

WHAT OPPORTUNITIES

DO YOU SEE NEXT?

Cityscape By City HR Association

The How and What of Performance – Hiring in a Bear Market

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The City is notorious for turning a blind eye in bull markets; no one cares about the 'how and what' of performance when the performance is the best on record. Of course, as soon as this performance goes south, everyone runs for

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shelter. It may be a cliché, but the expression 'It's not what you do but the way that you do it' was never truer than in today's troubled financial markets. Companies that were falling over themselves to report record earnings are now asking where did it all go wrong, why didn't we see this coming, and how can we avoid making the same mistakes?

A cent of insight can be worth millions, if companies know where to look. Underperforming systems undoubtedly have a role to play, but these will always be a convenient scapegoat – as with anything in this world, it's about people. The investment banks employed individuals (at all levels) who were excellent at the jobs they were hired to do; clever, creative and with impeccable track records. Looking exclusively at their technical skills and capabilities, these were not hiring errors. However, this fails to appreciate the how and what of performance; that actions have consequences and that what we need is not just performance but sustainable performance.



The answer is clear: companies who only screen for professional skills do not have the full facts. Screening for personal attributes and leadership style gives you an opportunity to identify and understand risk and possible derailers. The additional insight can prove invaluable both before (what are the risks if we hire this person?) and after (how can we manage those risks and develop this individual) the hiring decision. This information becomes particularly important when situational pressures affect both an individual's behaviour and organisational blind spots that put firms at serious risk when the financial tides turn.

So what do financial companies need to know about the people they hire in good times and in bad? First, that there are common patterns in the ways people react to crises and pressures. They either default to a more extreme version of themselves, or act in ways that can be avoidant, controlling or emotional. Their judgment can lapse and they can take unethical, high-risk or even illegal actions. Understanding individual personal leadership styles will help to identify what can happen when things go wrong and also how to manage when the pressure is on. A second consideration for a firm that wishes to manage high-cost selection risks involves looking internally – to what extent is there an implicit culture of tolerating questionable behaviour during the good times when people bring in the profits? Does anyone really challenge these people on how they behave? How do they manage ethical 'grey' areas? Can we afford not to know how people behave in the face of pressure or temptation? What do we really need to understand beyond 'show me the money'?

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