

Employee selection

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The three studies in the dissertation discuss the relevance of various hiring strategies (termed as employee selection in the dissertation) in attracting and selecting the right employees for the firm. The main findings of the dissertation show that hiring strategies are in line with what firms seek from their employees, whether it is a high level of motivation, or a good fit in terms of skills, risk-appetite that makes them behave in the desired way. The dissertation emphasizes the need to hire the right employees who would perform to the best of their abilities given the firm's environment (for example, how do firms motivate their employees). In particular, one of the main findings of the dissertation is how highly motivated employees can be hired by using certain recruitment channels when the firm cannot offer performance-pay contracts (Chapter 2). On the other hand, one of the studies finds that firms can use stock-based performance pay contracts to successfully attract the right Chief Executive Officers when the firm has little knowledge about how the CEO would fit in the firm's goals (Chapter 3). Finally, the dissertation finds that firms generally choose to invest in the hiring process to select employees who are stable and trainable when they invest in training these employees after they are hired (Chapter 4).

The dissertation, with its studies, makes a significant contribution to the research field of management accounting by addressing an important, yet understudied, question of 'why and how to hire the right employee?'. Most of the current literature in the field seems to focus on what the firm does to incentivize (via pay-schemes) or develop its employees (through training), without paying much heed to the fact that every individual is different (in terms of motivation, ability, skills, risk-appetite) and not everyone reacts to incentives (or training) in the same way. Acknowledging this heterogeneity in individuals is crucial to understand how/if these incentives and development initiatives will be effective. Hence, by focusing on the question of 'why and how to hire the right person?', this dissertation offers new insights on how the effectiveness of firm level controls (such as pay-scheme, training) and the type of individual hired are inter-linked. Thus, the dissertation highlights some of the optimal strategies firms employ that link their hiring strategies to the firm environment.

The findings of this dissertation are relevant to the firms that are in stages of experimentation and would likely benefit from the discussion (and findings) on how firms benefit from implementing certain hiring practices when they have certain needs from their employees, that are in line with the firm's environment. For example, the findings of the first study (Chapter 2) show that using recruitment channels that entail a high application cost for applicants results in discouraging less motivated individuals from applying. This is especially useful when firms need to hire highly motivated employees for the job because of the limited possibility of offering these employees pay-for-performance type of pay-schemes. Similarly, the findings of the third study (Chapter

4) show how firms could invest in their employee selection process to select individuals who are generally more stable and possess higher ability, especially when the firms also invest in training these employees once hired. In addition, the findings of the second study (Chapter 3) can benefit the regulatory bodies who are examining the efficacy of the type and magnitude of compensation paid to CEOs by providing them a less discussed, yet equally convincing explanation behind using stocks and options in compensation, which is to sort CEOs at the time of hiring when little is known about them.