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## Recruitment Policy vs. Recruitment Process

### Espoused Theory and Theory-in-Use<sup>1</sup>

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presented at the EGOS conference at Warwick, 1999.

#### Abstract

This paper argues that recruitment policy does not influence the recruitment process in terms of internal vs. external recruitment, whereas control systems will have an impact on the recruitment process by shaping the decision assumptions, upon the basis of which recruitment decisions are made. We use the framework developed by Argyris and Schön (1974) to illustrate that there is a discrepancy between, on one hand, recruitment policy, and on the other recruitment decision assumptions, which guide actions resulting in organisation norms and the outcome of the recruitment process, i.e. the manager. Thus, although corporations tend to have recruitment policy of internal recruitment, this does not necessarily coincide with the assumption that internal candidates are the best in a recruitment decision. The framework is furthermore used to depict that recruitment policy (espoused theory) does not influence recruitment decisions to a large extent, whereas recruitment decision assumptions (theory-in-use) do. We suggest that control systems have an influence on recruitment decision assumptions and thereby the choice between and possibility for internal or external recruitment, due to presence of and need for internalised knowledge of corporate norms and values, affecting whether internal candidates will have a competitive advantage in the recruitment process. This reasoning is exemplified with a case study of a large Swedish corporation.

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<sup>1</sup> \* The work this paper represents was funded by The Bank of Sweden Tercentenary Foundation.

In controlling a corporation's resources by deciding what resource is to be developed, maintained or disused, managers are one of the most important resources a corporation has. Not only do managers control a corporation's resources, however, as managers themselves represent a resource in the corporation. The resource of managers is produced through a selection and recruitment process, in which the corporation decides upon either making, i.e. internally promoting, or buying, i.e. externally recruiting, the resource, i.e. the manager.

This paper addresses the question of when managers are internally promoted and when they are externally recruited. The authors will argue that although many corporations tend to have an internal recruitment policy, this does not influence the recruitment process to a large extent, as they still tend to recruit managers externally. Instead, the recruitment policy will be compared to espoused theory, as presented by Argyris and Schön (1974), which does not influence behaviour, but rather represents how it is explained and idealised afterwards the behaviour has been displayed. What influences behaviour is instead theory-in-use, which in the specific context of recruitment is represented by the assumptions based upon which recruitment decisions are made.

Furthermore, it will be argued that control systems influence such recruitment decision assumptions in that they will define what value is placed upon prior knowledge of corporate values and norms, as control systems will tend to affect or define employee thinking and behaviour. Control systems will thus influence whether internal candidates will have an advantage in the recruitment process, due to prior knowledge of corporate values, and whether external recruitment is probable or indeed possible, due to need for prior knowledge of corporate values. Thus, not only do managers control a corporation's resources partly by use of control systems, the managers, as a resource, are themselves produced partly due to the influence of control systems upon recruitment decision assumptions.

### ***Disposition of the paper***

The paper will begin by introducing some previous research in order to present the research area, in which this paper is to be understood. Presentation of previous research will however mainly be concentrated to the key issue of in what situation internal or external recruitment will tend to occur.

As mentioned, the paper will treat the recruitment context in terms of espoused theory and theory-in-use. In order for us to do so, we will first present the general content of this theory, beginning with a presentation of the two terms of espoused theory and theory-in-use. After this, a framework by Argyris and Schön (1974) will be presented, in order to

display how espoused theory and theory-in-use are related, as well as how they are related to other variables such as action and how one will perceive one's world. The framework has also been expanded, in that the new variable of control systems, which influences theory-in-use, has been inserted.

After having introduced the general framework, it will then be used in the specific context of the recruitment process. Recruitment policy and recruitment decision assumptions are discussed in terms of espoused theory and theory-in-use, after which the framework is used to analyse the recruitment policy, process and outcome, concentrating on the emphasis that control systems will tend to have.

The relationship between recruitment policy, recruitment decision assumptions, recruitment process, control systems and the outcome of the recruitment process will then be exemplified with a case study, where the method, which has been used, is discussed before the case company and findings and analyses of the study are presented.

Finally, the paper concludes with a summary and discussion of the relationships of the introduced variables included in the recruitment process.

## **PREVIOUS RESEARCH IN THE AREA OF RECRUITMENT**

As with other markets, a perfectly competitive labour market presupposes that no firm could hire a large proportion of employees available on the labour market and that no costs would be associated with searching for, or changing, positions. Furthermore, a perfectly competitive labour market assumes perfect information concerning the structure of the market, that potential employees would be homogeneous in respect to skills and competencies or equivalently that all positions on a market would require identical competencies. Finally, firms would make profit-maximising decisions and individuals rational utility-maximising ones. (Barney and Lawrence, 1989)

The above assumptions indicate a problem of most labour markets tending to be considered imperfect ones. There are for example costs in searching for potential employees and candidates tend not to be homogeneous. Not only are candidates for a position commonly heterogeneous, however, the recruitment process is further made more confusing due to the difficulty of evaluating a candidate's ability, leading to the problem of discerning in what way the candidates are heterogeneous. In a recruitment process, there is therefore a problem of difficulty in evaluating which candidate is the best one, leading to a high degree of uncertainty in most recruitment decisions.

Earlier research in the area of recruitment has involved the importance of variables such as education (Blaug, 1976; Mincer, 1974), job vacancy rates and career patterns (Doeringer & Piore, 1971; Spilerman, 1977), early career attainments (Rosenbaum, 1984), age (Lawrence, 1984), likeness to the recruiter (Kanter, 1977), quality of one's personal network (Granovetter, 1974, 1981) etc. One could say that these variables are taken into account by the corporation, consciously or subconsciously, due to the difficulty of assessing a person's ability. The recruiter will try to reduce information uncertainty by using such proxy variables to predict a person's future behaviour, which implies that although the recruiter will try to make profit-maximising decisions, the basis upon which they are made may not be conducive to such decisions.

Apart from the difficulty of evaluating a candidate's ability, not many researchers address the question of when recruitment is made internally and when it is made externally. However, this could also be seen as a signal of ability in that prior experience may be seen as an advantage and therefore, a signal of prior knowledge of corporate norms and values. Nevertheless, internal or external recruitment is a prior assumption to most theories regarding the selection process (Williamsson, 1975).

Research has previously taken the view that internal labour markets are most effective (Williamsson, 1975), due to neither superiors nor subordinates possessing sufficient information to predict future labour requirements and conditions, as well as promoting on-the-job learning through more skilled and less skilled employees. Also, internal labour markets tend to establish procedures and rules, which reduce the incentive to engage in short-term opportunism by both parties and thus the need for monitoring. In the context of recruitment, internal recruitment would seem rational, as being able to directly observe a candidate would seem to reduce information uncertainty in the recruitment process. However, the view of internal labour market effectiveness is not shared by all, as will be exemplified by the following citation of Osterman (1984).

“Taken as a whole, this approach seems unsatisfying. It is easy to establish efficiency-limiting aspects of internal market procedures. For example, senior provisions may prevent those most able from attaining jobs in which their talents are best used. More generally, the rules and procedures of internal markets considerably limit management discretion concerning deployment of this labor force. For proponents of the efficiency-based explanation to prevail, they must assume on a matter of faith, since no data are available on costs and benefits of different procedures, that the arrangement that dominates is, by definition, the most efficient. The theory is reduced to tautology.”

(Osterman, 1984, p.9)

One researcher who does address the question of internal or external recruitment assigns choice of internal or external recruitment to the question of supply, as he proposes that

availability of appropriately skilled, professional labour can limit a corporation's interest in training and concern with turnover (Sonnenfeld, 1989). Thus, scarcity of a particular labour type will induce the creation of internal labour markets and vice versa.

Furthermore, corporations have been divided into core and periphery corporations, where core firms are represented by large corporations, which sell their products in concentrated markets, whereas periphery corporations' products face a high degree of competition. The core corporations tend to offer high rewards, more opportunity to acquire transferable skills and more opportunities to advance within the corporations. These policies may be the result of greater resources, and will tend to aid the corporation in retaining the talent that has been developed. On the other hand, periphery corporations' market position is also reflected in their recruitment actions, as they tend to have a higher turnover and a higher degree of external recruiting. Greater stability in a corporation's environment may tend to be reproduced in a corporation in it being able to use resources for the benefit of internal purposes. (Oster, 1978; Ryan, 1984; Sadowski, 1982 in Sonnenfeld) However, this theory does not explain for occurrences of for example small computer corporations enforcing internal recruitment and high compensation in order to retain competence within the corporation.

Sonnenfeld (1989) introduces a theory of career systems depending on a corporation's position according to the two dimensions openness of internal labour market and cohort competition (Sonnenfeld, 1989). However, rather than concentrating on what influences choice of either internal or external recruitment, this theory has openness of internal labour market as a dimension in its model. It does not attempt to explain why one corporation will tend to be more open than another.

Continuing the literature review concerning internal vs. external recruitment, we have found one Swedish researcher, who does address this choice (Cox, 1986). This contribution is made in more of an prescriptive nature, as Cox (1986) advises corporations to recruit internally rather than externally. However, specific situations are mentioned that may be the cause for external recruitment, e.g. unsatisfactory supply, start-up of corporation or project, recruitment of entrepreneurs, radical change, when new knowledge or competence is needed and at extremely fast expansion.

This literature reveals that the choice of internal or external recruitment may be an assumption of theories, rather than being treated by them. Concerning the researchers that do address this choice, Sonnenfeld (1989) uses openness as a dimension in his model, but does not attempt to explain this openness, which is the purpose of this paper. Furthermore,

Cox (1986) provides us with a checklist when external recruitment may be necessary, but attempts no efforts at explaining why such external recruitment is necessary, nor are the assumptions behind this reasoning addressed. Furthermore, earlier research does not seem to address the relationships between on recruitment policy, process and the outcome of this process, i.e. the manager.

## GENERAL CONTENT OF ARGYRIS' AND SCHÖN'S FRAMEWORK

This paper argues first, that recruitment policy and recruitment decision assumptions differ, and second, that recruitment policy is a form of espoused theory and that it will not influence the recruitment process, whereas recruitment decision assumptions, the equivalent of theory-in-use, will. In order to analyse the recruitment process in those terms, espoused theory and theory-in-use will be presented in this section. In short, they can be described as how one explains one's behaviour and what actually governs one's behaviour. As this paper argues that recruitment decision assumptions and not recruitment policy influence the recruitment process, a framework for analysing the relationship between espoused theory and theory-in-use, as well as the influence of theory-in-use upon behaviour and how one perceives one's world will be presented. Furthermore, this framework incorporates five other variables, with which the relationship between the above variables can be analysed and which also present possible dilemmas in a social setting, depending on the relationships of the other variables. Finally, the issue of going from an individual level to an organisational one in using the framework will be discussed, as the original framework is concerned with a micro individual level, whereas in this paper, it will be used on a macro level in an organisational setting.

### *Espoused Theory and Theory-in-Use*

The framework presented in this paper (Argyris and Schön, 1974) was the result of research concerning theories, or rather ideas used in practice, by which individuals live and how they may be altered in a learning context, for example as organisational learning. This includes the idea that people have trouble learning new behaviour, due to not so much the inherent difficulty of the new ideas, as to the existing ideas, which are presently used in practice. Such operational theories were called theories-in-use as opposed to the espoused theories, which are used to describe and justify behaviour.

“When someone is asked how he would behave under certain circumstances, the answer he usually gives is his espoused theory of action for that situation. This is the theory of action to which he gives allegiance, and which, upon request he communicates to others. However, the theory that actually governs his actions is his theory-in-use, which may or may not be compatible with his espoused theory; furthermore, the individual may or may not be aware of the incompatibility of the two theories.”

(Argyris and Schön, 1974, pp. 6-7)

A theory-in-use cannot simply be learned by asking a person, although it may be constructed from observations of that person’s behaviour. The knowledge of what to do in a given situation in order to produce an intended consequence represents the theory-in-use for that specific situation. Thus, theories-in-use involve assumptions about the self, others, a specific situation and the relationships between situation, action and consequence. In attributing theories of action to all people showing deliberate behaviour, the scope of the knowledge exhibited in theories of action becomes immense.

As stated by Argyris and Schön (1974), the full set of assumptions about human behaviour constituting theories-in-use represents a psychology of everyday life. They are strategies for achieving what a person wants, but also represents a means for maintaining certain kinds of constancy. They do this by providing programs, which specify what factors, so called governing variables, such as for example energy level and self-esteem, are important to us and also how they can be managed. However, as theories-in-use also tend to be self-reinforcing or even self-sealing, they come to be valued for themselves for the constancy in perception of the world, which they provide. This may cause conflict, as inefficiency of theories-in-use in maintaining constancy of governing variables may cause a wish to change a theory-in-use, but such change may also be avoided, due to a wish of keeping one’s perception of the world intact. Thus, in a choice between achieving goals and keeping one’s world-picture constant, a person may choose not to attain one’s goals.

After the terms of espoused theory and theory-in-use and the relationship between them have been discussed, the framework will now be presented, as it provides a means for analysing relationships between the variables of espoused theory and theory-in-use, as well as behaviour and world perception. The framework also enables dilemmas caused by these variables or the relationships between them to be perceived.

### ***The Framework Relating Espoused Theory, Theory-in-use, Action and Behavioural World***

The framework of Argyris and Schön (1974) will now be introduced, in order to present how espoused theory and theory-in-action relate to each other, as well as to other variables. The framework also facilitates an analysis of the relationships between variables and possible

dilemmas caused by them. As can be seen in figure 1 and as has been discussed earlier, espoused theory and theory-in-use can be positioned against each other, resulting in either congruence or incongruity. Furthermore, the figure depicts the assumption that espoused theory is separated from action and only serves to explain and idealise it afterwards. Instead, it is theory-in-use, which influences action, as people act according to the requirements of the governing variables of their theories-in-use. Theories-in-use will also tend to influence how an individual will perceive the surroundings, i.e. the behavioural world. This is a world created by human convention and continued by human choice, rather than being an inherent nature of reality. Concluding a feed-back circle, the behavioural worlds themselves will tend to be used as validation for those same theories-in-use by which the behavioural worlds have been created, and will therefore tend to further reinforce them.

One problem with having theories-in-use is thus depicted by this framework, in that they tend to be self-sealing. As theories-in-use shape action and behavioural world, while still using action and behavioural world as reasons and validation will tend to enforce a circular logic, where a feed-back loop is dependent on the prior assumptions. One example of such a problem is made by Argyris and Schön (1974), where they present a teacher with the self-sealing problem of assuming that his students are stupid. In assuming that the students are stupid, the teacher acts as though they are in fact stupid. By clearly letting the students know that he thinks the students are stupid, the teacher will ask such questions that elicit stupid answers from them, thus enforcing stupid behaviour from the students. The teacher will then test his theories by different tests and although he himself enforces stupid behaviour in the students, his theories will be reinforced by it. Thus, the longer the teacher and the students interact, the more firmly will the teacher be in his theory-in-use of them being stupid.

Apart from these four main variables, the variable of control systems has been included in the figure, as it will later be argued that control systems will shape a corporation's theory-in-use within a context of the recruitment process. Due to its contextual nature, it only appears in bold style, as do the other variables, which will later be analysed within the specific context of the recruitment process. They will not be mentioned here, as this section is reserved for presenting the general content of Argyris' and Schön's (1974) framework, but have been depicted in figure 1, so as to facilitate understanding of the next section, where this framework will be used in the specific context of the recruitment process while not having to repeat a presentation of the framework.

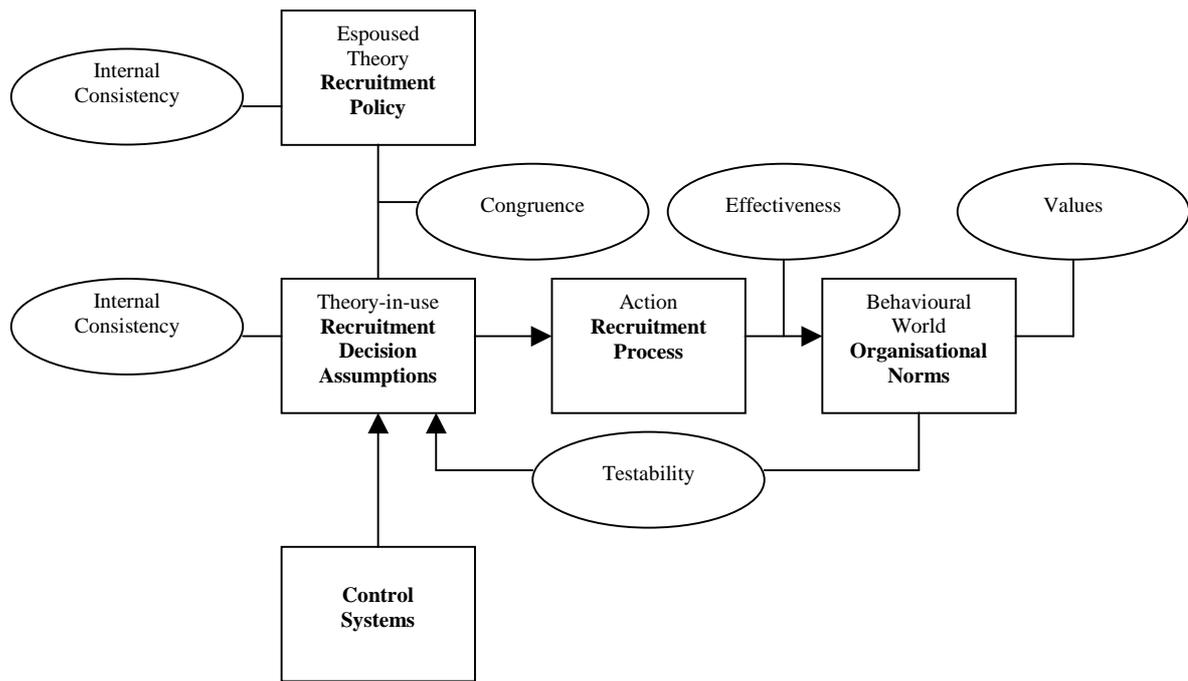


Figure 1. Argyris' and Schön's Framework with contextual variables of the recruitment process in bold style and variables analysis and also possible dilemmas are depicted as circles.

Apart from the earlier discussed variables there are five more, with which the previously discussed variables, espoused theory, theory-in-use, action and behavioural world, can be analysed and which represent possible dilemmas in or between the other variables: Internal consistency, congruence, effectiveness, testability and values. Before discussing the variables and dilemmas in more detail below, the relationships between them will first be briefly described.

Internal consistency is analysed for each of the two variables of espoused theory and theory-in-use, as a description of how internally consistent the theories and the assumptions of the theories are. Congruence, on the other hand, represents a means for analysing fit or consistency between the variables espoused theory and theory-in-use. Espoused theory and theory-in-use are related in the way that espoused theory represents what one says one is doing, whereas theory-in-use represents what one actually does do. Thus, theory-in-use influences action and behavioural world. Effectiveness is a variable, with which one can analyse how well actions enforce the behavioural world that theory-in-use would lead to without the mediating variable of action. Effectiveness is therefore not used when analysing espoused theory, as this will not influence action. The model also depicts a feedback loop, as theory-in-use influences action, which in turn leads to a behavioural world, which is then used to validate and reinforce theories-in-use. How well the behavioural world

can be used to reinforce or gainsay theory-in-use in turn depends upon how well the theory-in-use can be tested, i.e. the testability of the theory in a specific situation. Apart from these analytical variables, there is one more variable, which represents a normative dimension of the framework. This variable is represented by the values of the behavioural world. After having analysed the other variables, an individual would finally also ponder whether the behavioural world, created by the process involved in the framework, would be considered a positive or negative one. Depending on the answer, the individual would perceive a propensity for stability or change.

These variables will now be presented in more detail, using the concepts and examples of Argyris and Schön (1974). Furthermore, the dilemmas of internal consistency and congruence will be discussed in more detail than the others, as these represent the two earlier discussed main conflicts of getting what one wants and keeping one's world picture constant, which will be more relevant than the other dilemmas in the subsequent use of the framework in the specific context of the recruitment process with the additional influence of control systems.

***Internal consistency*** Simply put, internal consistency refers to absence of self-contradiction. However, in the framework of the above model, internal consistency also relates to the governing variables of the theory, such as assumptions about self, others and the behavioural setting. A key issue is that although a theory may not be inconsistent in itself, the theory, representing a goal to be achieved, may involve different propositions requiring separate efforts, which would interfere with, and be counterproductive to, one another in attaining different goals, thus representing internal incompatibility.

Internal inconsistency therefore not only represents such statements as for example a speaking silence. It can also consist of inconsistencies due to the governing variables. For example, a theory of action may require two propositions: Encourage participative government and keep people calm. If participative government can take place while people remain calm, the theory is internally consistent. However, if people tend to be very interested and have high stakes in the issue of participative government, such a discussion would not be held without people becoming agitated and no longer remaining calm. Under such circumstances, the theory would be considered internally inconsistent, if not logically inconsistent.

Inconsistency may thus have the consequence that, as for example a theory-in-use has assumptions that are inconsistent, the goal or governing variables of the theory-in-use would be difficult, if not impossible, to achieve. However, the dilemma of internal

inconsistency can be manipulated by introducing an action that would not be incompatible with a governing variable. Also, the ranges of governing variables can be extended into providing more lee-way for the actor and governing variables may also have different priorities, requiring the fulfilment of one, but not perceiving the fulfilment of another as so important that it would elicit inconsistency. Using the prior example, governing variables could be altered with the perception of people taking an interest in participative government being perceived as extremely important, while allowing for some degree of agitation as a symptom of interest. In such a case, if people remained relatively calm while arguing, the theory might not be perceived as inconsistent.

**Congruence** The most apparent meaning of congruence is fit between espoused theory and the behaviour of the person. Another meaning is allowing feelings to be expressed in actions. These two meanings complement each other in representing an integration of an internal state, i.e. what somebody aware of my feelings and beliefs would perceive, and an external state, i.e. what an outsider aware only of my behaviour would perceive.

An example of incongruity is the politician who sees himself as believing in participatory democracy, i.e. his espoused theory. At the same time he is using very manipulative and dishonest tactics in furthering his career. Another example of a politician is one who during election time advocates something, for example reducing unemployment, as his party's key issue. However, after election the party is not able to fulfil its promises. Indeed, the politician may have known in advance that they would not be able to fulfil such promises. In such a case, the politician may not believe in the espoused theory, but may have another way of perceiving himself and idealising his behaviour. If he sees himself as being pragmatic telling what people wants to here, there is no incongruity. If he sees himself as a people's man however, the incongruity may trigger uneasiness and a change in theory. Also, even if the politician does recognise his manipulations, others may recognise the incongruity and punish him by not voting for him anymore.

As people tend to value both image of self (espoused theory) and integration of believing and doing (congruence), a lack of congruence between espoused theory and theory-in-use could result in changing either one of them in the purpose of attaining a positive sense of self. However, the espoused theory needs to be central to the actor's self-image and the conflict needs to be emphasised by the environment for such a dilemma to surface. The degree of congruence will also tend to vary over time and be influenced by the kind of behavioural world, which is created. In a behavioural world of for example low self-deception

and trust, an individual would tend to feel safer in transforming an inner state into behaviour, rather than simply using an incongruent espoused theory to idealise one's behaviour.

**Effectiveness** When action according to the theory-in-use tends to achieve its governing variables, the theory is effective, i.e. when a theory-in-use attains the goals, which a person is trying to attain by using a specific strategy. Effectiveness is, thus, affected by governing variables of the theory, appropriateness of the strategies and accuracy and adequacy of the assumptions of the theory. However, theories-in-use will tend to become less effective with time, as one actor increasing personal effectiveness may induce dependency or other reactions in other actors, causing the actor to have problems in remaining effective.

For example, a person may attempt to keep others calm and controlled by suppressing conflict. However, such a strategy of suppression may instead increase hostility toward the actor, leading to an increasingly higher level of hostility and agitation. Thus, the strategy becomes less effective with time, as it neglects to take into account other individuals' reactions to the actor using a controlling strategy.

**Testability** In order to test a theory, the situation will need to be specified, as well as the desired result and the action through which the result will be achieved. Testing a theory involves evaluation of whether an action yields its predicted results, resulting in confirmation of the theory if it does, and disconfirmation if it does not. Thus, tests may be done in order to evaluate the effectiveness of the theory. However, this presents certain problems in that norms or values are to be tested, as theories-in-use tend to be self reinforcing and as it may require taking action and promoting motivation, whereas at the same time demanding a more scientific and critical stance.

For example, a manager may enforce a behavioural world of mistrust by for example punishing subordinates when they confess to having made mistakes or report on problem situations. In time, the manager will therefore receive less adequate information and will not be able to test his theories-in-use, which will then tend to become self-sealing, as no information gainsaying the theories-in-use will be able to be gained in the behavioural world that has been created by them.

**Values** Finally, the issue of the behavioural world created by the theory needs to be addressed. A theory may be congruent in its parts, it may be effective and testable, but if the behavioural world created by the theory is not positively perceived by the actor, what then is the use of it? This variable represents a differing one from the others in that the previous factors represented criteria for analysing espoused theories and theories-in-use. It thus

represents a normative element of the framework, in that an individual with its help will be able to evaluate the personal behavioural world and if changes need to be made.

An example of how a dilemma of values may occur, is when a manager at the same time values a situation of both trust and progress. However, the manager may use manipulative actions to increase progress, leading to subordinates perceiving those manipulations as a basis for distrust. Thus, values become incompatible due to enforcement of progress leading to an increasingly distrustful environment. The manager will then have to decide on what values are most important, progress or trust, or design other means to achieve progress without having to resort to manipulative actions, which will result in distrust.

In this section, the framework for analysing theories in action, including the main variables of espoused theory, theory-in-use, action and behavioural world, which in the subsequent section will have their recruitment process contextual counterparts has been analysed. Furthermore, the dilemma variables of internal consistency, congruence, effectiveness, testability and values have been presented along with examples of them. Next, the context of the recruitment process will be presented in the main terms of espoused theory, theory-in-use, action and behavioural world as well as presenting the new variable of control systems. The impact that control systems will tend to have on recruitment decision assumptions, process and outcome will also be analysed. Before using the framework in the setting of the recruitment process, the problem of individual and organisational level will however be discussed, as the presentation of the general content of Argyris' and Schön's framework up until now has concerned mainly the individual level, whereas it in this paper will be used on an organisational one.

### ***Individual and Organisational level***

Up until now the framework of Argyris and Schön (1974) has been discussed on an individual level in terms of one person's espoused theory and theory-in-use, although the introduction of dilemmas in certain variables introduced the possibility of using the framework in a more general organisation context. Nevertheless, the discussion of dilemmas still concerned one individual's, and in this case the manager's, impact on the surroundings and the behavioural world.

However, Argyris and Schön (1974) have themselves used the framework in several case studies by using role-playing and group discussions, although still focusing on the individual and personal theories. Nevertheless, the study was aimed at constructing models of theories-in-use, i.e. general characterisations of how the framework applies to

human behaviour. Those models would then describe a complex range of microtheories-in-use by members of society.

The result of this study was the description of so called model I behaviour. This behaviour included the governing variables of (1) defining goals and trying to achieve them, (2) maximising winning and maximising losing, (3) minimising generalising of expressing negative feeling and (4) being rational. Theories-in-use related to those governing variables, which represented strategies for action were (1) designing and managing the environment, (2) owning and controlling the task, (3) unilaterally protecting yourself and (4) unilaterally protecting others from being hurt. The result of such governing variables and action strategies were tendencies toward defensiveness and low freedom of choice, internal commitment and risk-taking. Model I behaviour was seen as prevalent in our society, which lead to the advice that persons should instead embrace model II behaviour, which included the governing variables of valid information, free and informal choice and internal commitment to a choice and constant monitoring of its implementation. This will however not be further discussed, as we will instead concentrate on why and how model I behaviour is reproduced if it tends to be so ineffective.

Argyris and Schön (1974) suggested that model I behaviour, as being inherent to our society, is reproduced by children learning it from parents, family, school and other social settings, through mainly two social mechanisms, attribution and social evaluation (Argyris, 1969). Attribution refers to attributing intentions to others without public testing and social evaluation refers to individuals privately comparing themselves to others without open testing. Both of these processes will tend to reproduce model I behaviour and especially so when an individual enters an organisation.

The assumptions of a special kind of rationality inherent to for example economics and technology when applied to organisations, suggest that in order for a person to achieve success in an organisation, a certain behaviour will be learned. This behaviour includes model I behaviour, in that it promotes focusing on task-behaviour in order to get the job done, focusing on behaving rationally in order to reduce interpersonal difficulties and focusing on controlling others by designing their world in order to shape their behaviour by alternatively punishing and rewarding them. (Argyris and Schön, 1974)

The above presentation of how the framework has been used by its creators suggests that not only can the framework be used at an individual level, as it has already been used find culturally reproduced behaviour, consisting of microtheories-in-use of several individuals. Furthermore, organisations have previously been used as a setting for the

framework, which indicates that not only may it be used in that way, the organisation environment may indeed be one of the ways in which model I behaviour is reproduced in society. Thus, the use of Argyris' and Schön's (1974) framework in an organisational setting on the recruitment process cannot be considered inconsistent with the intended use of the original framework.

## **SPECIFIC CONTEXT OF THE RECRUITMENT PROCESS**

In this section, Argyris' and Schön's (1974) framework presented in the previous section will be used in the specific context of the recruitment process, as this will illustrate and facilitate an analysis of the arguments of this paper, i.e. that recruitment policy does not influence recruitment outcome to a large extent, whereas control systems affecting recruitment decision assumptions will have such an impact. Thus, espoused theory and theory-in-use will be related to the specific context of the recruitment process in that they will be discussed in terms of recruitment policy and recruitment decision assumptions. In short, recruitment policy is the policy publicly adhered to by the company, whereas recruitment decision assumptions are the guidelines, which a recruiter consciously or subconsciously follows in making decisions concerning which candidate is the most appropriate one. Apart from discussing the relationship between recruitment policy and recruitment decision assumptions, the influence on recruitment decision assumptions by control systems will also be analysed. As in the section on the general content of Argyris' and Schön's framework (1974), the impact of recruitment decision assumptions upon the recruitment process (action) and organisational norms (behavioural world) will be discussed, as well as analysed in terms of internal consistency, congruence, effectiveness, testability and values. For a visual presentation of these relationships, see figure 1, in which the contextual variables, which will be discussed here, are displayed in bold style.

### ***Recruitment Policy and Recruitment Decision Assumptions***

The espoused theory in the case of a corporation's recruitment activities is represented by the recruitment policy as stated by the corporation in question, whereas theory-in-use is represented by the assumptions upon which the recruitment is actually based. As mentioned earlier, theories-in-use are rather difficult to observe, but may be inferred from the outcome of the recruitment process, i.e. the newly recruited employees. In this section, different espoused theories and theories-in-use in recruitment activities will be discussed. However, the

discussion will be limited to the terms of internal and external recruitment, as it will be argued that the recruitment theories-in-use are affected by what kind of control system the corporation employs, due to different value being placed upon a candidate having prior knowledge of the corporation. The two kinds of control systems, which will be discussed here are socialisation and bureaucratic control system, as they present opposites on a spectrum of formalisation, if not strength. Thus, it is the difference in formalisation of knowledge, which is important, as this will affect the need for prior experience of the and the value placed upon such prior experience.

Interestingly, it seems to be common for corporations to have an internal recruitment policy. An internal recruitment policy seems to be associated with the concept of human resource management (Hendry, 1995). There are two main streams in human resource management, represented by the two different perspectives of putting an emphasis on systems vs. putting an emphasis on people. Whereas one emphasises the function of human resources being a part and subjective to business strategic decisions, the other is of the opinion that managers should stop treating people like tools that are to be motivated (Hendry, 1995).

The differences between these two main streams exemplify that an internal recruitment policy need not be a state of nature, as the marketing toward employees of job security will increase possibility of them freely sharing their knowledge with the corporation and also them having a longer-term commitment toward the corporation in question (Pfeffer, 1998). When an internal recruitment policy thus can be understood in terms of marketing, it resembles the earlier example of the politician and therefore also an espoused theory, whose purpose in this case it is to idealise the actions of an organisation, rather than an individual.

“When someone talks therefore about ‘creating excellence through a culture of commitment’ and ‘managing cultures to create excellence’, while arguing also for personnel policies being linked with corporate objectives, we should beware. Such rhetoric obscures potentially incompatible definitions and ignores the reality of employment systems.”

(Hendry, 1995, p. 4)

Thus, it is not the recruitment policy, which serves more of a marketing function, which influences the recruitment process, but the theory-in-use of recruitment decision assumptions. The overruling governing variable in a recruitment process would tend to be recruitment of the best candidate available for the position. As mentioned in the section on previous research, the ability of a candidate is, however, difficult to evaluate and recruiters will thus use different proxies to try to evaluate ability and reduce information uncertainty. In general, such proxies could consist of as different variables as early career attainments (Rosenbaum, 1984) and personal networks (Granovetter, 1974, 1981).

In this paper, we consider the specific occurrence of when a corporation will be more open to external recruitment. According to the knowledge-based version of resource based theory (Spender, 1993), sustainable competitive advantage cannot be acquired on the factor market, but must be made within the organisation. It would also seem easier for a corporation to recruit internally, as this would not incur the costs or information uncertainty of external recruitment. However, we argue that an evaluation of a candidate's value will depend on what control system the corporation has, due to whether prior experience of the company is beneficial or not.

The following argument is based upon the perception that control systems not only represent measurement systems in that a manager's behaviour is evaluated, as these evaluation criteria also signal what is considered appropriate behaviour. Consequently, as behaviour and values are affected, control systems will have an impact on whether certain skills can be found in the organisation or not, whereby the recruitment process is influenced.

In short, a high degree of socialisation will result in specific behaviour being important for the corporation, which will give internal candidates an advantage in a recruitment decision, whereas a high degree of bureaucratic control systems has formalised such knowledge into rules and regulations. As values are not internalised in the corporation, the internal candidates will not have the advantage of knowledge of such values and external recruitment will tend to be more likely.

This reasoning is based upon expectancy theory (Anthony, Dearden and Bedford, 1989), which states that motivation for a certain behaviour depends upon a person's beliefs or expectancies about what outcomes will tend to result from a specific behaviour and the attractiveness a person attaches to those outcomes, in terms of the outcomes' ability to satisfy a person's needs. Thus, one will be shaped by what is expected from one by others.

***Socialisation*** The term of socialisation has been chosen instead of corporate culture not only due to the difficulties in defining what a corporate culture is and how to study it, but also due to the perception of socialisation as a management function of control. Whereas corporate culture may be described as an existence of strong values and norms within a corporation, socialisation is the mechanism by which such values and norms are taught to, and learnt by members of the organisation. Socialisation is a form of premise control, i.e. control is exerted prior to the action (Cyert and March, 1988), which means that appropriate behaviour is internalised by the personnel. Not only actions, but also thinking, is thereby influenced to include appropriate assumptions and values. This is related to how institutionalisation will tend to become self-reinforcing, after a while needing no rewards or

other intervening procedures, as once institutionalised social knowledge will tend to become a part of “the objective reality”, becoming a fact of organisational daily life (Zucker, 1977). Lack of displaying the right behaviour will result in subjective and personal consequences. Reinforcements of proper behaviour and thinking are in this context made in terms of peer approval, membership and leadership, whereas not presenting the appropriate action will result in the person’s behaviour being perceived as a deviation, which is punished by kidding, ostracism and hostility (Anthony, Dearden and Bedford, 1989).

A strong socialisation will affect the theory-in-use recruitment process in the following ways: First, managers who do not embrace the “right” values and display the “right” behaviour will have a lesser chance of being promoted. Second, the internal managers will have an advantage in the recruitment process, as they have learnt the right values and behaviour of the corporation, which external candidates have not. Third, a recruiter would tend to feel less uncertainty in recruiting a person from within the corporation, knowing that the person has learnt appropriate behaviour and not having to resort to the intermediate signalling of such behaviour by other variables. However, in situations when personnel embraces management ideas without reflecting upon them, this may in fact freeze people in their ideas of needs, goals and social relations (Alvesson, 1993). Thus, in cases of great strategic change, internal candidates may have difficulties of coping with new requirements, which will lead to external candidates having an advantage in not having been socialised by the “right” values.

***Bureaucratic Control Systems*** Bureaucratic control systems do not provide the difficulty of observation that socialisation does, in that this form may be termed the most visible of controls, where appropriate behaviour is signalled by such mechanisms as budgets, reports and other documents. This form of control may be termed action control, i.e. control is exerted during the action, which means that appropriate behaviour is not internalised. Instead, actions are simply done in accordance with the manuals, i.e. control mechanisms, without having to think what the appropriate action would be. Thus, this form of control concerns mainly behaviour and not an internalisation of appropriate thinking, although I will stress my use of the word mainly, as repeated actions may in time be internalised and transferred into control of thinking and especially so, if the bureaucratic control mechanisms in question are stable. In line with this reasoning, reinforcements of right behaviour consist of management commendation, monetary incentives and promotions, whereas punishment for the wrong behaviour will tend to consist of demanding the person accountable to explain the behaviour in question (Anthony, Dearden and Bedford, 1989). Reinforcements and punishments can in

the case of bureaucratic control systems be considered to consist of more normative than affective mechanisms.

In the case of bureaucratic control systems, internal candidates will not tend to have the advantage of inherent knowledge of values, to which external candidates are not prior, as in the case of a strong degree of socialisation. Therefore, as no internalisation of appropriate values is present, external candidates will have the same possibility of attaining a position as the internal ones. The competitive situation will thus be more equal and the possibility and probability of external recruitment is therefore increased. However, there may still be costs incurred and a higher information uncertainty with external recruitment.

The above arguments do not include a certain prediction that a strong degree of socialisation will invariably lead to internal recruitment and bureaucratic control systems to an external one, but introduces the proposition that external recruitment is made possible and therefore more likely by the absence of internalised knowledge of appropriate behaviour and thinking, as such is instead formalised into rules and regulations.

Indeed, this proposition may also include the opposite relationship, where a strong degree of socialisation may in fact incapacitate employees in terms of new thinking and dealing with new situations (Alvesson, 1993). For example, Wiersama and Bantel (1992) found that organisational tenure in CEOs was negatively correlated with strategic change, which implicates that the longer an individual stays in an organisation, the more will he strive to preserve the organisational status quo and especially so in the case of a strong degree of socialisation. Thus, if new thinking is required in a corporation with strong socialisation, due to for example changing external context, external recruitment may be needed in order for the corporation to cope with it, as degree of resistance to attempts of change tends to be related to the degree of institutionalisation (Zucker, 1977). Still, the proposed relationship holds true, as the inherent knowledge of the internal employees has been transferred from a competitive advantage into a competitive disadvantage.

Recruitment policy and recruitment decision assumptions have now been discussed in terms of espoused theory and theory-in-use, as well as the influencing aspect that control systems may have on recruitment decision assumptions. In the next section, relationships between on the one hand recruitment policy and recruitment decision assumptions, and on the other, recruitment decision assumptions, recruitment process and organisational norms will be analysed. This will be done with the help of the earlier introduced dilemma variables of internal consistency, congruence, effectiveness, testability and values with an emphasis on internal consistency and congruence.

### ***The Recruitment Process Including Recruitment Policy, Control Systems, Recruitment Decision Assumptions, Recruitment Process and Organisation Norms***

In this section the earlier presented framework for analysing theories of action, depicted in figure 1, will be used to analyse the specific context of the recruitment process. Thus, recruitment policy and recruitment decision assumptions will also be discussed in terms of internal consistency, congruence, effectiveness, testability and values. The discussion will be made according to the two different contextual variables of the corporation either employing a strong degree of socialisation or bureaucratic control systems, as this will affect not only the relationship between recruitment policy and recruitment decision assumptions, but also the impact of control systems, in terms of recruitment decision assumptions, upon the recruitment process and its outcome. Thus, the analysis of the recruitment process will begin with the specific case of a strong degree of socialisation and next the situation of a strong degree of bureaucratic control system will be presented.

***Socialisation*** As discussed earlier, a corporation with a strong degree of socialisation will tend not only to have an internal recruitment policy. Such a corporation will also tend to value the internalised knowledge of corporate values, which internal candidates possess and recruitment decision assumptions will therefore tend to include the assumption that internal candidates are better than external ones. Therefore, the corporation will tend to recruit internal to the company, which will have the following consequences.

Concerning internal consistency, the espoused theory of recruitment policy seems to be internally consistent at first. However, when having included the policy of hiring internal to the company with hiring the best candidate available, some problems arise, as the internal candidate need not always be the best one albeit an internalised knowledge of corporate values. As practice of companies have shown, they do recruit externally, which would imply that the internal candidate is not the best one in all cases. Thus, recruitment policies do not tend to be internally consistent. However, inconsistency in espoused theory need not be such a problem as inconsistency in theory-in-use, as it does not influence behaviour and inconsistency in theory and assumptions will therefore no prevent the attainment of the goal or governing variables or it. The use of it to explain and idealise behaviour does not place such constraints upon it, as the acting out of same theory would.

In the case of internal consistency in theory-in-use, the key assumption would tend to be to employ the best candidate available. In the specific case of a corporation with a high degree of socialisation, a theory-in-use in would then be internally consistent if internal recruitment was given priority in order to retain knowledge within the corporation, but also in

order to recruit the best candidate. The internal candidate would in such cases tend to be viewed as the best candidate in regard to the inherent knowledge possessed by that person. However, considering the case of an external candidate possessing competencies more than being a match for the internal candidate's inherent logic, this implies that consistency is largely dependent on context and candidates involved in the recruitment decision, as the internal candidate in such a case would not be the best one. In this case, the inconsistency is of a more serious nature, as it could imply the need for two different behaviours at the same time. In such cases, dilemmas would tend to enforce the prioritisation of one governing variable over the other in order for the theory-in-use to be consistent. Thus, the corporation would for example need to give priority to the internal recruitment, in order to avoid inconsistency and at the same time another dilemma, i.e. incongruity between espoused theory and theory-in-use.

In the case of a strong degree of socialisation, a corporation will tend to recruit internally and there will be congruence between espoused theory and theory-in-use. Thus, a sense of self, which is consciously enforced by management and perhaps also due to corporate culture may be enhanced by such congruence, inspiring further motivation and loyalty among employees.

Concerning effectiveness, it will be expected that the new internally recruited employee has knowledge of corporation values and norms. As mentioned earlier, lack of displaying the right values will result in personal consequences such as kidding and ostracising. However, the internal candidate would probably not have been promoted if display of appropriate behaviour had not already occurred. The difficulty of evaluating effectiveness is if only internal candidates are promoted, as it would be difficult to test a theory, which is not only predominant but all-encompassing. However, if the corporation also recruits external candidates, it would be able to test its theory-in-use of internal candidates being better, by simply comparing them to the external ones. In this way, the theory-in-use could be strengthened or if needed, altered. Thus, the evaluation of effectiveness depends on possibility for testing one's theories-in-use, as theories-in-use could otherwise tend to become self-sealing.

To conclude, the possible dilemma in a corporation with a high degree of socialisation seems to reside in the variable of inconsistency, as theory-in-use recruitment decision assumptions will contain the two assumptions to hire the best candidate and to hire internal to the corporation. Thus, in situations where the internal candidate is not the best one, theory-in-use will be inconsistent and governing variables will be impossible to attain. This

situation will tend to depend upon how much value is placed upon the internal candidate's prior knowledge of corporate values and norms, and the perceived ability of possible external candidates.

***Bureaucratic Control Systems*** Although the corporation with a high degree of bureaucratic control systems also tends to have an internal recruitment policy, it will not tend to emphasise prior knowledge of corporate values, as such values are not internalised, but stipulated in rules and regulations. Thus, internal candidates will have no competitive advantage during the recruitment process and external recruitment is more likely than in the case of a high degree of socialisation. Consequences of bureaucratic control systems are therefore the following.

As in the case of socialisation, the corporation with a high degree of bureaucratic control systems will tend to have an internally inconsistent recruitment policy, consisting of the assumptions recruit internally and recruit the best candidate. As in the case of socialisation, inconsistency will depend on whether the internal candidate is the best in that particular situation and what priorities have been made.

However, in the case of recruitment decision assumptions it is internally consistent not to favour either internal or external candidates, but to simply evaluate the best candidate and hire that one, being consistent with the key theory-in-use of hiring the best candidate. Thus, a corporation with bureaucratic control systems will avoid the dilemma of internal inconsistency in theories-in-use concerning internal vs. external recruitment.

The dilemma of bureaucratic control systems instead occurs in the form of incongruity between espoused theory and theory-in-use, as an internal recruitment policy will be compared with recruitment decisions depending solely upon who is the better candidate and not organisational tenure. This could have negative effects upon the organisation's employees, as congruence in saying and doing would inspire motivation and loyalty and vice versa. In a corporation where organisational tenure is not rewarded by promotion, the employee turnover rate would tend to be rather high.

As for effectiveness, behaviour does not have to be learnt to the same degree as in a corporation with a strong degree of socialisation, as it is instead signalled by formalised mechanisms. Thus, perceived effectiveness will tend to be based upon the individual's performance, leading to a more impersonal evaluation. However, as in the case with socialisation, effectiveness of the theory-in-use of all candidates being equal will best be evaluated by comparing externally recruited candidates to internally recruited ones.

Thus, we are back at the choice introduced at the end of the discussion of espoused theory and theory-in-use: The corporation will not only influence its recruitment pattern in terms of internal and external recruitment, when deciding upon form of control system, it will also influence a choice of conflict or dilemma in choosing between achieving one's goals by changing one's theories-in-use and keeping one's world-picture (and theories-in-use) constant.

With a high degree of socialisation, a corporation will tend to have congruence between recruitment policy and recruitment decision assumptions, promoting a positive self-image. The corporation will, however, tend to suffer from the conflict of an internally inconsistent theory-in-use in the form of recruitment decision assumptions, as internal candidates will not be the best ones in all situations, although having the advantage of internalised knowledge of corporate values.

As for a corporation with a high degree of bureaucratic control systems, the recruitment decision assumptions are internally consistent, but it will face another conflict. It will have a dilemma of incongruent recruitment policy and recruitment decision assumptions, as the recruitment decision assumptions promotes the recruitment of the best candidate, regardless of organisational tenure. Although those responsible may not believe in the espoused theory, the incongruity may nevertheless be noticed by others, such as the employees in the corporation. As the employees may feel deceived and mistreated in gaining less promotion opportunities, consequences may appear such as a lack of motivation for staying at the corporation and with time a high employee turnover.

## **CASE STUDY**

In this section, a case study at the Swedish corporation will be described. This study is part of a larger one (Stafsudd and Wedlin, 1998), concentrating not only on aspects of internal vs. external recruitment, but including all aspects, which may have an impact on the recruitment process as a whole. Although being a part of a larger study, only the findings and analyses relevant for this paper concerning internal and external recruitment will be presented here. First, a description of the method used in the study will follow, after which a short presentation of the case company is made. After this, the empirical analyses and findings will be presented according to the main variables presented in Argyris' and Schön's framework (1974). This presentation thus begins with recruitment policy (espoused theory), continuing with control systems and recruitment decision assumptions (theory-in-use) after which, the

recruitment process (action) and the outcome of it, i.e. the managers, will be analysed. Finally, the organisational norms (behavioural world) and dilemmas implicated by the Cardo recruitment process will be analysed.

### ***Method***

The study of the phenomena recruitment policy (espoused theory) and assumptions during the recruitment process (theory-in-use) was done within a larger context of studying the whole of the recruitment process and its outcome, i.e. the employed managers (Stafsudd and Wedlin, 1998). The study was made in the form of a case study at the Swedish corporation, Cardo, which was chosen for its design into three major business areas, Cardo Door, Pump and Rail, providing three case studies in one and its high percentage of 90 per cent of sales abroad enabling data on foreign managers to be gathered. However, Cardo was also chosen according to the more pragmatic reason of geographical proximity, as headquarters are situated in the south of Sweden.

According to Argyris and Schön (1974), the study of an espoused policy is not so big a problem, as it represents individuals' ideal perceptions, which they may therefore express themselves. Theory-in-use is another matter, as individuals' may not want to express it and in some cases it may be subconscious and therefore impossible to express. Theory-in-use will therefore need to be inferred from behaviour rather than statements, needing a more complex process of data gathering than simply interviewing individuals. Thus, the data was gathered in several different ways: Documents, survey and interviews.

***Documents*** Corporate data was gathered in the form of documents from and about Cardo. General information consisted of for example annual reports, strategy documents and organisation charts. However, documents concerning Cardo's human resource management model and a person profile analysis used in the selection of managers were also obtained.

***Survey*** Continuing the data gathering process, we also sent a survey to all Cardo managers, including those abroad, from the hierarchical level of middle-management up, minimum level represented by function manager at business area level. Apart from our introductory letter explaining the purpose of the study, the survey was also accompanied by a letter from the Cardo VP of Personnel. After one reminding letter, 51 managers of 100, to which it was sent, answered the survey, translating into a response rate of 51 per cent. The survey was designed as a curriculum vita, being almost exactly like the one used in a previous study (Collin, 1997). This previous survey included questions concerning the person's name,

age, father's occupation, military degree, education and working experience. The latter one also included questions concerning nationality and occupation of the mother. The primary purposes of the survey were to study the homogeneity vs. heterogeneity of the population Cardo managers, as well as to observe which variables correlated with a higher hierarchical level.

Several variables were then coded, such as number of corporations an individual had worked at and organisational tenure, i.e. number of years spent at Cardo. This variable was also coded in relation to working experience, in order to observe how large a part of the person's working life has been spent at Cardo, which would give us an idea of Cardo's impact on that particular manager. Furthermore, internal and external recruitment to the first management position was also coded. These variables were then analysed in a regression analysis, with hierarchical level as the dependent variable.

**Interviews** Interviews were also conducted with the Cardo managers, which were restricted to managers at the headquarters, lasting from one and a half to two hours. The interview persons were related to us by the group-level VP of Personnel, having stated wishes concerning interview persons having different responsibilities regarding function, position on group- or business area-level, as well as different positions. Another wish was to interview managers especially responsible for the personnel function. The interview persons, thus, consisted of, apart from the group-level VP of Personnel, one business area VP of personnel, one business area VP of marketing and one group-level Director of Treasury.

The interviews were conducted according to a loose structure provided by an interview guide, from which we could, however, diverge when introduced by the interview person to an especially interesting subject. Questions in the interview guide pertained to general areas such as, wages, benefits, status, structure, life cycle, strategy, leadership style and market actors, such as board of directors and owners. Topics of special concern for this paper consisted of recruitment policy, recruitment process in terms of selection procedure, information prior to the recruitment decision, perceived competitors for the position, career paths within Cardo. Furthermore, specific questions concerning corporate control systems were asked, concerning for example evaluation of work and entire corporation, reward systems, control of work, co-operation between corporate units, mentor system, trainee program, distribution of information, social events, promotion of certain behaviour, regulation of work methods etc.

### ***Case company***

Cardo AB is an industrial group, which is divided into three business areas Cardo Door, Cardo Pump and Cardo Rail. Cardo Door is one of the world's largest manufacturers of industrial doors, being market leader in Europe, and is also one of Europe's largest producers of garage doors for private use. Cardo Pump is one of Europe's four largest manufacturers of pumps for use in municipal water and sewage treatment facilities, but also in process and construction industry. Cardo Rail is one of the largest subcontractors to the railway industry, supplying brake and other safety systems.

The headquarters of Cardo are situated in Malmoe, in the south of Sweden, apart from Cardo Pump, which is placed in Gothenburg. In 1997, Cardo was represented in more than 30 countries world-wide and 91 per cent of sales was accumulated outside of Sweden. The most important market is Europe, constituting 84 per cent of invoiced sales. The group as a whole employs 7,400 people, whereof 78 per cent work abroad.

### ***Recruitment Policy***

According to the personnel managers, as well as the others, Cardo has an internal recruitment policy. They try to always look for potential candidates within the corporation, before going outside it. Nevertheless, the respondents also said that especially concerning expert positions, competence could be difficult to find and external recruitment may therefore become necessary. However, one manager also remarked upon senior executives being another exemption from the internal policy, although he was not a personnel manager. Other than the internal policy, Cardo does not have any specific recruitment policy in terms of procedures etc.

### ***Control Systems***

There was no high degree of socialisation at Cardo. Indeed, social events were limited to an annual christmas party. Furthermore, cooperation between the three business area does not exist and recruitment between them is not common. There is neither a trainee-program nor a mentor system for new employees in the corporation. Instead, a tradition of trial-and-error was mentioned during interviews as the most common way of settling into corporation daily life, as no advice was given concerning work methods for the best way of doing things.

The only tendency toward a perception of appropriate behaviour was a certain sentiment of professionalism and conservatism. However, this may be a heritage of Cardo's history as an industrial company, promoting the technician's preference toward being risk-

averse, rather than the financier's preference toward mediated risk-taking. Furthermore, such a sentiment may be the cause of the high degree of bureaucratic control systems, as Cardo uses Return On Capital Employed as its main evaluation criteria, with a goal of 20 per cent over a business trend cycle. This evaluation criteria is more long-term in its nature than for example operating profits and the environment of conservatism may very well have been promoted by such long-term thinking enforced by the control system and especially so, as the bonus system is rather extensively used within Cardo to promote the right kind of behaviour.

The reporting system within Cardo is not very extensive, as senior executives will tend to report once a month, and as operating managers are rather autonomous in their decision making. Their autonomy is however specified in so called powers of attorney, which determine maximum levels within which a manager can make decisions without asking anybody else. Cardo's way of controlling employees involves not so much work methods, as specifying wanted behaviour in decision policies. These policies also reflect how decisions will be reported and to whom.

Thus, the control in Cardo does not seem very strong, but it was remarked upon to be rather centralised. An indication of this was that managers at the group headquarters perceived regulations as positive, as they represented a means of support in their daily life. Further down in the organisation, however, regulations and especially the financial reporting was perceived as rather extensive between the business areas and the headquarters. Also, regulations were considered to consist of too much formality, although it was still considered a support in the daily work.

Together with a rather extensive bonus system, the decision policies and financial reporting gives a picture of control by means of bureaucratic procedures and regulations. The centralisation and the lack of socialisation mechanisms also suggest that Cardo tends to enforce appropriate behaviour by signalling it through rules and regulations, rather than internalising the right values by socialisation mechanisms.

### ***Recruitment Decision Assumptions***

According to the above section on control systems, we conclude that Cardo uses mainly bureaucratic control systems to enforce right behaviour in their employees. Thus, we would expect Cardo recruiters and other managers, responsible for selecting the right candidate, not to place so much value on a candidate having had prior experience in the corporation, i.e. being an internal candidate. The use of bureaucratic control systems ensures that right behaviour and thinking need not be internalised, as it is instead signalled in different rules and

regulations. We would therefore expect internal candidates not to have an advantage in the selection process, but instead an equal competitive situation between internal and external candidates. External recruitment is thus facilitated and more probable than in a corporation with a high degree of socialisation.

### ***Recruitment Process and Outcome***

Another indication of Cardo's tendency toward recruiting externally is its long-term relationship with an executive search firm, also situated in the south of Sweden. Such a relationship indicates that external recruitment is not done only once in a while and the employment of an executive search firm indicates that it is not only lower level employees, which are externally recruited, but managers on a rather high level in the corporation.

When analysing the surveys that we obtained from Cardo managers, the trend toward external recruitment was further emphasised by the result of our regression analysis. We performed a regression analysis with hierarchical level as the dependent variable and various other variables as independent ones. One variable, which is of importance here, was whether the manager had been internally or externally recruited to the level, which presented the first management level. Surprisingly, the result indicated that not only does Cardo have some external recruitment, but external recruitment to the first management level was in fact significantly correlated to reaching a higher hierarchical level.

We were rather confident in the above analysis, as the total regression analysis was extremely significant. However, in order to analyse this result further, we made further analysis of variables consisting of number of corporations the individual had worked in, number of years in Cardo and number of years in Cardo in relation to the entire work life. The result of correlation analyses of these variables and present position did not show any significant results at all. Indeed, the correlation coefficients were under 1 per cent in all cases, but one where the result showed that number of years at Cardo in relation to the entire work life was negatively correlated by ten per cent. Thus, the only small tendency that could be found was that a higher proportion of work life spent at Cardo would correlate with a lower hierarchical position. Consider also the findings that of those Cardo managers, the average number of years spent at Cardo was merely 6,5 years, or a third of their working life. This would seem rather little, considering that the lowest hierarchical included was the equivalent of a function manager at a subsidiary. As a reference point, another study of Swedish managers can be mentioned as a reference point, in which top managers of corporations listed on the Stockholm stock exchange 1994 were studied. Their average organisational tenure was

12 years, i.e. almost twice that at Cardo. Furthermore, the Cardo managers were not extremely flighty persons, as the average number of corporations that an individual had worked at was three.

Perhaps the tenure is not so important, speaking in number of years, but the hierarchical position seems to be positively correlated with external recruitment. This would seem rather surprising to employees with the internal recruitment policy in mind, but is in line with the reasoning of this paper that bureaucratic control systems facilitate and encourage external recruitment. With the additional information of Cardo's use of an executive search firm, it is perhaps not surprising that external recruitment coincides with higher hierarchical levels. Furthermore, the delimitation of the internal recruitment policy to not include experts now seems accurate, if not necessary to avoid being to blatantly incongruent. This would perhaps also be necessary in the case of senior executives due to our findings.

### ***Organisation Norms and Implications***

Due to it having a formalised bureaucratic control systems, Cardo will with its recruitment decision assumptions of the recruiting the best candidate regardless of organisational tenure, tend reinforce organisation norms of fairness and the best candidate receiving the position. The effectiveness of the recruitment decision assumptions would seem rather high, as Cardo both promotes internally and recruits externally and is therefore able to compare employees to one another, in order to test the recruitment decision assumptions.

However, it will nevertheless suffer from the dilemma of incongruity between recruitment policy and recruitment decision assumptions. As mentioned above, this incongruity seems rather large, as not only does Cardo recruit employees externally, externally managers actually seem to have a competitive advantage within Cardo's career system, as an external recruitment is positively correlated with a higher hierarchical position.

It should however be noted, that during recent years, Cardo has gone through rather extensive changes, in for example change of owners, which could affect an increasing need for external managers, as they would not have had the possibility of being influenced by prior experience in the company. Although, Cardo having bureaucratic control systems would not incur such a degree of internalisation that it would seem a competitive disadvantage during a recruitment process, it was nevertheless remarked upon in one case that a sales manager had been recruited externally to infuse new thinking into the corporation.

To return to the dilemma of incongruity between recruitment policy and recruitment decision assumptions, such incongruity has been studied by other researchers.

One could refer to Cardo as a case of a mock bureaucracy, i.e. a situation where both managers and other employees are aware of certain bureaucratic rules, but make few attempts to adhere to them in the daily working life (Gouldner, 1954). To continue using Gouldner's terms, the rule has not been legitimised, as it is not seen to have any intrinsic value in itself and deviation from the rule is not perceived to cause many negative consequences. The opposite of mock bureaucracy, the representative bureaucracy, would then present in a corporation with a high degree of socialisation. In this context, rules and procedures are perceived as having legitimacy for both groups of managers and other employees, based on their own key values (Gouldner, 1954).

Perhaps the latter sentence is of importance here, as in a corporation of socialisation it would be of value also for managers to retain knowledge of corporate norms and values within the corporation, but with bureaucratic control systems there is no such incentive for recruiters to uphold the internal recruitment policy. This does not mean that there will be no negative consequences however. As mentioned in the presentation of the content of Argyris' and Schön's (1974) framework, congruence between espoused theory and theory-in-use is necessary for one's self-image, as deception even of oneself is not perceived in a positive way. Thus, employees will in time come to notice this difference and even though attempts have been made in order to reduce incongruity, by limiting the internal recruitment policy to all positions but experts, this will probably lead to less motivation within the corporation and less incentive for staying in the corporation, if such loyalty will not be rewarded with a promotion.

Tendencies toward a higher rate of turnover could be seen in the findings of the case study, as the average time spent at Cardo was 6,5 years and this does not seem very much considering the senior level of management of the respondents. As a reference point an earlier study (Collin & Stafstudd, 1998) can be mentioned, in which the managers had spent an average of 12 years at a corporation. However, we did not notice any feelings of discontent at the corporation, but one must keep in mind that we did not interview lower level employees, but instead the senior managers, which had in fact received promotion and would therefore have no cause of being personally discontented with the recruitment policy. If we had interviewed employees at a lower hierarchical level, the sentiments could have and would perhaps have tended to be otherwise.

However, dilemmas of the sort of incongruity between espoused theory and theory-in-use take time to emerge, as symptoms tend to be fought down until the dilemma is no longer possible to hide. Indeed, the group level VP of personnel seemed surprised by this

particular finding, although measures toward reducing the incongruity has been taken, as Cardo has now started to actively screen for high ability persons within the corporation, who will then be enrolled into a specific program with the purpose of management development. In this context of the recruitment process, having been marked for and followed such a program would be seen as a signal of ability and a competitive advantage in recruitment decisions.

## **SUMMARY AND CONCLUSIONS**

This paper argues on the one hand that recruitment policy does not influence recruitment outcome and furthermore that control systems will influence the result of the recruitment process, i.e. the manager, in terms of internal vs. external recruitment. These arguments are made by using the framework developed by Argyris and Schön (1974) to illustrate that there is a discrepancy between, on one hand, recruitment policy representing espoused theory in the framework, and on the other recruitment decision assumptions representing theories-in-use, which govern the recruitment process. Thus, although the internal recruitment policy tends to be common, it does not necessarily coincide with the assumption that internal candidates are the best in a recruitment decision.

Furthermore, Argyris' and Schön's (1974) framework is used in discussing how recruitment decision assumptions are influenced by control systems, as these will tend to affect the recruitment process in the choice of recruiting internally or externally. The authors suggest that control systems are the basis upon which theories-in-use are formulated, in that control systems influence the importance of the employee having internalised knowledge of corporate norms and values and therefore whether an internal candidate will have a competitive advantage in the recruitment process or not.

This suggestion is based upon the theory that individuals will be shaped by what is expected from them, and so will their actions or thinking. In the case of a strong socialisation, internal employees will internalise the values and norms, which have been approved by top management. Those values and norms will then present a competitive advantage in the recruitment process, as this knowledge is not inherent to external candidates. However, the opposite may also be true, in that during for example environmental change, internal employees will not be able to expose new thinking and will therefore have a competitive disadvantage in recruitment proceedings. In a corporation with strong bureaucratic control systems, being an internal candidate will not be a competitive advantage,

as no values and norms will be internalised by the employees and a knowledge advantage will therefore not be present.

The control systems will also influence a what kind of dilemma a corporation will face due to the recruitment process, in that a corporation with strong socialisation will experience a congruity between recruitment policy and recruitment decision assumptions. This congruity will supposedly instil a positive environment of motivation in the organisation. Nevertheless, the corporation may still suffer from internal conflict, as recruitment decision assumptions may not be internally consistent, due to internal candidates not always being the best ones (which does seem unlikely).

On the other hand, a corporation with strong bureaucratic control systems will suffer from a negative sense of self, due to incongruity between recruitment policy and recruitment decision assumptions. Such incongruity may not be perceived as a dilemma for the managers, but may be seen as manipulative by the employees, who rely upon the possibility of being promoted. Thus, motivation could become lower and loyalty less within the corporation, which in time probably would lead to a higher turnover rate among employees.

In both kinds of corporate control systems, corporate managers will then have to choose between achieving the goal of the ideal sense of self, as opposed to keeping one's world-picture intact. The inherent proponents of the control system suggests that in the case of socialisation, the world-picture and its values will be given priority over achieving the goal of always recruiting the optimal candidate, whereas bureaucratic control systems tend to emphasise the achievement of always recruiting the best candidate, as corporate values, by definition, are not given such a priority.

In conclusion, this paper has expanded previous theory on the choice between (or cause for) internal or external recruitment, which was earlier limited to theories on supply generating decisions on whether to make or to buy human resources (Sonnenfeld, 1989). Instead, this paper argues that such decisions are influenced by the corporate control systems, which influence the assumptions underlying recruitment procedures. Nevertheless, one needs to acknowledge that theories are all good and well, but without recognising implications of politics and power, they would seem quite superfluous and self-righteous.

Thus, we will make a final comment on the recruitment process in acknowledging that interpersonal relationships are an important influence during recruitment decisions, as the personal knowledge of a candidate on the part of the recruiter could seem the ultimate way of reducing the information uncertainty that such a situation otherwise presents.

An implication of this is therefore that a top manager having final say in a recruitment situation will be positively inclined toward recruiting personal acquaintances and whether that personal acquaintance is internal or external to the corporation will then depend on the recruitment history of the top manager in question, i.e. having been internally or externally recruited (Meyerson, 1991).

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