



**Hiring for Culture Fit:
The Talent Management Trend
You Can't Afford to Ignore**



What is culture fit?

When many people hear the term ‘culture fit’ they think of an organization’s mission statement or key values, but in reality defining culture fit is much more comprehensive and complicated. Culture fit is the degree to which someone currently reflects the beliefs and values of an organization. It’s important to note that this doesn’t mean hiring people who are exactly alike in terms of background or experience, but to find those who embody key organizational values. There are many benefits to hiring employees who embody the cultural values of your organization that we will explore in this article.

Why hiring for culture fit is on the rise:

The trend of hiring for culture fit is becoming more popular as HR practices mature and become more strategic. More emphasis is being placed on meaningful work over pay, and employees tend to prefer to work for a company aligned with their values. While technical skills are still important, organizations are now seeing the benefit of hiring based on behavioral qualities such as integrity and a willingness to learn. However, an increasingly competitive job market means there are plenty of candidates with the technical ability, but many are lacking in core behavioral qualities. Hiring for culture fit represents an opportunity to address this issue head-on. Clearly, culture should be a focus for organizations that want to attract more people. According to The Talent Board, a research group that studies the job candidate experience, 41 percent of candidates actively research the company’s culture before applying¹.

¹ <http://www.forbes.com/sites/joshbersin/2015/03/13/culture-why-its-the-hottest-topic-in-business-today/2/>

Benefits of hiring for culture fit:

There are many hidden problems and costs associated with not paying attention to culture fit. According to a 2012 CareerBuilder poll, 41% of companies have experienced an average cost of \$25,000 per bad hire. Also from the poll, 67% of employees were considered bad hires due to lack of competency and job fit, while 60% did not work well with other employees, indicating a lack of culture fit². By defining your organization's values and integrating them in your organization, you can attract employees whose values are in alignment with yours, and screen out non cultural fit candidates. Hiring for culture fit can lead to:

-  **GREATER**
JOB SATISFACTION
-  **BETTER**
PERFORMANCE
-  **IMPROVED**
EMPLOYEE HEALTH
-  **INCREASED**
EMPLOYEE RETENTION
-  **STRONGER**
STRATEGICALIGNMENT

² <https://www.careerbuilder.ca/share/aboutus/pressreleasesdetail.aspx?sd=5/8/2013&id=pr757&ed=12/31/2013>



How competencies make a difference:

While workers are increasingly placing culture at the top of the list, Deloitte's 2015 Global Human Capital Trends survey reported that culture is the number-one challenge for companies worldwide. So, how can competencies make a difference when it comes to culture fit? Organizational culture has been defined in a variety of ways, ranging from a collection of behavioral patterns, espoused values and deep-seated assumptions, to 'the way things are done around here'. Culture is a complex concept, but competencies can help define an organization's culture in an observable way. Competencies can help translate an organization's key values into concrete, day-to-day workplace behaviors. These behaviors then reinforce culture by helping employees understand what is important to the organization.

These competencies can be used when hiring new employees, and afterwards when you can reinforce values and culture during the onboarding process. You will be able to give feedback based on these competencies, allowing employees to continually improve their performance. You can also ensure that high potential employees are put on a leadership track, allowing your organizational values to continue under new management.





Hiring:

Let's now look specifically at how culture fit and competencies can positively impact your hiring practices. When hiring you can't choose someone solely based on their resume, as the most talented employee on paper might not actually be a good cultural fit. Besides the fact that hiring someone who is a poor fit can cost over half of that person's salary, it creates a poor work environment³. So how can the hiring process be improved? Ideally, the hiring process would be structured, consistent, and not bogged down by hypotheticals.

Competency-based interviews can help to keep the hiring process planted in reality, because competencies define those crucial on-the-job behaviors that define success. You are able to ask questions that apply to specific competencies, such as "Can you tell me about a time when you showed a customer that you valued their perspective?" Questions like these are the best way to test a potential employee's suitability beyond simply testing their knowledge. Most organizations develop a set of questions for each competency in the organization, so that interview scripts can be quickly assembled based on the competency requirements of the job.

While technical skills are important, the importance of soft skills in virtually every industry is steadily increasing as well. But it can be challenging to test a candidate's soft skills. How do you evaluate skills such as integrity and initiative? Competencies can translate each of these soft skills into observable, on-the-job behaviors, so that interviewers can formulate questions that are specific and produce more quantifiable, less ambiguous responses.

³ <https://www.tinypulse.com/blog/why-hiring-for-cultural-fit-is-important>



Engagement:

Today an organization's culture is more on display than ever, which means it can either be a key competitive advantage or a downfall. Leaders today generally lack an understanding of how to define their organization's culture. Working conditions have changed in the past several decades, along with how we engage employees.

Companies with highly engaged employees can hire more easily, deliver stronger customer service, have low voluntary turnover, and are more profitable overall. However, many organizations measure engagement poorly. In the past, many have used annual engagement surveys, but these are outdated, expensive, and ineffective. In fact, according to a study by the Gallup polling firm, only 13% of the global workforce is highly engaged⁴.

While the complexity of keeping a variety of employees engaged isn't going away, competencies can help to manage it. By translating some of the hard-to-define job requirements into observable behaviors, competencies enable the organization and its employees to understand and develop these capacities more effectively. And that makes it easier to build career development processes that are transparent, accessible, and empowering. Competencies give employees greater career mobility and more control over the direction their career takes, while ensuring they are still growing in accordance with the organizational culture.

⁴ <https://www2.deloitte.com/us/en/insights/focus/human-capital-trends/2015/employee-engagement-culture-human-capital-trends-2015.html>



Leadership:

Ultimately, the issues of culture and engagement are driven by leadership. While most leaders are held accountable for business results, organizations must begin holding leaders accountable for building a strong and enduring positive culture, and engaging and retaining their teams. Leader behavior creates culture because leaders instill their personal values in the organizations they create through their decisions, hiring choices, and more. When unified behaviors, values, and beliefs have been developed, a strong organizational culture emerges.

Competencies create a common language for communication, taking organizational culture down to the behavioral level. You can leverage a competency framework to build processes that drive your organization in a specific direction. For instance, performance management according to core competencies reinforces the behaviors that embody culture fit. A leader who enables an organizational culture that is supportive, balanced, and provides opportunity is valued and has a positive effect on morale and job satisfaction.

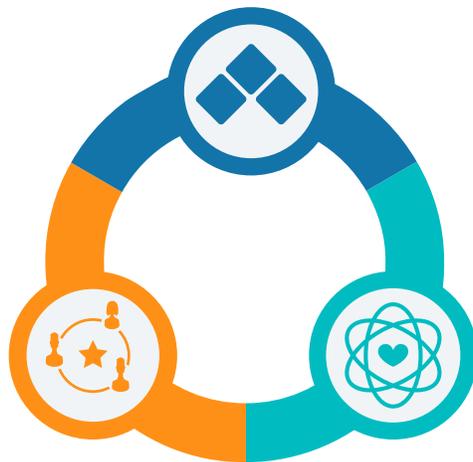




How to identify the key competencies to drive excellence:

So we've now discussed the benefits of hiring for culture fit, and how competencies can make a positive impact in that area. We've also looked specifically into how culture fit impacts specific talent management areas. Now, let's bring it back to competencies and discuss how you can identify the key competencies to drive excellence.

Core competencies are the most essential to culture fit. They include very general/ generic competencies that all employees must possess to enable the organization to achieve its mandate and vision (e.g., Teamwork or Client Focus or Achieving Excellence). These competencies describe, in behavioral terms, the key values of the organization and represent competencies that are organizational strengths or help the organization differentiate itself from its competitors.





1. Begin with your Mission and Vision Statements: Strong core competencies come from a clear perspective of where you plan to go. If you have written value statements you should also review those now. These will likely be incorporated into your new core competencies.



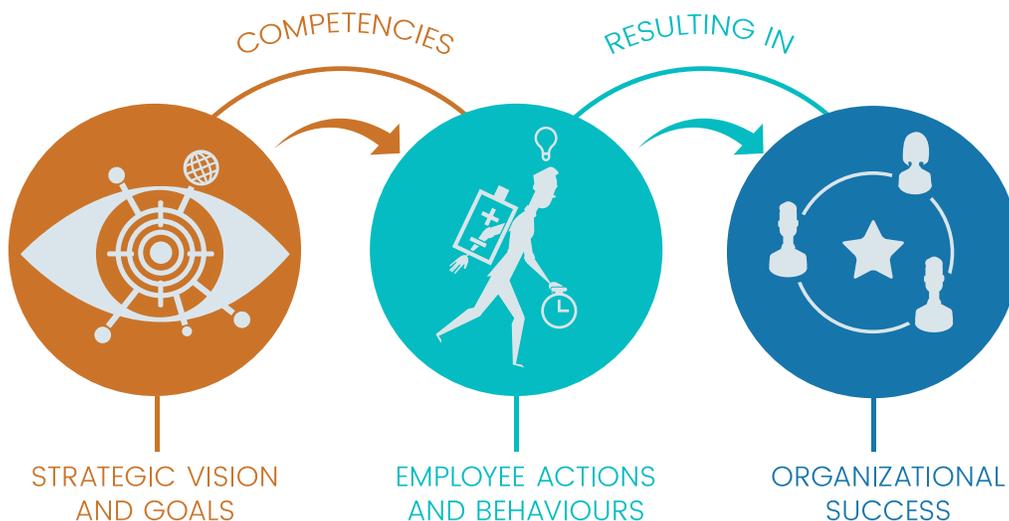
2. Understand your Business: It seems simple and trivial, but do you really understand what your organization does, how it does it and who does what? Perhaps you will send out a questionnaire to all of your staff asking for input on what they feel makes your organization special. You might complete a thorough job analysis of all of your roles to better understand what everyone does. Do whatever you need to do to know more.



3. Draft Your Core Competencies: Remember these are competencies that are unique to your organization. Many people often start with pre-built competencies, as it saves time and money. But, it is worth spending the extra effort on customizing those competencies to truly reflect your organization's core values. If you have the resources to develop from scratch, you will ensure that you have captured the unique essence of your organization's vision and values.



4. Implement the Core Competencies: Your core competencies must be integrated into your regular business practices to actually make a difference. This might mean including them in everyone's performance evaluations, reorganizing a production line or having clients more involved in a planning process. Set measurable objectives for your core competency implementation and report back on your progress to everyone in your organization.





Tools to enhance the benefits of culture fit:

If you're using competencies to improve culture fit in your organization, you should also be making use of tools to assess their effectiveness. Competency assessments are a key tool to determine how an employee is performing in their current role, and how they fit with future job prospects. An effective competency assessment tool should give you the ability to look beyond the individual and understand the make-up of your entire workforce. By examining the competency strengths, weaknesses and gaps across the organization—or within specific divisions or groups—you can make more informed decisions regarding training initiatives, allocate resources more effectively, and align development opportunities with corporate goals. Providing employees with easy-to-use assessment tools helps them see how they fit within the organization and empower them to seek out development opportunities that are beneficial for themselves as well as the organization.

To use competency assessments for performance or development purposes, you need to be able to measure an employee's performance against a set benchmark, whether that is their current job or future career aspirations. Look for an assessment tool that enables you to measure an individual's competencies against the competency requirements for a specific job in order to identify gaps that can be addressed through targeted development activities, and strengths that would make an individual a good fit for future career progression. You may also want the ability to assess employees against critical organizational competencies in order to evaluate the organization's cohesiveness or its collective capacity to differentiate and compete in a crowded marketplace.



In conclusion, although defining culture fit can be complicated, it is a crucial part of fostering organizational success. Good culture fit can be tied directly to increased prosperity in hiring, learning and development, leadership, assessments, and more. Competencies have been demonstrated to be an excellent tool for helping organizations define and communicate their cultural values, and companies that use them have seen benefits across the entire talent management spectrum.



Source list

<https://www.paycor.com/resource-center/articles/how-to-achieve-diversity-in-the-workplace/>
<https://www.cornerstoneondemand.com/resources/how-tos/align-competencies-with-core-company-values-to-create-the-culture-you-need/>
<http://resources.hrsg.ca/blog/why-culture-and-competencies-are-hr-essentials>
<http://resources.hrsg.ca/blog/using-competencies-to-enhance-workplace-diversity>
<http://resources.hrsg.ca/blog/how-personalization-is-changing-improving-hr>
<http://resources.hrsg.ca/blog/top-5-things-to-look-for-in-a-competency-assessment-tool>
<https://resources.hrsg.ca/blog/everything-to-know-about-competency-based-assessments>
<https://www.tinypulse.com/blog/why-hiring-for-cultural-fit-is-important>
<http://resources.hrsg.ca/blog/improving-hiring-outcomes-with-pre-screening>
<http://resources.hrsg.ca/blog/3-ways-competency-based-interviews-improve-hiring-outcomes>
<https://www.jobstreet.com.my/career-resources/5-common-ways-cultural-fit-affects-career-development/#.WibRVUqnG70>
https://www.researchgate.net/publication/263938182_Aligning_leadership_and_organizational_culture_The_leader-culture_fit_framework_for_coaching_organizational_leaders
<http://resources.hrsg.ca/blog/defining-a-competency-architecture-and-all-of-its-components>
<http://resources.hrsg.ca/blog/6-key-steps-to-selecting-core-competencies>
<http://resources.hrsg.ca/blog/how-to-create-a-competency-based-job-profile>
<https://www.shrm.org/hr-today/news/hr-magazine/pages/0209grossman2.aspx>
<https://www.aplin.com/blog/hiring-for-cultural-fit-what-you-should-know>
<http://www.brandonhall.com/blogs/when-assessing-culture-fit-it-pays-to-get-personal/>

For more than 25 years...

Organizational excellence through competency-based talent management

Since 1989, HRSG has focused on competency-based talent management using best-practice, multi-level competency content. We provide a complete range of competency tools, including multi-level competencies, CompetencyCore software, consulting, training, and fast-track support packages that help organizations develop and deploy competencies in a fraction of the time.

To discuss your competency initiative and see the HRSG multi-level competencies in action, call us at 1-866-574-7041 or email info@hrsg.ca.

HRSG

© Human Resource Systems Group. All rights reserved.
Tel: 1-866-574-7041 www.hrsg.ca info@hrsg.ca