

**"The role of social factors in the
selection process:
Why who you know and where
you are from matters."**

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Leaders for the Digital Economy

Acquisition of Human Assets

- The selection and recruitment of high-quality employees provides firms with competitive advantages (Barney, 1991; Coff, 1997)
- Reasons:
 - Scarcity, Specialization, & Tacit Knowledge
- However, firms face a major problem - information asymmetry, which produces great uncertainty in evaluating prospective employees.


Extant Selection Literature

- Focus on Asocial Factors
 - Match attributes of job applicants with the needs and strategies of the organization
 - Examples: Personality, Values, and/or Skills
(Guion, 1992; Snell 1992; Wright & McMahan, 1992)
- Examine Interpersonal Networks
 - Employee Referrals (e.g., Williams, Labig, & Stone, 1993)



Anecdotal evidence, however, suggests that decision makers may also use social information, such as credentials, network ties, reputation and brand when acquiring and evaluating human assets.

- Predatory hiring practices
 - Amazon hiring from Wal-Mart
 - Microsoft hiring from Borland
 - Google hiring from Microsoft
- Reliance on credentials when determining pay
 - S&P 100 executives with MBA earned 19% more than executives without the degree
 - However, between 2002-2004 firms whose CEO's had MBA had significantly lower shareholder return than firms whose CEO did not have the degree (7.4% versus 9.9%)



“In spite of the fact that we know organizations are relational entities, in which individuals interact and compare themselves with others, many of our analyses take the individual alone as the unit of analysis and do not attempt to incorporate notions of social structure into either theory or empirical research (Pfeffer, 1991, p.800).”



Goal of this Research

- Broaden the focus of HR research to examine how both asocial and social factors influence human asset acquisition in firms.

Firm Reputation

- Reputation
 - An organization's ability to create value relative to competitors (Fombrun, 1996; Fombrun & Shanley, 1990)
- Reputation reduces the uncertainty stakeholders face in evaluating potential suppliers of needed products and services (Weigelt & Camerer, 1988; Benjamin & Podolny, 1999)
- Reputation influences stakeholders' economic choices vis-à-vis the organization (Benjamin & Podolny, 1999; Deephouse, 2000)



Research Question

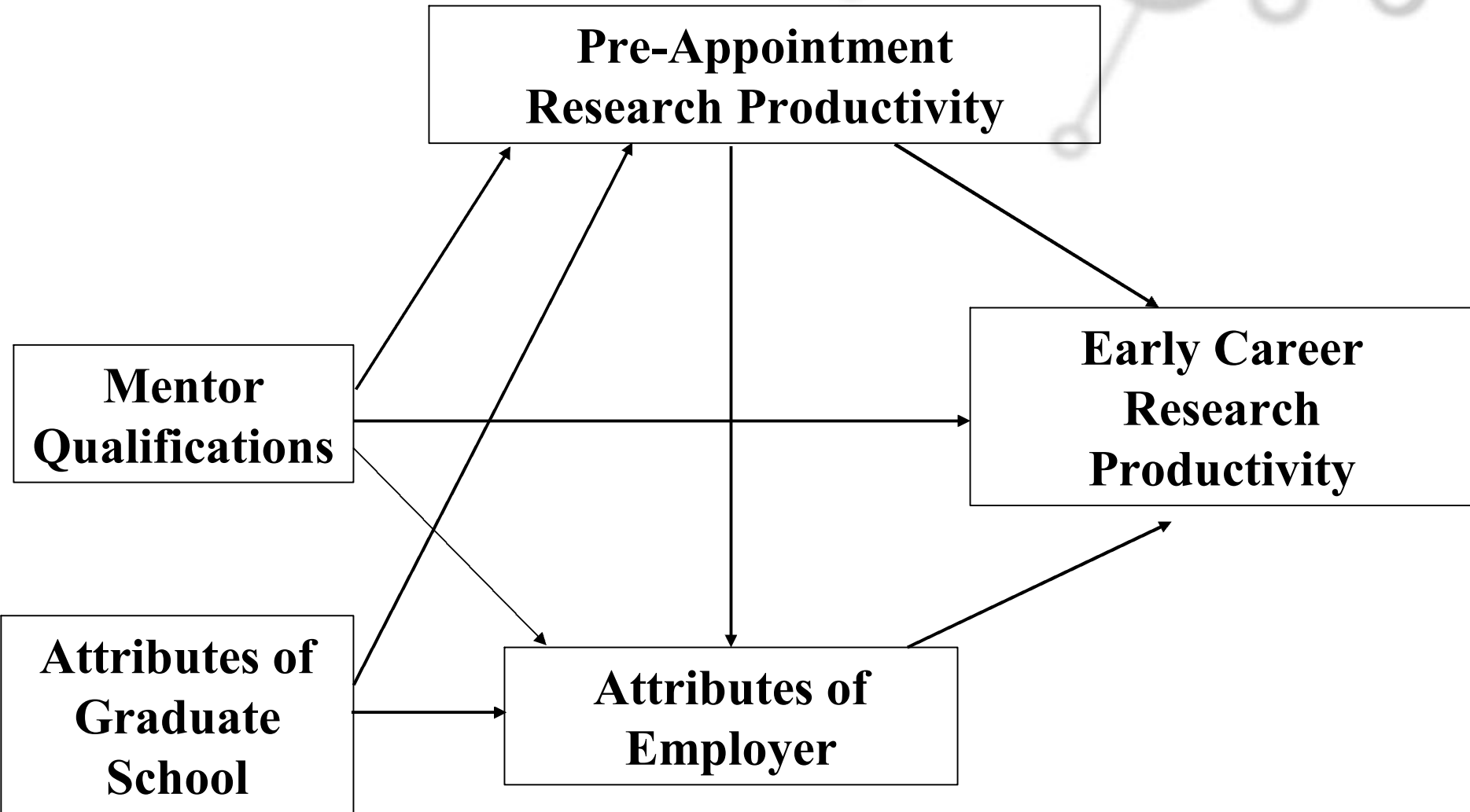
What affect does firm reputation have on the placement and longitudinal performance relative to other factors?

Predicting Early Career Research Productivity: The Case Of Management Faculty (Williamson & Cable, 2003)

Sample:

- Management faculty in their first job after their doctoral program
- Hired by one of the 95 U.S. AACSB accredited business schools with doctoral programs
- Started position between 1987-1992
- Working Sample of 155 faculty members

Hypothesized Model of Early Career Research Productivity




Predictors of Performance

- Mentor Qualifications
 - Chairperson-authored Journal Publications
- Attributes of Graduate School
 - Department Public Reputation
 - Department Scholarly Output
- Behavioral Consistency Theory
 - Pre-Appointment Academic Journal Publications
 - Pre-Appointment Conference Presentations
- Attributes of Employer
 - Academic Placement Department Public Reputation
 - Academic Placement Department Scholarly Output

Early Career Performance

- Post-Appointment Academic Journal Publications
- Post-Appointment Conference Presentations

Variables	Post-Appointment Publications		Post-Appointment Conference Presentations	
	Years 1-3	Years 4-6	Years 1-3	Years 4-6
Chairperson Research Productivity	.31*	.24*	.34*	.21*
Pre-Appointment Publications	.23*	.24*	.28*	.06
Pre-Appointment Presentations	.27*	.11	.24*	.37*
Academic Placement Departmental Scholarly Output	.22*	.06	.23*	.23*
Academic Placement Public Reputation	-.02	-.06	.09*	-.01
Graduate School Departmental Scholarly Output	.01	-.01	.01	.01
Graduate School Public Reputation	.05	-.01	.09*	.05
Gender	.06	.08	.08	.04



Variables	Academic Placement Public Reputation	Academic Placement Departmental Scholarly Output
Chairperson Research Productivity	.02	.13
Pre-Appointment Publications	.05	.23*
Pre-Appointment Presentations	-.10	.10
Graduate School Departmental Scholarly Output	.12	.03
Graduate School Public Reputation	.51*	.25*

Conclusions

- **Chairperson research productivity was the best predictor of new faculty research productivity relative to other variables in model.**

Research Productivity of Chairperson	Faculty Post-Appointment Publication Productivity	Faculty Post-Appointment Conference Presentation Productivity
Lower Half of Sample	1.4	2.3
Upper Half of Sample	2.7	4.0

Conclusions

- **New management faculty benefited from working in environments that allowed them the opportunity to interact with other successful researchers.**
- **Graduate school reputation has a very strong influence on academic placement but *does not* influence performance.**

Unanswered Questions



- What is organizational reputation?
- What are the antecedents of organizational reputation?
- How does organizational reputation influence new hires salaries?

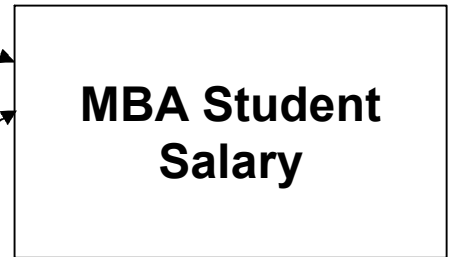
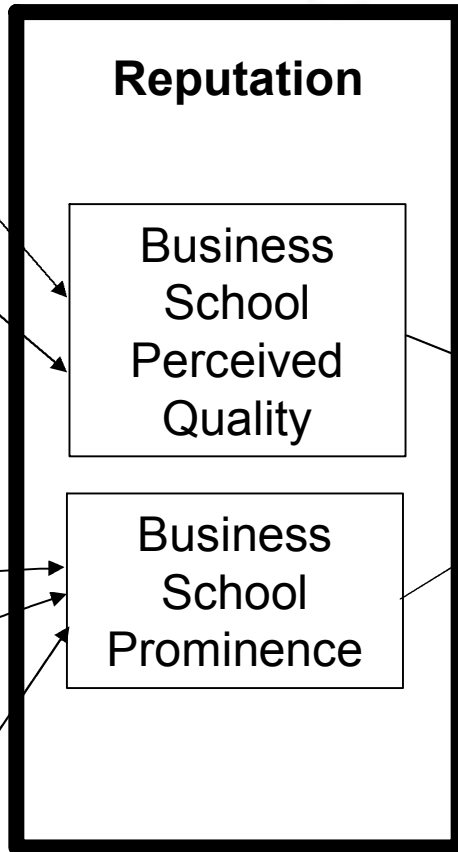
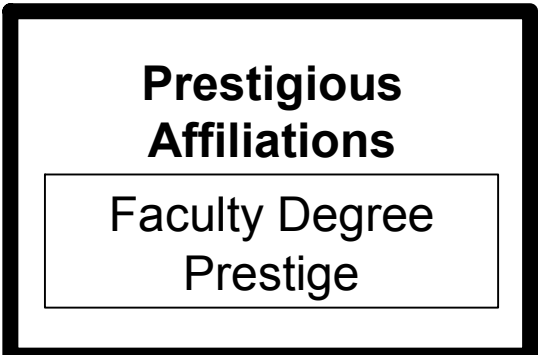
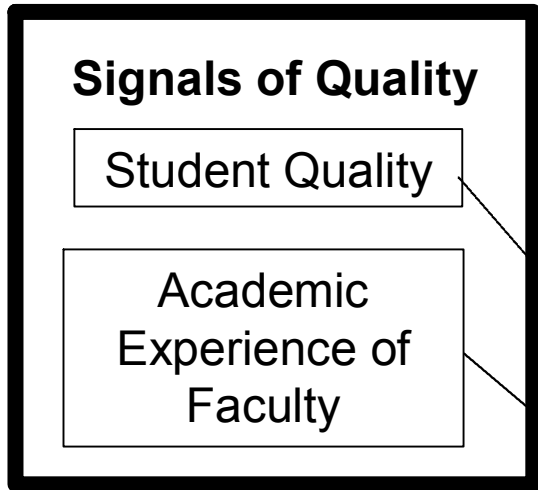
Being Good or Being Known: An Empirical Examination of the Dimensions, Antecedents, and Consequences of Organizational Reputation (Rindova, Williamson, Pektova, & Sever, 2005)

Sample

- 1600 corporate recruiters ratings of 107 U.S. Business school MBA programs in the year 2000 as part of an electronic survey conducted by *Harris Interactive* for the *Wall Street Journal Business School Rankings*

Two Dimensions of Reputation

- *Perceptions of quality*
 - Rooted in economics perspective
 - Refers to customers' expectations of how a given firm's products will perform on certain dimensions
 - Organization's ability to produce quality products
- *Prominence*
 - Rooted in institutional perspective
 - Collective awareness and recognition that an organization has accumulated in its organizational field



Measures of Reputation Dimensions

- Prominence
 - Recruiters were invited to select 3 schools to rate
 - Prominence score = Total number of recruiters who chose to rate a given school
 - Nomination procedure captures the relative prominence of business schools among recruiters as a stakeholder group
- Perception of quality
 - Recruiters' ratings of a school on 13 attributes related to student quality
 - Cronbach's alpha = .98; $R_{wg} = 95$

Perception of Quality Measure

Recruiters rated business schools on the following attributes, on a scale from 1 to 10, where 1 = "poor performance, does not meet your needs", and 10 = "excellent performance, meets your needs very well."

- ❖ Communication and interpersonal skills
- ❖ Original and visionary thinking
- ❖ Leadership potential
- ❖ Ability to work well within a team
- ❖ Analytical and problem-solving skills
- ❖ Strong international perspective
- ❖ Strategic thinking
- ❖ Ability to drive results
- ❖ Specific functional expertise
- ❖ Adaptability, including the ability to deal with ambiguity
- ❖ Fit with the corporate culture
- ❖ Entrepreneurial skills
- ❖ General management point of view

Measures

- **Signals of Quality**

- Student Quality

- Average GMAT scores of students (1998/1999)

- Experience of Faculty

- Avg. years of academic experience of a business school's faculty

- **Recognition from Institutional Intermediaries**

- Media Rankings

- *Business Week* ranking of a business school (1998)

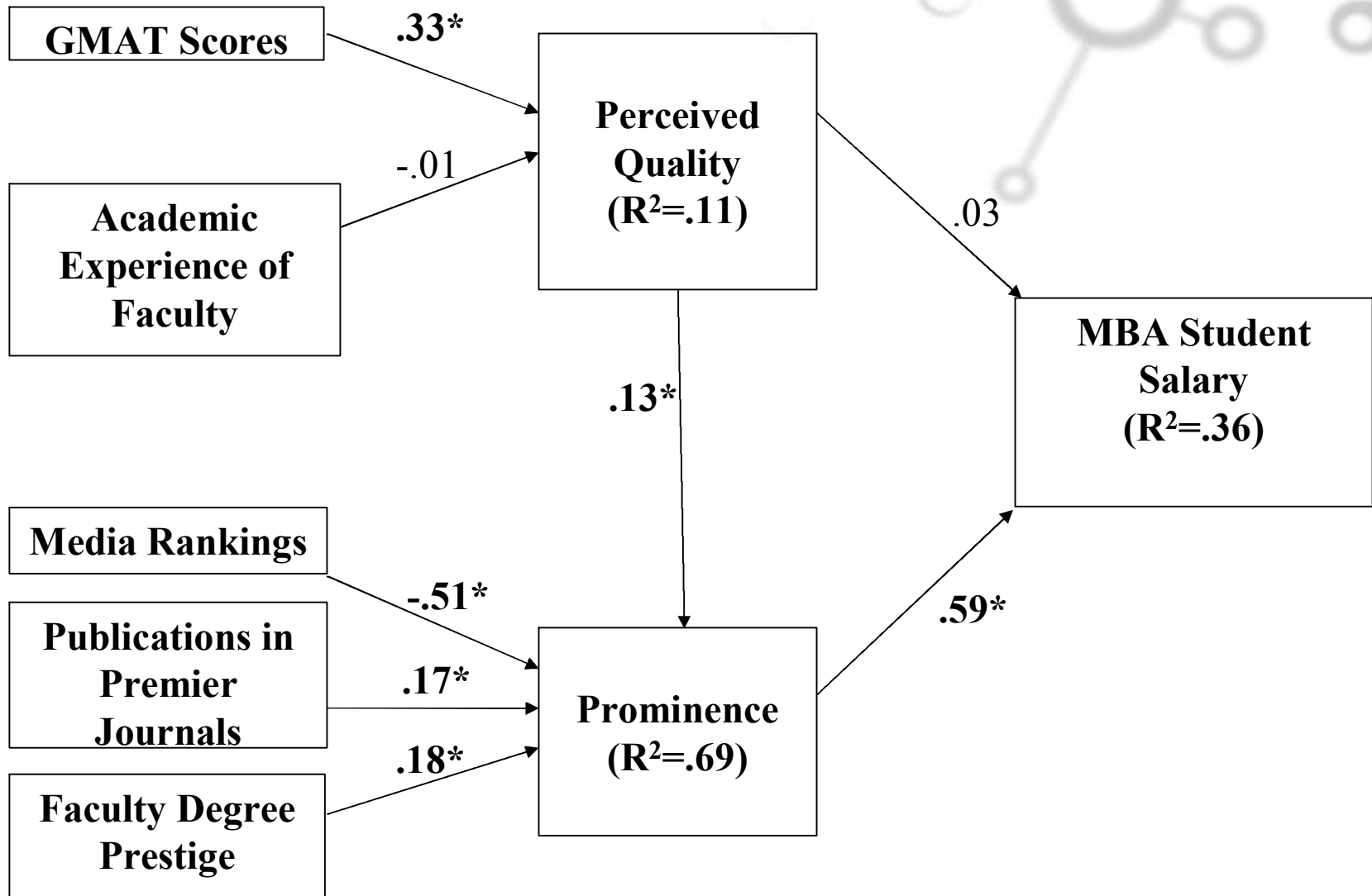
- Faculty Publications

- Total faculty publications in 36 premier scholarly journals from 1996-2000

Measures continued...

- **Prestigious Affiliations**
 - Prestige of faculty's Ph.D. degrees MBA Student Salary
- MBA Student Salary
 - Mean starting base salary (2000)

Path Analysis Results



* $p < .05$

Conclusions



- Organizational prominence strongly influenced salary companies will pay MBA graduates
- Media coverage, Certifications, and High Status affiliation all influence organizational prominence.
- Perceived quality has only a small indirect influences on salary decisions

Summary



- Decision makers are heavily influenced by reputation when making hiring decisions
- Yet, reputation is not necessarily a strong predictor of objective performance

Why might this occur?

- Hiring from high reputation institutions may provide the hiring firm with social capital benefits.
- Human assets from high reputation firms may be viewed as safe choices
- Lack of knowledge or understanding about alternative hiring methods (e.g., assessment centers, SJT, etc.).
- *Potential opportunity for selection and recruitment professionals*