisions are reached and enacted upon. One way of determining an individual's fit for a culture is to ask him/her about big decisions that were made at the prior company while s/he were there, and then to ask exactly how those decisions were made. What ownership is s/he willing to take for bad decisions and how much blame is placed on "those" who made the decisions.
- 2. Push** – With these questions we determine how much "push back" an organization tolerates and how much it expects. While few clients set out to hire "yes men", there are significant differences in how long an organization will allow an executive leader to stand his/her ground before s/he is expected to concede and comply. Some organizations expect significant push back and have a culture where the executive who cannot forcefully defend his/her point will not be effective. Ultimately, it is important to measure the true aggressiveness of the organization as it aligns with the aggressiveness of a prospective candidate.
- 3. Pace** – One of the most telling attributes of culture is pace. Not only do we consider how quickly an organization makes decisions, but just as importantly how quickly do the most respected leaders speak, move, walk, etc. This also speaks to work ethic and what is considered "a hard working individual" within the organization i.e. working on weekends, early/late hours, only traveling during non-prime

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#### *The 5 Ps: A Client Assessment for Matching Culture®*

- 1. Power*
  - 2. Push*
  - 3. Pace*
  - 4. Play*
  - 5. Principles*
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business hours and what is the generally accepted work-life balance in that company. A mismatch in this area, even for a candidate who meets every other qualification, will almost always produce cultural rejection.

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*... the number one determinant of ethical conduct is the corporate culture. The more ethical the company's culture, the more integrity employees will display.*

*Likewise, the more lax a company, the more prone employees are to break the rules.<sup>11</sup>*

*Ethics Resource Center,  
2005 National Business  
Ethics Survey*

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**4. Play** – While it may seem insignificant, the way that an organization plays together is a defining component of its culture. Are social activities a prominent part of the work life? Do executives frequently go to lunch together, or play golf with each other? Is there a lot of camaraderie, or are people expected to buckle down work and socialize on their own? Another aspect of play takes into consideration the actual activities found in a culture. Companies can run the gamut from early morning bible studies to happy hours, and finding a candidate who aligns with play is a critical step to finding a candidate who aligns with work.

**5. Principles** – Few of us have met someone who would admit to being unethical. We are all ethical. We just define ethics in a manner that qualifies us and justifies our value system. For purposes of determining cultural fit, we define “principles” as the willingness to compromise one’s own values (corporate or personal) in order to achieve a highly valued goal. In other words, at what point would you violate your own standards in order to accomplish something very important? Even with the expertise of a competent Industrial Psychologist, this can be a tough quality to measure.

In measuring principles, one helpful consideration is to narrow the bandwidth. With each of the other cultural qualifiers (power, push, pace, and play) most organizations and most individuals can place themselves somewhere along a very broad continuum. For instance, someone may score themselves a “2 out of 10” on the play continuum; nobody would ever score themselves a 2 on the principles chart. We therefore ask client companies and candidates to rate themselves somewhere between a 9 (rarely will compromise their values for the greater good) and a 10 (absolutely NEVER compromise their values). In so doing it becomes nominally easier to identify candidates who will struggle in an ethically ambiguous environment.

## IV. Conclusion

The ability to assess candidates who will flourish in a particular corporate culture is a hallmark skill of the retained Executive Search industry. Because retained Executive Search is client centered, the ability to comprehend and explicate the client's corporate culture is critical to the ongoing relationship. The best firms excel at:

- Taking the time to understand the corporate culture and helping the client, when necessary, to articulate it.
- Crafting a position description that reflects that culture while assuring both legal compliance and opportunities for the right candidate.
- Employing expert interview skills and proven methodology for getting behind the resume's bullet points to behavior and values.
- Ensuring that culture choices aren't based on ethnic, racial or gender issues.

The ideal conclusion to a successful search is a client and a candidate who understand each other, appreciate each other's values and beliefs, and are eager to work toward shared goals. The skills, patience and time directed at uncovering the "fit" factors for corporate culture are well worth the effort and investment.

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## Find Out More

We hope you've enjoyed this paper on cultural considerations in hiring. If you'd like to discuss any of the approaches or insights in this white paper, we invite you to call to speak with anyone on our partnership team.

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## Author Bios



**Dave Clapp** is Managing Partner for CarterBaldwin. In addition to his executive leadership for the firm, Dave leads CarterBaldwin's B2B technology & business/professional services practice areas. In addition, Dave also focuses on select B2C executive recruitment assignments for brand and consumer driven businesses.

Before joining CarterBaldwin, Dave was SVP & GM for Thomson Reuters Corporation with P&L responsibility for the global indirect tax software and service business portfolio. His organization delivered tax & accounting software and managed services solutions to Fortune 1000 and mid-market customers and processed over 1MM tax returns and \$20B in tax remittances annually to 10,000+ state & local jurisdictions.

Prior to his years as a business GM, Dave was VP of Business Development for Thomson where he led strategy and acquisitions for the company's corporate tax & accounting division. In addition to his strategy responsibilities, Dave was personally responsible for spearheading and negotiating a number of key acquisitions for the company. Dave was also a member of the Executive Committee of Thomson Reuters' \$1B tax & accounting business, playing an active role in global expansion, product and human capital strategies for the company.

Prior to Thomson Reuters, Dave was a founder and senior executive of Tax Partners, responsible for sales and marketing. Under his leadership, the company grew rapidly from a VC funded startup into the nation's largest indirect tax outsourcing business and was successfully sold to Thomson in 2005. Earlier, Dave held senior leadership positions in marketing and brand management with the Coca-Cola Company and Cadbury Schweppes. Dave started his career in sales with the Xerox Corporation.

Dave has a Masters in Management from the Kellogg business school at Northwestern University and a BA in Political Science from Lawrence University. He and his wife Mary Anne live in Marietta, GA and have four children. Besides his family, Dave loves running, cooking and pretty much anything that allows him to be "active and outdoors."

## Author Bios



**David M. Sobocinski** is a Founding Partner of CarterBaldwin and has been with the firm since its inception. His practice is across Fortune companies and Middle Market Private and Private Equity backed entities primarily in Commercial and Consumer Services as well as Manufacturing arenas. Dave's portfolio of searches includes corporate and divisional presidents and their direct staffs, primarily in the domestic market.

Before founding CarterBaldwin, Dave led a regional search firm to national prominence, expanding it throughout the Mid-Atlantic and New England markets, resulting in two consecutive listings on the Inc. 500. Prior to executive search, Dave was in the consumer products industry, where he had responsibilities for business development and sales across the Southeast. He earned his Bachelor of Science degree from James Madison University.



**Price Harding's** clients range from industrial and technology companies to non-profit organizations and vary in size from entrepreneurial and venture-backed start-ups to multi-billion dollar corporations. He has been principle consultant on more than 200 successfully completed recruiting engagements while building two successful companies in his twenty-plus years of executive search. With a strong specialization in senior management selection and team alignment, Price's recruitment consulting focus includes searches for C-Level leadership, officers, and directors for both privately held and publicly traded companies, and non-profits.

In addition to his responsibilities at CarterBaldwin, Price currently serves as Chairman of United Technology Group, and on the boards of High Tech Ministries, The Technology Association of Georgia and The Trinity Forum. His articles have appeared in various publications and he has been quoted in INC Magazine, The Wall Street Journal, The Atlanta Business Chronicle and numerous industry and trade magazines.

Prior to entering the recruitment industry, Price served as Director of Manufacturing Operations for Astechnologies, an Atlanta based company that produced hydraulic presses that were used in the manufacture of automotive headliners. He received his Bachelors Degree in Theology from Baptist University of America, and conducted Masters level studies in Pastoral Counseling at Temple Baptist Seminary in Chattanooga.

Price and his wife, Nancy, have two married daughters and live in Atlanta, where they walk to Buckhead Church most Sundays.

## Author Bios



**Jennifer Poole Sobocinski** is a Founding Partner of CarterBaldwin. Jennifer has achieved regional and national recognition for her skill and expertise in executing “C” level officer, and board of director level searches for public and private clients. Her clients range from start-ups to Fortune 500 companies in the manufacturing, industrial, and technology sectors.

Under her leadership, CarterBaldwin has achieved more than 400% revenue growth since its founding in 2001, been named twice to the prestigious Inc. 500 list of fastest growing privately held companies, been named among Atlanta’s Top 10 Retained Search Firms, and has expanded the organization’s presence throughout North America. The recipient of numerous awards and recognition in the search industry as a consistent top producer, Jennifer was recognized by Catalyst Magazine as being among Atlanta’s Top 50 Entrepreneurs.

Prior to founding CarterBaldwin, Jennifer was the leading search consultant for one of Atlanta’s top search firms. She began her professional career as a Financial Advisor in the Financial Services Sector.

Jennifer is on the Board of Women in Technology, a professional organization in Atlanta. She is also an active member of TAG (Technology Association of Georgia).

Jennifer is a graduate of Auburn University with a degree in International Business and Finance.



**Bill Peterson** co-leads CarterBaldwin’s nonprofit and academic practice, recruiting senior leaders for state university systems, private education institutions, nonprofit entities, healthcare organizations and related companies. With over fifteen years of executive search experience, Bill has successfully led hundreds of searches for chief executive officers, presidents, provosts, vice presidents and deans for private and public institutions, as well as senior level executives for corporate clients.

Before joining CarterBaldwin, Bill spent six years in the Atlanta office of a national search firm as a partner, leading the firm’s healthcare and higher education practice. Bill’s earlier search experience focused in the health care sector where Bill recruited and led clinical and physician searches for North American health systems and academic medical centers.

Bill graduated from Liberty University with a bachelor’s degree in political science. He and his family have frequently opened their home to foster children and are actively involved with Fostering Together at North Point Community Church. Bill serves on the advisory board of the Atlanta Mission. He has been married to Angela for more than twenty years and they have three children.