# ASSESSMENT OF COGNITIVE BIAS IN EMPLOYEE SELECTION

# AT FIVE-STAR HOTELS IN NAIROBI

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## RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF SCIENCE HUMAN RESOURCE MANAGEMENT SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI.

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# DECLARATION

This research project is my original work and has not been presented for the award of a degree in this University or any other institution of higher learning.

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This research project has been presented for examination with my approval as the University Supervisor.

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## DEDICATION

This dissertation is dedicated to my father Herman Mwangi, whose immense support and patience has been an encouragement while I was working on this project.

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# ABSTRACT

Today's business environment demands that organizations are particularly keen in their operations due to the nature of its volatility. There is need for specific strategies that aim to minimize risks associated with production and continuity for the sustainability of these firms. The understanding that we are prone to cognitive bias highlights the potential for contorted decisions and judgments made by even the most experienced of employees. Therefore, to meet the main goal of employee selection being that the procured talent is ideal for the organization and only exits for a reason that is independent of the firm; objective and logical reasoning is required to avoid financial implications. The aim of this study was to assess cognitive bias in employee selection at five-star hotels in Nairobi. The study was anchored on two theories: the dual process accounts of reasoning theory and the person-environment fit theory. The descriptive cross-sectional survey design was used where hand delivered questionnaires were utilized for the acquisition of primary data. Data was gathered from managers in the five-star hotels in Nairobi and analyzed through content analysis, descriptive statistics; mean, standard deviation and a multiple linear regression analysis. With an 86% response rate, it was established from the findings that there was an insignificant relationship between cognitive bias and employee selection given the 22% R Square from the regression analysis. Hotels were found to fair moderately on the outcomes of employee selection particularly on individual performance and individual and organizational goal alignment. Contrary to this, the organizations struggled to maintain their employee retention rates with reports on high turnover rates. The employee selection process was also found to bear gaps that enabled cognitive biases as rating systems depended on the manager's perspective of the candidate as some made personal recommendations for whomever they preferred hence the recommendations to streamline the selection process so as to mitigate against the biases.

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# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

The modern economy, raging with rates of inflation is a threat to an entity's revenue margin hence the need for specific strategies that aim to minimize risks associated with costs of production. The understanding that we are prone to cognitive bias highlights the potential for contorted decisions and judgments made by even the most experienced of employees. Therefore, to meet the main goal of employee selection being that the procured talent is ideal for the organization and only exits for a reason that is independent of the firm; objective and logical reasoning is required. This mitigates against cognitive biases that occur during selection, inclusive of: bias blind spot, planning fallacy, confirmation bias and the halo effect among others (Serfas, 2011).

The Dual Process Accounts of Reasoning Theory suggests that automatic and controlled brain functions source information from experience and education consecutively. Herein, the systems interchangeably work together to contribute to final decisions. The theory best grounded the study in the demonstration of how decisions result from reasoning and how the processes may lead to ineffective decisions (Stanovich & West, 2000). On the other hand, the Person-Environment Fit Theory proposing person-job and person-organization fit models denotes precisely how ineffective hiring decisions contribute to financial implications through costs of turnover. This happens when the hire fails to perceive fit within the culture of the organization or struggles with the nature of their job raising stress levels and dissatisfaction eventually opting out (Chatman, 1991).

This study focused on five-star hotels in Nairobi. The hospitality industry in Kenya is equally marred with the key issue of retention, with reports indicating that high turnover rates of up to 31% are experienced, Global Deloitte Research team (2015). Five-star hotels are characterized by the need for a talent pool that meets diverse stakeholder needs by achieving standards that enhance reputation to withstand the harsh nature of hotels and curb major recurring issues faced within the industry. The pressure to perform based on high expectations on the standards of operation raise the need for effective selection decisions. While the key to organizational performance lies in the quality of the talent pool, the aim to curb the issue of employee retention presents the need for employee selection decisions that factor in both implicit and explicit cognitive systems to make an objective decision. Logical decision-making is also required to mitigate against frequent cognitive biases as the planning fallacy, cultural noise, anchoring effect and the bias blind spot; that transpire during employee selection hindering the effort.

### 1.1.1 Employee Selection

Employee selection is a process used to appoint the ideal individual to fill a vacancy and drive value within an organization (Muchinsky, 2012). Selection efforts gear towards matching individuals to job criteria using social and psychometric processes that reinforce job and organization fit although they do not demonstrate how selection decision-making occurs (Kristof-Brown, 2000). Employee recruitment options vary internally or externally ranging from promotions to outsourcing from the labor market. Regardless of the source, the final selection decision ought to be one presenting the least risk while efficiently utilizing availed resources (Gusdorf, 2008).

Modern selection methods assume diversified approaches in strategy and assessment methods where the use of technology further assorts the process. However, recruiters ultimately hold the responsibility to behave in a manner that enhances organizational attraction dynamics as image and culture by making hiring decisions perceived as equitable (Nikolaou & Oostrom, 2015). According to Campbell (2010), the approach to employee selection as a control mechanism by managing inputs through critical screening at entry, ensures alignment of both employee and organizational interests therefore achieving fit and avoiding bias. Consequently, this results to motivated and empowered employees minimizing the need to supervise and reducing turnover rates.

## 1.1.2 Cognitive Bias

The foundation of bias is in cognition, the brain function of thinking that ties to knowledge processes as memory, concepts and reasoning (Gerrig & Zimbardo, 2002). Cognitive bias refers to any unreasoned judgment or conclusion drawn in an illogical manner that lacks objectivity (Haselton et al, 2005). Also known as psychological bias; cognitive bias is subjective as it bases judgments and interpretations made from social interactions on preference and perception and involves both actions and decisions (Bless et al, 2004). Biases arise from formed cognitive shortcuts that may result to discriminatory practices; psychology refers to the shortcuts as heuristics (Dietrich, 2010). Heuristics enable decision-making and problem solving in a case of inadequacy of facts or information and ambiguity, speeding up the reasoning process. Heuristics manifest as common sense, rule of thumb or making of an educated guess and are widely dependent on instincts and intuition.

Various scientific experiments suggest that instincts drive value and demonstrate a relevant level of accuracy. However, to make a rational decision, particularly with regard to talent, the sole use of intuition is questionable and may leave room for bias as it takes into account one's unique conditioning on knowledge, experiences, and memories through attempts to recognize patterns. This may work in a system; however, dealing with talent requires an indirect approach that considers the main characteristics that differentiate them (Shah & Oppenheimer, 2008). Notwithstanding that, the measure of cognitive bias is bias, Aczel et al (2015) advocate for the use of a measuring approach that considers differences among decision makers, recommending use of multiple biases alongside the exploration of each bias to minimize inconsistencies particularly from measuring the biases by few or independent items to avoid poor internal consistency.

### 1.1.3 The Hospitality Industry

The hospitality industry is part of the service industry compounded by an assortment of businesses that mainly offer food, drink and accommodation such as hotels, restaurants, clubs and cruise lines. These mainly rely on travel and tourism activities determined by disposable income and reason for travel, highlighting the prominent need for the acquisition of talent that matches the personality required to drive goals as optimal product and service quality delivery to ensure guest satisfaction (Scott-Halsell; Blum; Huffman, 2008).

The vast industry employs a large part of the population and bears distinctions in uniqueness of the products and services offered as being perishable, intangible, inseparable and variable. These attributes indicate the type of talent required to meet

standards, since the ability of hotels to perform largely depends on reputation earned from human interactions between employees and guests. Similarly, specificities that contribute to an exceptional customer experience and enhance reputation are inclusive of; friendliness, knowledge, efficiency, timeliness, flexibility, consistency, effective communication, trust promotion and exceeded expectations (Pizam & Shani, 2009).

A report by the Global Deloitte Research team (2015) cites retention of talent as one of the key hospitality issues with the industry experiencing high turnover rates of up to 31%, twice the rate in other industries. In addition, reputation management is another challenge faced by hotels today. Here, high customer expectations play a great role, due to availability of numerous options to choose from raising the need for a positive brand image. Contemporary issues as seasonability, employee retention, reputation management and host country business climate call for sober internal practices that begin at the use of specific strategies for the financial wellness of the organization. Sustainable management activities grounded by strategies aid the survival of entities in tough business climates by contributing to solutions of the rampant issues ultimately improving productivity (Bigg, 2017).

### 1.1.4 Five-Star Hotels in Nairobi

In Kenya, the Tourism Regulatory Authority is a body established under section 4 of the Tourism Act No.28 of 2011 mandated to regulate the tourism sector. Similarly, the World Tourism Organization (2015) possesses the mandate in hotel classification, enforced by the East African Community Classification Criteria that outlines various regulatory standards based on different types of hotels. In accordance with their classification, the hotel classification system encompasses distinguishing factors such as

the implementing organization, nomenclature, quality, criteria and implementation, frequency of inspection, areas of consideration and special features in the classification of the hotels.

Five-star rated hotels in Nairobi are classified under town hotels. These indicate a provision of luxury and high quality services to the business clientele, resulting to high customer expectations and evolving preferences (Nzioka & Njuguna, 2017). Amidst efforts to curb contemporary issues, five-star hotels were among the organizations affected by the travel advisories offered in 2015 against Kenya due to terrorism activities resulting to reduced profit margins (Okulo, 2015). Global scale challenges that pose threats to the organizational financial stature call for specific internal practices that work together to shield firms from such threats. In this case, the need to appeal to a variety of expectations and preferences calls for streamlined internal operations where a selection decision substantially contributes to a solid talent pool with the ability to deliver. Therefore, the need to be aware of cognitive biases by adjusting cognitive action to improve management skill suggests that cognitive biases are a real threat to the function of the organization particularly where no efforts to manage them exist.

**1.2 Research Problem**

The constant evolution of stakeholder expectations along with contemporary issues that disrupt organizational processes; call for business solutions which highlight and manage organizational weaknesses that hinder the ability to withstand economical strains. One such weakness being the evidently indisputable occurrence of cognitive bias, heeds to efforts to mitigate against them to enhance a firm's ability to hire talent that best fits within the work environment during selection to reduce the high costs associated with

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turnover. Although cognitive biases may result to reduced costs of operation, increased level of confidence for the decision-maker, enabled decision making in inadequacy of facts and sped up decision making processes; their continued and unmanaged existence pose a bigger threat than the benefit incurred by chance (Hoffman & Woehr, 2006).

Greatly dependent on a good reputation, the hospitality industry offers a variety of options contributing to the competitive atmosphere that poses a challenge in reputation management. Meanwhile, a myriad of issues revolve around these establishments threatening their mere existence, these include; high turnover rates, reputation management, challenging business climates and seasonability among others (Global Deloitte Research Team, 2015). Five-star hotels in Nairobi are such organizations faced by these issues therefore reinforcing the need to formulate specific policies and strategies that anchor firms enabling them to be sustainable during the hits by enhancing their ability to compete both locally and internationally. Quality hiring decisions that bridge the gap between the cognitive biases that occur and the contemporary issues facing the hospitality sector is an illustration of one such strategy (Bigg, 2017).

Various studies done on cognitive bias and employee selection do not necessarily reflect upon this variable combination although they somewhat support this study. For instance, the study by (Buhasio, 2012) on the challenges facing employee recruitment and selection in non-governmental organizations in Kakamega, Central Kenya, suggested that inadequacy of funds resulted to the inability to attract and retain talent. While the inadequacy may be attributed to a genuine financial inability to meet required costs, cognitive biases as the planning fallacy in this study could also be used to demonstrate the incapacity. Similarly, the organizations studied were seen to operate without sound

human resource policies or a human resource department, where overreliance of internal selection without consideration of employee competence contributed to a dysfunctional culture. The study by Kungu (2015) on the effect of cognitive biases on individual investment decisions at the Nairobi securities exchange found that various cognitive biases as anchoring, excessive optimism and random walk majorly influenced an individual's decision based on their beliefs enhanced by previous experiences. The study on employee recruitment and selection practices in the construction industry in Ashanti region, which found that selection methods influence employee performance having used the cross sectional survey design along with the statistical package for the social sciences during analysis (Adu-Darkoh, 2014). Similarly, Ongori et al (2013) assessed factors that account for variations in performance of large hotels and restaurants in Kisii County and found that their ability to perform depends on the accurate selection of talent during recruitment.

There is a recurrent dependence on intuition and subjectivity in employee selection where personal and shared experiences influence the reasoning process causing a gap between belief and evidence (Highhouse, 2008). In addition, previous research as observed fails to explore the element of cognitive bias in employee selection. Although the variables are independently studied in other fields and contexts, the inadequacy of research on this particular topic then accounted for the attempt to answer the question; what cognitive biases prevail in employee selection at Five-Star Hotels in Nairobi?

## 1.3 Research objective

The objective of this study was to assess cognitive biases in employee selection at Five-Star Hotels in Nairobi.

## 1.4 Value of the Study

This study may contribute to the existing body of knowledge in management of talent, employee selection and the periodic cognitive biases along decision-making in organizations particularly for the hospitality industry where future studies may address the current scarcity in documentation of the topic on this specific population. Similarly, the findings in the study provide evidence in support of the applied theoretical frameworks while the recommendations, gaps and review identified from this work equally have potential to influence and inform the work of future researchers.

Professionals in various industries as independent employees, strategists and policy makers among other stakeholders may also borrow from the competitive intelligence embedded in the science of psychological bias with intent to make better decisions. Strategies employed to maintain rationale and objectivity from policies formulated through the understanding of how such biases may influence employee attitudes and behavior eventually contributing to turnover enhance decision-making ultimately cultivating employee commitment and satisfaction reducing turnover rates.

This work may inform action, through insights generated from the study thereby providing solutions to some of the human resource issues faced by the hospitality industry. The mere knowledge of some of the challenges faced by employees from a cognitive perspective and managers in departmental issues that potentially pose detrimental effects on the overall organizational function may promote the understanding that the issues arise from existing gaps as the tolerance of cognitive bias that require constant evaluation and provision of lasting solutions contributing to thriving organizations.

# CHAPTER TWO: LITERATURE REVIEW

## 2.1 Introduction

This chapter takes on a systematic approach in the account of previous findings, methodological and theoretical contributions relevant to the assessment of cognitive bias in employee selection based on arguments in cognitive and behavioral psychology and the respective human resource management practices.

## 2.2 Theoretical Review

Heuristic processes sparked the advancement of the Dual Process Accounts of Reasoning Theory well over three decades ago. In its attempt to depict brain function, the theory best demonstrates the reasoning processes available and how best to manage the process. Meanwhile, the Person-Environment Fit Theory demonstrates the development of workplace culture among other dynamics depicting just why it is vital to make the right hiring decision during selection.

### 2.2.1 Dual Process Accounts of Reasoning Theory

Originally coined by Stanovich & West (2000) into System 1 and System 2, it suggests that thoughts bear two origins in the brain; the implicit, where they are automatically generated and the explicit, a more conscious and controlled function as expressed by (Kahneman, 1934). System 1 claims the automatic, unconscious or implicit function, where the individual is completely unaware of stimulus availability, characteristics and effect in which case the stimulus may be a form of cognitive bias. It simulates an inadvertent process that does not require exertion of effort or input of any nature and remains uncontrolled (Bargh, 1994). The process to one that is independent of working

memory, highly expeditious, exclusive of speech and is illogic also referred to as heuristic by (Evans & Over, 1996). The alternative system 2 also known as rule-based is an explicit process characterized by logic (Evans, 2003). It is slower than the automatic process as it relies on a working memory associated with a restricted capacity. Here, reasoning occurs along logical standards exposed to control during option analysis responsible for hypothetical thinking (Kahneman, 1934). In addition, Thompson (2009) established the occurrence of a shift between system 1 and 2 along the process of thinking, which depends on the extent to which an individual intends to analyze a problem, involving the conflicting parts of the brain.

Similarly, a more recent development of the dual process theory by Stanovich & West (2009) informs on the ability of thinking dispositions as intelligence or heightened cognitive abilities and open-mindedness to overrule system 1 and allow for the logical process. The default interventionist model necessitates the occurrence of the shift as it claims to the natural tendency to reason along system 1 prior to intervention by the thinking dispositions. Along with the thinking dispositions, high emotion contributing to defensive behavior, stress and fatigue classified as trait and state characteristics, further frame the cognitive ability to make rational decisions (Muraven & Baumeister, 2000). However, according to Evans (2012), the similarity of the dual process theories in the assumption that thinking only transpires along two systems undermines the possible existence of other systems such as the heuristic and rule-based combination along both systems suggested by (Moshman, 2000). The supposition that the explicit system is void of domination by heuristic attributes as belief and context opposes findings by

Weidenfeld; Oberauer; Hornig (2005) hereby justifying the potential of the explicit system to speedily process given the influence by heuristics associated with experience.

Ultimately, while the alternative theory is not necessarily preferred over this, the system 1 and 2 as an emotional versus a rational process of the reasoning theory demonstrates just how thinking and reasoning leads to final decisions and predicts the quality of decisions made. The application of both systems in balance is paramount particularly in selection of talent where proper rational decisions promote equity and ensure fit, eventually contributing to enhanced satisfaction and commitment (Evans & Over, 1996).

## 2.2.2 Person-Environment Fit Theory

Various facets of the theory namely person to job and person to organization fit pose a significant effect on talent attitude, behavior and turnover (Boon & Biron, 2016). The Person-Job Fit or personality-job fit theory proposes that an individual's combination of traits determines their ability to adapt to an organization (Anderson; Flynn; Spataro, 2008). Measured by an employee's ability to complete tasks effectively, job fit supports organization fit through synergy reducing turnover. The Chatman's Person-Organization fit hereby refers to the extent to which the values of an employee match those of the organization during selection.  This however depends on the degree to which the organizational goals are shared as employees are socialized into the alignment. Although perception of high fit, promotes satisfaction and commitment, excessive levels may work against the intention resulting to conformity and reduced innovative levels (Chatman, 1991).

On the contrary, Murdock & Rounds (2015) claim that the theory takes on a variety of sub-models with multiple variations as similarities, ability versus demand and need versus supply, which bear different outcomes. Their suggestion to expound further on how the theory works, and outline the fit-outcome relationship to accommodate individual differences suggests the presence of gaps in theory. During selection, measurement of fit should involve an assessment of turnover risk using objective tools along the presentation of a realistic job preview; socialization of new hires into the culture, changing or improving the culture when necessary through involuntary turnover, developing and leading employees to ensure sustainability of fit.

However, with essence to career planning and decision-making, the theory provides solutions to career related issues by ensuring alignment between individual and organizational goals enhancing satisfaction and productivity. Further supported by Sutarjo (2011), the rate of fit directly influences employee turnover emphasizing the need to make a rational decision during employee selection as employees pursue environments that support the manifestation of their traits and a degree of fit that consequentially affects the level of satisfaction, stress, and turnover (Verquer et al, 2003).

## 2.3 Employee Selection

During employee selection, a great specific strategy would be one that ensures the ideal candidate is qualified for the job and fits the culture of the organization. This ensures that the new hire is satisfied and motivated enough to stay in the firm. Although selection processes vary from one firm to another, basic selection methods include screening applications and shortlisting, interviews, assessment tests, simulations and referencing. Some selection methods are more subjective than others leaving room for biases to occur.

Recruitment may be internal or external, regardless of this; a reliable selection method objectively considers a candidate's competency and trait composition in comparison to the needs of the organization ensuring sustainability (Bogatova, 2017).

Ekwoaba, Ikeije & Ufoma (2015) studied the impact of recruitment and selection criteria on organizational performance to find that selection criteria have a significant effect on organizational performance. Additionally, employee selection metrics are multi-dimensional constructs that reflect on an employee's action and behavior in line with their contribution to the achievement of organizational goals. Hereby, the measurement of employee selection considers job and environmental fit criterion on the quality of hire as individual work performance on tasks, ability to adapt to change, counter-productivity and employee retention (Koopmans et al, 2013).

## 2.4 Cognitive Biases Specific to Employee Selection

There is need to question the extent to which cognitive bias affects culture and productivity. This raises the vitality to pay attention to the formal norms at the workplace as cognitive biases pose implications on; finance as in costs of turnover and the distortion of diversity and culture of the organization. Although biases are independent of intelligence, it is highly ineffective to make a decision that does not result to fulfillment of purpose. During selection, the aim is to hire right; to select talent that best fits the job and organization and this requires a stretch on logical and objective decision-making, which omits preconceived opinions driven by emotions that lead to biased decisions. Such biases may include the bias blind spot, planning fallacy, confirmation bias, halo and horn effect, anchoring and cultural noise bias (Serfas, 2011).

According to Pronin; Lin; Ross (2002) the bias blind spot refers to the personal belief that one is less biased than others caused by the thought that personal perceptions and judgments are accurate and rational. The self-awareness process exaggerates this causing the extent of the bias to vary from one individual to another depending on how strongly one believes in self. A study by Scopelliti et al (2015) found that only one in 661 participants reported to being more biased than the average individual is. The bias affects how we perceive our abilities compared to others, our likelihood to take advice and the quality of decisions made. In spite of the fact that the bias blind spot may boost a decision maker's level of confidence, the assumption that our judgments are void of mistakes or accurate allows the continuation of what may appear as the usual practice. The idea that we are free from bias or less biased resulting from inadequate information is the main reason for ineffective employee selection decisions that eventually cost the organization.

The planning fallacy alludes to the tendency to underestimate the level of risk, cost and time required in one's task completion despite past exposure to similar tasks requiring more resources than planned for and overrating the benefits of the same (Kahneman & Tversky, 1979). During selection, this occurs when a recruiter assumes they would require less time or a cheaper shortlisting method to choose the best-fitted individual when really, more resources are required to complete the task. The fallacy results from a failure to recall the actual time required or an exaggerated level of optimism that ignores experience. It may be beneficial when tasks are completed within the underestimated resources otherwise the need to hastily make a decision due to time constrains or employ ineffective tools may compromise the quality of hire contributing to detrimental outcomes in the long run (Buehler; Griffin; Ross, 2002).

The confirmation bias is characterized by selective memory and reasoning, in the search for information that attests to one's beliefs omitting alternative arguments. The bias inflates personal beliefs regardless of whether or not they hold true contributing to an implicit process that overshadows objectivity. This occurs during the interpretation or recollection of information regarding a subject with convenience to one's understanding or belief system (Plous, 1993). The confirmation bias results from limited reasoning capacity explained by the perceived need to avoid risks associated with ineffective decisions. The bias reinforces individuals' beliefs, whether or not they are reliable. Selection of individuals that fit the recruiter's ideals rather than fit those of the organization causes a misalignment in need fulfillment (Lee et al, 2013).

The halo effect occurs when the brain overrates positive characteristic traits used to make positive inferences to an individual. Here, a general positive conclusion succeeds a specific positive characteristic that may not be related to the overall inference. Making a decision based on unproven positive traits during selection may lead to the acquisition of an individual that may not possess the ability to meet the needs of the job or organization (Nisbett & Wilson, 1977). In contrast, the horn effect has all positive attributes of an individual overshadowed by a negative trait or event. This occurs when a negative experience or character trait is applied to make a general negative inference. The horn effect may cost an organization its talent, as the illogical assumption of the incapability of an individual based on one negative experience is not representative (Thorndike, 1920).

The anchoring effect refers to the inclination to depend on the initial information acquired or offered to make decisions. Recorded causes for anchoring reflect a human need to have options and a point of focus to base our decisions. Influenced by one's

emotional status or mood, level of experience and personality trait combinations, the effect reflects on a default benchmark that is not necessarily representative (Wilson et al, 1996). In employee selection, anchoring may manifest when a recruiter uses an anchor on interviewees affecting how they are evaluated by favoring those that rate positively high. The anchor may either originate from an interviewee or the job itself. The initial piece of information, the anchor, determines the outcome of the rational process (Furnham & Boo, 2011).

The cultural noise bias associates to the answers provided during the selection process by an interviewee, with agreeableness skewed to the expectation of the recruiter. The expectation of interviewee answers to align with the culture of the recruiter's firm along with interviewing individuals who are willing to get the job at all cost results to this phenomenon (Douglas, 1982). While organizations need employees that understand their goals, values and beliefs, it is vital to utilize measurement tools objective enough to attain the goal of selection. The knowledge of an organization's culture by an incumbent should not be the sole determinant of whether or not one gets the job. Instead, the policies and priority should ensure there is a balance between individual characteristics and organizational needs (Helms, 2010).

Although the biases assert certain benefits as they originate from a survival perspective hereby aiming to manage risk, it is vital to manage them as to reap maximum benefits and minimize associated risks. Debiasing particularly in employee selection cultivates dominance in organizational performance through the acquisition of a competent talent pool that ensures consistent job and organizational goal achievement.

## 2.5 Empirical Review of Cognitive Biases in Employee Selection

Cognitive bias in employee selection transpires along a reasoning process that hinders the ability to procure talent that is ideal for the organization due to biased decisions. In an instance that a leader lacks awareness on the biases when basing decisions on what they consider as experience, detrimental results may follow. This raises the need for a self-management process that highlights the weakness through self-awareness (Shah & Oppenheimer, 2008). An article by Highhouse (2008) reinforces the recurrent dependence on intuition and subjectivity in employee selection through implicit events where personal and shared experiences influence thinking and reasoning thereby grounding the war existing between belief and evidence presented by the reasoning process.

On the challenges facing employee recruitment and selection in non-governmental organizations in Kakamega, Central Kenya, findings suggested that inadequacy of funds resulted to the inability to attract and retain talent. High turnover rates experienced were attributed to the regular poaching and exit of talented employees. Similarly, the organizations studied were observed to operate without sound human resource policies or a human resource department. Here, overreliance of internal selection without consideration of employee competence contributed to a dysfunctional culture highlighting the need for objective decision-making. The study used a descriptive survey design and questionnaires on all heads of human resources in the 20 non-governmental organizations. Descriptive statistics were used to analyze the data collected (Buhasio, 2012).

The study by Kungu (2015) on the effect of cognitive biases on individual investment decisions at the Nairobi securities exchange found that various cognitive biases as anchoring, excessive optimism and random walk majorly influenced an individual's decision based on their beliefs enhanced by previous experiences. The descriptive research design was used, along with a simple random sampling frame for a sample from investors at Nairobi Securities exchange. The simple linear regression model was used to compute data collected and generate findings.

In the assessment of factors that account for variations in performance of large hotels and restaurants in Kisii County, conclusions suggested that the sustainability of hotel and restaurant performance greatly depends on management ability to: apply strategy, communicate goals, accurately select talent along with the strategic process, prioritize the human resource function and align it to the main total goals. This supports this study's emphasis on objective selection of talent to achieve fit and enhance retention. The study adopted the descriptive survey and the Pearson correlation coefficient to test the strength of the relationship between the variables (Ongori et al, 2013).

The study on employee recruitment and selection practices in the construction industry in Ashanti region found that selection methods influence employee performance. Additionally, challenges observed included ineffective human resource planning, ineffective job analysis, inadequate recruitment and selection costs, employee competency and poor working conditions; recommending the need for proper human resource practices. The study used the cross sectional survey design along with the statistical package for the social sciences during analysis (Adu-Darkoh, 2014).

Similarly, Kotimaki (2012) narrowed down on how heuristics in decision-making may result to biased decisions in organizational purchasing of information technology infrastructure by identifying the cognitive biases that affect the process in small medium enterprises in Finland. Conclusions suggested that frequent biases were availability, status quo, commitment and confirmatory, attributing to inadequate time and resources. The use of a comparative multi-case study with in-depth interviews on sales persons and main decision-makers supported the study methodology.

Although various studies may seem to point to cognitive bias, no study captures the concept of cognitive bias in employee selection in the context of the hospitality industry. Similarly, the study of cognitive bias within the human resource department demonstrates scarcity in the documentation of the concept hence the significance of this study.

# CHAPTER THREE: RESEARCH METHODOLOGY

## 3.1 Introduction

The overall objective of this study was to assess cognitive bias in employee selection at five-star hotels in Nairobi. Therefore, this chapter systematically outlines the study process, theoretically analyzing the methods along various research techniques on the research design, instrumentation procedures, and data analysis in support of this study.

## 3.2 Research Design

To examine cognitive bias in employee selection at five-star hotels in Nairobi, the adoption of the descriptive cross-sectional survey design best anchored the study as the approach determines universality along various demographics or groups at a specific time-period, hence providing a means to study individual differences. Cross-sectional data indicates prevalence within a population endorsing cause and effect inferences (Lee, 1994). The focus on variations along different demographics is in line with the study since cognitive bias and perceptions particularly on fit shift from one individual to another hence the need to measure the differences among individuals.

Therefore, to assess cognitive biases in employee selection at these hotel organizations, the ability to closely observe individuals enabled by the design provides a means to study participants' individual differences, as required by the study. This was achieved by gathering data from management personnel and critically factoring their individual differences. Hereby, the design accurately captured the context and requirements of this study by supporting the main study objective.

## 3.3 Target Population

In research, the target population reflects the sum of individuals to whom the generalization of conclusions is referred (Alvin, 2016). The total population of this study comprised of 16 five-star hotels in Nairobi (see appendix 2). Two heads of department from each hotel were to participate in this study, including: a human resource manager and a random head of a different department as in: banqueting, rooms division, front office, kitchen, sales and marketing, stores and control or food and beverage.

The target population for this study particularly targeted employees in management positions holding the responsibility to select employees as part of the human resource function or the ability to influence the selection process internally during promotions resulting to 32 elements.

## 3.4 Data Collection

To explore attitudes, perceptions and motivations of the participants, statements were crafted to include the main study variables in a hand delivered questionnaire for the acquisition of primary data. The questionnaire comprised of both closed and open-ended questions was sectioned in three parts: 1- general data, 2- employee selection and 3- cognitive bias.

These sections suggesting bias were coded to avoid the framing effect. Five days were allowed to respondents after which arrangements to pick the questionnaires were made. The two heads of departments from each hotel were sufficient for the study as samples for the participating hotels given that selection practices are bound to differ from one firm to another rather than one employee to another.

## 3.5 Data Analysis

Gathered data was coded and categorized along various classification systems in preparation for analysis (Mugenda & Mugenda, 2012), with the use of content analysis, descriptive statistics as mean, standard deviation and frequencies alongside the multiple linear regression model: $y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \epsilon$ where:

$Y$ = Employee selection

$\beta_0$ = Constant

$X_1$ = Bias blind spot (BBS)

$X_2$ = Planning fallacy (PL)

$X_3$ = Confirmation bias (CB)

$X_4$ = Halo and Horn effect (H,HE)

$X_5$ = Anchoring effect (AE)

$X_6$ = Cultural noise bias (CNB)

$\beta_0, \beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$ = Regression coefficients

$\epsilon$ = Term of error

# CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSIONS

## 4.1 Introduction

This chapter outlines the findings and discussions from the assessment of cognitive bias in employee selection at five-star hotels in Nairobi. Obtained through primary data, the analysis of the biases is presented in frequency distribution on the general data from the respondents, descriptive statistics as mean and standard deviation and regression findings from analysis of the six biases reviewed in this study.

## 4.2 General Data from Respondents

General data was gathered from respondents to measure their individual differences and assess their ability to accurately contribute to this study. Two open ended questions inserted in this section aimed to find out the functionality of the hotel's employee selection system. The findings on the individual and organizational facts and figures are presented in accordance with the questions on section 1 (see appendix 2).

## 4.2.1 Response Rate

The study comprised of a total of 32 respondents from the list of 16 five-star hotels in Nairobi (see appendix 3). Two heads of department from each hotel were expected to participate in this study: a human resource manager and a randomly selected head of a different department. Out of the 16 hotels, 4 hotels declined the invitation to participate in the study as 3 questionnaires were provided to the each of the remaining 12 to account for any respondents that may not have been able to participate. Of the 36 hand delivered questionnaires, 31 were completed and picked for analysis, constituting to the 86%

response rate, which is sufficient for analysis. The results are illustrated in table 4.1 below.

**Table 4.1: Response Rate**

| Participation | Frequency (n) | Percentage (%) |
|---|---|---|
| Returned | 31 | 86 |
| Unreturned | 4 | 11 |
| Incomplete | 1 | 3 |
| **Total** | **36** | **100** |

Source: Author (2018)

All 31 questionnaires were completed and returned for analysis contributing to the response rate of 86% which is argued to be very good in accordance with (Mugenda & Mugenda, 2012). The returned but incomplete questionnaire was considered inadequate for the study therefore it was not used.

**4.2.2 Gender of Participants**

Respondents were required to indicate their gender to ensure a fair representation of both genders; findings are as indicated in table 4.2 below.

**Table 4.2: Participant Gender**

| Gender | Frequency (n) | Percentage (%) |
|---|---|---|
| Female | 19 | 61 |
| Male | 12 | 39 |
| **TOTAL** | **31** | **100** |

Source: Author (2018)

The results indicated that 61% of the participants were female while 39% represented the male. There was fair balance in the participation by both genders hence the observed level of disparity was considered insignificant.

### 4.2.3 Age of Participants

Respondents were asked to indicate their age bracket to determine their demographic profile. Findings are as indicated in table 4.3 below.

**Table 4.3: Participant Age Groups**

| Age | Frequency (n) | Percentage (%) |
|---|---|---|
| 21- 30yrs | 2 | 6 |
| 31- 40yrs | 22 | 71 |
| 41- 50yrs | 7 | 23 |
| 51- 60yrs | - | - |
| Above 60yrs | - | - |
| **TOTAL** | **31** | **100** |

Source: Author (2018)

A majority of the share at 71% claimed to be aged between 31 and 40 years. While the other 29% indicated to be between 21 and 30 at 6% and 41 to 50 years at 23%. No participants recorded any age above 50 suggesting that the managers in these five-star hotels were middle aged employees.

### 4.2.4 Level of Education

Participants were required to indicate their level of education which was paramount to this study since educational knowledge is a top determinant of the decision making process in an individual. Findings are as displayed in table 4.4 below.

**Table 4.4: Participant Educational Level**

| Level | Frequency (n) | Percentage (%) |
|-------|---------------|----------------|
| Secondary | - | - |
| Certificate | - | - |
| Diploma | 7 | 23 |
| Bachelor's Degree | 21 | 68 |
| Master's Degree | 3 | 9 |
| **Total** | **31** | **100** |

Source: Author (2018)

Table 4.4 above reveals that the managers with the highest level of education at 68% had a bachelor's degree. 9% held a master's degree at the time while the remaining 23% had a diploma. Of the participating managers, none indicated the secondary or certificate levels of education. This meant that the respondents were fairly educated raising the expectation level on their performance.

**4.2.5 Employment Duration at Current Hotel**

Respondents were requested to indicate how much time they had spent working for their respective hotel as this would determine how well they understood the organization at the time of the study. Results are as shown in table 4.5 below.

**Table 4.5: Employment Duration**

| Duration in Years | Frequency (n) | Percentage (%) |
|---|---|---|
| Less than 1 | 8 | 26 |
| 1 – 3 | 6 | 19 |
| 4 – 6 | 13 | 42 |
| 7 – 9 | 3 | 10 |
| Over 9 | 1 | 3 |
| **Total** | **31** | **100** |

Source: Author (2018)

According to table 4.5 above, a majority of the managers had worked in their respective hotels for a period of less than 6 years at the time of the study. 42% had lasted between 4 to 6 years while 26% had been there for months. Only 3% had worked for the same hotel for a period exceeding 7 years while 19% had been there between 1 and 3 years. Since the majority of the managers had worked for the same hotel for 1 to 6 years at the time, this was considered sufficient for their contribution to the study.

**4.2.6 Management Level Work Experience**

This study sought to establish how much time respondents had spent in management positions with relevance to their level of work experience. Results are as displayed in figure 4.6 below.

**Table 4.6: Managerial Experience Data**

| Time in Years | Frequency (n) | Percentage (%) |
|---|---|---|
| Less than 1 | 2 | 6 |
| 1 – 3 | 5 | 16 |
| 4 – 6 | 12 | 39 |
| 7 – 9 | 9 | 29 |
| Over 9 | 3 | 10 |
| **Total** | **31** | **100** |

Source: Author (2018)

**Figure 4.1: Representation of Managerial Experience**



Source: Author (2018)

Figure 4.1 above illustrates the level of work experience in management positions by the participants. A good 78% of the respondents had well over 4 years work experience in management positions. Although 6% had less than a year, 16% had 1 to 3 years while 10% had beyond 9 years of work experience in a management position.

### 4.2.7 Employee Selection

Respondents were required to complete some open ended questions to establish whether an objective employee selection process existed. The question on potential issues in their employee selection process that would eventually cause employees to leave prompted a variety of responses suggesting that a majority of the hotels were operating with a subjective selection process. A majority of the respondents cited that their hiring process was casual to some extent claiming that the rating system depended on individual managers and their experience with prospective employees. In some, top managers were seen to influence the selection process by recommending specific candidates for the job based on who knows who. While some of these organizations attracted a huge number of candidates, the quest to hire the best one may have been hindered by the subjectivity.

Although employee selection methods used included shortlisting, interviews, written tests, practical tests, psychometric tests and referencing, some of these objective methods depended on how the hiring manager's would interpret and judge during selection, to rate the prospective employee based on their perception of the candidates drawing from the manager's knowledge and experience rather than by independently relying on the selection method.

### 4.3 Descriptive Statistics on Employee Selection

Descriptive statistics were utilized by the study to analyze and present data through mean and standard deviation to capture the context at that particular time of the study. Likert items were prepared into a five point scale that measured the extent to which respondents agreed or disagreed with respective statements on employee selection. The scale was coded as in: 1- strongly agree, 2- agree, 3- not sure, 4- disagree and 5- strongly disagree.

The study sought to assess cognitive bias in employee selection given three metrics; individual performance, the alignment of individual goals and values to those of the organization and employee turnover through retention. The outcome is discussed below.

### 4.3.1 Individual Performance

Likert items were crafted to measure the suitability of the employees in the hotels through five statements on individual performance as: level of initiative, task completion, need for supervision and reaction to change. Findings are illustrated in table 4.7 below

**Table 4.7: Individual Performance**

| Individual Performance | N | Mean | SD |
|---|---|---|---|
| Employee performance is drastically improved after training programs are offered | 31 | 1.74 | 0.6 |
| Our employees often demonstrate initiative | 31 | 2.32 | 0.9 |
| Our employees display a relevant level of innovation and complete their tasks effectively | 31 | 2.00 | 1.2 |
| Our employees perform highly even without supervision | 31 | 1.48 | 0.6 |
| Major changes do not affect employee performance | 31 | 3.06 | 1.5 |
| **Aggregate** | **31** | **2.12** | **1.0** |

Source: Author (2018)

Table 4.7 above shows that a majority of the participants agreed with the statements on individual performance with the average mean of 2.12 and a standard deviation of 1.0 supporting the idea that individual performance within the hotels was substantial. Responses showed uncertainty as to whether major changes affected employee

performance at the highest mean of 3.06 and standard deviation of 1.5. The lowest mean 1.48 at a standard deviation of 0.6 indicated that employees performed highly even without supervision. Findings also suggested that any training programs offered did indeed improve individual performance according to the mean of 1.74.

### 4.3.2 Alignment of Goals and values

Respondents were asked to indicate the extent to which there was alignment of individual and organizational goals and values, in six statements on the employees' level of engagement, workplace culture, self-development, customer satisfaction, self-assessment on performance and overall alignment. Results are as displayed in table 4.8 below.

**Table 4.8: Individual and Organizational Alignment**

| Alignment of Goals and values | N | Mean | SD |
|---|---|---|---|
| Our employees are engaged, satisfied and committed | 31 | 2.81 | 1.1 |
| We have a well-defined workplace culture that our employees are immersed in | 31 | 2.26 | 1.0 |
| Our employees take action to improve themselves and the organization | 31 | 1.81 | 0.7 |
| We have a high customer satisfaction level thanks to our employees | 31 | 1.74 | 0.6 |
| Our employees track their goals to measure their performance | 31 | 2.06 | 1.1 |
| There is great alignment between the goals and values of our employees and those of the organization | 31 | 2.03 | 0.6 |
| **Aggregate** | **31** | **2.12** | **0.9** |

Source: Author (2018)

Table 4.8 above reflects an aggregate mean of 2.12 with a standard deviation of 0.9, indicating that individual goals and values were fairly aligned to those of the organization. The findings suggested that more could have been done regarding the employees' engagement, satisfaction and commitment levels at the highest mean of 2.81 and standard deviation of 1.1, additionally, the hotels did have their employees to thank for their customer satisfaction rate at the lowest mean of 1.74.

### 4.3.3 Employee Retention

Participants were required to reflect their views in five statements on employee retention to measure employee turnover. These were based on retention rate, reasons for exit, the selection process, job satisfaction and turnover rates. Results are as in table 4.9 below.

**Table 4.9: Employee Retention**

| Employee Retention | N | Mean | SD |
|---|---|---|---|
| We have a low employee retention rate | 31 | 2.55 | 1.1 |
| A majority of our employees leave for reasons we cannot control | 31 | 2.13 | 1.4 |
| If our employees were carefully selected, we would encounter increased retention rates | 31 | 1.90 | 0.9 |
| Conversations with our employees indicate that they are happy working here and are not looking for a new job | 31 | 3.19 | 1.1 |
| We have significantly invested in the reduction of our turnover rates | 31 | 3.03 | 1.4 |
| **Aggregate** | **31** | **2.56** | **1.2** |

Source: Author (2018)

Table 4.9 above indicated that there was low employee retention supported by the aggregate mean of 2.56 and standard deviation of 1.2. There was room for more conversations to be had regarding whether employees felt that their needs were being met as respondents were not sure whether their employees were satisfied or looking for new jobs. The highest mean of 3.19 at a standard deviation of 1.1 was evident of this. The lower mean of 1.90 found that a majority of the respondents agreed with the need for an objective selection process to increase retention rates.

## 4.4 Regression Analysis

The multiple linear regression analysis was used to determine the relationship between the main study variables. Employee selection was the dependent variable as cognitive bias constituted the independent variable. The study adopted the regression model:

$y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \epsilon$ where:

Y- Employee selection
$\beta_0$ – Constant/ Y intercept of the regression equation
$X_1$ = Bias blind spot (BBS)
$X_2$ = Planning fallacy (PL)
$X_3$ = Confirmation bias (CB)
$X_4$ = Halo and Horn effect (H,HE)
$X_5$ = Anchoring effect (AE)
$X_6$ = Cultural noise bias (CNB)
$\beta$ - Regression coefficients
$\varepsilon$ - Term of error

Table 4.10 below illustrates the regression output on the reliability of the model and the degree of variation. The value of R as the coefficient of correlation at .474 indicated that there was correlation between cognitive bias and employee selection. The results indicate

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that cognitive biases explained 0.224 (22.4%) of the effect on employee selection assuming that 78% of the remaining percentage was accounted for by other variables not in this study.

**Table 4.10: R Square Model of Best Fit**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .474[a] | .224 | .030 | 1.215 |

a. Predictors: (Constant), Cultural Noise Bias, Anchoring Effect, Confirmation Bias, Bias Blind Spot, Planning Fallacy, Halo and Horn Effect

The analysis of variance ANOVA was used to determine the significance of the regression model. The results established that the model was insignificant and therefore not fit to explain the relationship between cognitive bias and employee selection since the P value at 0.361 was greater than 0.05.

**4.11: Analysis of Variance**

**ANOVA[b]**

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 10.245 | 6 | 1.707 | 1.157 | 0.361[b] |
| | Residual | 35.432 | 24 | 1.476 | | |
| | Total | 45.677 | 30 | | | |

a. Dependent Variable: Employee Selection

b. Predictors: (Constant), Cultural Noise Bias, Anchoring Effect, Confirmation Bias, Bias Blind Spot, Planning Fallacy, Halo and Horn Effect

Table 4.12 below illustrates the results of the regression equation in which employee selection as the dependent variable was at 2.381 assuming all other factors are constant.

**Table 4.12: Regression Model**

**Coefficients[a]**

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| (Constant) | 2.381 | 1.232 | | 1.932 | .065 |
| Bias Blind Spot | .312 | .219 | .278 | 1.420 | .169 |
| Planning Fallacy | -.006 | .254 | -.005 | -.024 | .981 |
| Confirmation Bias | .155 | .234 | .141 | .660 | .516 |
| Halo and Horn Effect | -.362 | .220 | -.352 | -1.640 | .114 |
| Anchoring Effect | .145 | .245 | .116 | .591 | .560 |
| Cultural Noise Bias | .229 | .180 | .234 | 1.272 | .216 |

a. Dependent Variable: Employee Selection

Findings established that a unit increase in cognitive bias would result to a decrease in employee selection by respective coefficients. For instance, an increase in the bias blind spot by 1 unit would cause a decrease in employee selection by 0.312. On the other hand, a decrease in the confirmation bias by one unit would cause an increase in employee selection by 0.155.

**4.5 Discussion of Findings**

The findings in this study established that there is an insignificant relationship between cognitive bias and employee selection given the R Square value of 22.4% from the regression analysis. This is contrary to the findings of Adu-Darkoh (2014) who established that selection methods influence employee performance in which ineffective selection methods were observed in issues such as ineffective human resource planning, ineffective job analysis, inadequate recruitment and selection costs, employee competency and poor working conditions. These may be associated with the planning fallacy and the bias blind spot as supported by Kungu (2015) who found that cognitive biases such as anchoring influence an individual's decision based on their beliefs and previous experiences.

The findings in this study suggested that the hotels faired moderately well given the average mean of 2.27, on the outcomes of employee selection. The study also determined that cognitive biases accounted for only 22% of the relationship from which 78% of other factors may explain why the hotels performed so well in employee selection outcomes. In addition, the correlation between some of the biases as the bias blind spot and employee selection at 0.312 is explained by Thompson (2009) who validated that people are able to make decisions by shifting between the objective and automatic processes, depending on the extent to which an individual intends to analyze a problem, revealing the possibility of applying biases to one's advantage bearing positive outcomes especially in employee selection.

Further findings indicated uncertainty as to whether major changes affected employee performance at the highest mean of 3.06 and standard deviation of 1.5. The lowest mean

1.48 at a standard deviation of 0.6 indicated that employees performed highly even without supervision. Findings also suggested that any training programs offered did indeed improve individual performance according to the mean of 1.74. Additionally, more could have been done regarding the employees' engagement, satisfaction and commitment levels at the highest mean of 2.81 and standard deviation of 1.1, as the hotels did have their employees to thank for their customer satisfaction rate at the lowest mean of 1.74. There was low employee retention supported by the aggregate mean of 2.56 and standard deviation of 1.2 leaving room for more conversations to be had regarding whether employees felt that their needs were being met as respondents were not sure whether their employees were satisfied or looking for new jobs. The highest mean of 3.19 at a standard deviation of 1.1 was evident of this while the lower mean of 1.90 found that a majority of the respondents agreed with the need for an objective selection process to increase retention rates.

The relationship between cognitive bias and employee selection moderately established in this study is supported by Muraven & Baumeister (2000) in the dual process of reasoning accounts theory where thinking dispositions as intelligence and high emotions contribute to defensive behavior, stress and fatigue laying grounds for the cognitive ability to either make rational or irrational decisions. Similarly, various facets of the person to job and person to organization fit theory pose a significant effect on talent attitude, behavior and eventually turnover determined by an individual's ability to adapt to an organization and measured their ability to complete tasks effectively all depending on an organization's ability to make the best selection decision (Boon & Biron, 2016).

# CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

## 5.1 Introduction

This chapter offers a close on the study as a summary is done along with conclusions on the assessment of specific cognitive biases in employee selection at five-star hotels in Nairobi. Recommendations along with suggestions for future studies are also made to inform stakeholders and researchers along with limitations of this particular study.

## 5.2 Summary of Findings

On factors that account for variations in performance of large hotels and restaurants, Ongori et al (2013) found that sustainability of hotel and restaurant performance greatly depends on the management's ability to: apply strategies, clearly communicate goals, ensure accurate selection of talent, prioritize the human resource function and align it to the main goals. These findings supported this study's objective to assess cognitive biases in employee selection where the argument was that accurate selection of talent relies on the use of objective selection methods to ensure the entrant fits the job and the organization as the aim of employee selection is to achieve fit and enhance retention.

Findings revealed that a majority of the hotels were operating with a subjective selection process as the rating systems used depended on perspectives of individual managers and their experiences with prospective employees. Some selection decisions were also made by only one manager as others experienced a situation where top managers influenced the selection process by recommending specific candidates for the job based on who knows who. Although the employee selection methods used were objective, the systems had loopholes that left room for the biases to occur.

The outcome of the descriptive statistics depicted that the employees required training in order to perform. The employees fairly demonstrated initiative indicating self-drive. It was also established that the employees performed highly even without supervision while displaying innovation and task completion. This was endorsed by the total (mean of 2.12) hence concluding that individual performance within the hotels was substantial. The employee performance could have been explained by the nature of their jobs or training offered among other variables.

Moderately, responses showed that there was individual and organizational goal alignment. The aggregate (mean of 2.12) suggested that the hotels did have their employees to thank for their customer satisfaction rate although more could have been done regarding the employees' engagement, satisfaction and commitment levels. The hotels had a well-defined workplace culture within which employees evaluated themselves to measure their performance. There was need for objective selection methods disclosed by the average response of the (mean at 1.90). Similarly, there was room for more conversations to be had regarding whether employees felt that their needs were being met to measure their loyalty and commitment to the organizations.

The findings determined that the organizations struggled to maintain their employee retention rates supported by the aggregate (mean of 2.56). The highest (mean of 3.19) was evident of this as respondents were not certain as to whether their employees were satisfied or if any measures were in place to reduce turnover rates. Similarly, the lower (mean of 1.90) found that a majority of the respondents agreed with the need for an objective selection process to increase retention rates reporting that they had high turnover rates.

The results of the regression equation in which employee selection was the dependent variable was at 2.381 assuming all other factors were constant. Findings established that there was a moderate relationship between cognitive bias and employee selection explained by the R Square where cognitive biases insignificantly accounted for only 22% of the effect on employee selection. For instance, an increase in the bias blind spot by 1 unit would cause a decrease in employee selection by 0.312.

## 5.3 Conclusion

An employee selection process is not entirely objective unless it fulfills the purpose of selection by fool proofing itself against cognitive biases to ensure that the organizations have the ability to retain their talent. Additionally, the extent to which the values of an employee match those of the organization during selection depends on the degree to which the organizational goals are shared as employees are socialized into the alignment. Although perception of high fit, promotes satisfaction and commitment, excessive levels may work against the intention resulting to conformity and reduced innovative levels (Chatman, 1991).

Organizations need to balance their practices to ensure sustainability. Cognitive biases may also be used to safeguard against negative outcomes although knowledge and objectivity should be generally upheld in decisions related to employees. For instance, while a majority of respondents indicated that they thought first impressions were paramount, these should not be primarily used to make a selection decision as hiring a highly qualified employee who fits the job and organization is the priority.

**5.4 Recommendations**

It was determined that cognitive biases were present in the selection process. It was also established that the biases had some influence in employee selection outcomes as retention rates, goal alignment and individual performance. Therefore, five-star hotels in Nairobi were recommended to make efforts to mitigate against biases in order to ensure reduced rates of turnover, employee performance and commitment. This can be done by identifying a list of frequent biases in employee selection and training manager on how to identify them to avoid them when making selection decisions.

In addition to this, managers should streamline their employee selection processes by ensuring that more managers are involved in making selection decisions as some hotels reported that it was purely a human resource function. This ensures that selection perceptions are mixed reducing the probability for cognitive biases to occur ensuring that purely objective decisions are made. Additionally, senior managers should be discouraged from participating in the selection process especially when not appointed to.

**5.5 Limitations of Study**

The study required that data was collected from five-star hotels in Nairobi. This proved difficult in convincing the organizations to participate in the study given that employee selection is a topic which ties to various legislative requirements hence causing some of the hotels to feel exposed or threatened by disclosing such information. This was sorted by reassuring the participants that any information disclosed would not be used to identify them in any way possible. Similarly, the managers had busy schedules, which delayed the study considering the researcher equally faced short deadlines at the time.

The study's methodology was limiting to some extent as it would have been more conclusive to include the views of junior employees by gathering their perceptions on their managers and the organizations and comparing that to the managers' perceptions for more accuracy. Similarly, more tests could be done on the relationship between cognitive bias and employee selection to determine the extent to which cognitive bias affects employee selection since the model in this study was considered insignificant. This may be achieved by targeting a wider population in a different context.

## 5.6 Suggestions for Future Research

There was scarcity in academic material on cognitive biases in organizational processes yet various theorists argue that being human, we are indeed biased. Therefore, studies of this nature could be extrapolated in different contexts to raise awareness on the issue of cognitive bias and the varying effects it poses on the effectiveness and efficiency of any organization. Although cognitive bias is noted to have detrimental effects, cases where cognitive biases have been used to manipulate processes for positive outcomes may be explored to give even more reason for the need to invest in mitigating against these biases by demonstrating the potential to reap benefits.

Lastly, future studies should embrace varied research methodologies both quantitative and qualitative in nature to further explore cognitive bias in an organizational context by determining whether employees understand the concept of cognition and how it applies to biases; to unearth what organizations are doing in attempts to debias and measure if their efforts are working to eventually adding to the research pool on the relationship of cognitive bias and organizational performance.

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# APPENDIX 1

## QUESTIONNAIRE

Kindly respond to all items, thank you.

### SECTION 1: GENERAL DATA

1. Participant gender:  Male **(   )**     Female **(   )**

2. Age of participant:  21-30 **(   )**     31-40 **(   )**     41-50 **(   )**     51-60 **(   )**  Above 60 years **(   )**

3. What is your highest level of education?   Secondary **(   )**        Certificate **(   )** Diploma **(   )** Bachelor's Degree **(   )** Master's Degree **(   )**  other: _____

4. For how long have you worked at this hotel?

   Less than 1 (   )      1-3 (   )      4-6 (   )      7-9 (   )      over 9 years (   )

5. How many years have you been a manager in your entire career?

   Less than 1 **(   )**      1-3 **(   )**      4-6 **(   )**      7-9 **(   )**      over 9 years **(   )**

6. Assume that a majority of your employees leave due to an issue in your employee selection process. What would that issue be? _____

   _____

7. What employee selection methods do you use? _____

   _____

### SECTION 2: EMPLOYEE SELECTION

Please indicate the extent to which you agree or disagree with the following statements by checking the respective sections with (x) or (√).

**SCALE:**    **1. (SA) - Strongly Agree**        **2. (A) - Agree**        **3. (NS) - Not Sure**
**4. (D) – Disagree**        **5. (SD) - Strongly Disagree**

| Individual Performance | SA | A | NS | D | SD |
|---|---|---|---|---|---|
| 8. Employee performance is drastically improved after training programs are offered | | | | | |

| | SA | A | NS | D | SD |
|---|---|---|---|---|---|
| **9.** Our employees often demonstrate initiative | | | | | |
| **10.** Our employees display a relevant level of innovation and complete their tasks effectively | | | | | |
| **11.** Our employees perform highly even without supervision | | | | | |
| **12.** Major changes do not affect employee performance | | | | | |
| **Alignment of Goals and Values** | SA | A | NS | D | SD |
| **13.** Our employees are engaged, satisfied and committed | | | | | |
| **14.** We have a well-defined workplace culture that our employees are immersed in | | | | | |
| **15.** Our employees take action to improve themselves and the organization | | | | | |
| **16.** We have a high customer satisfaction level thanks to our employees | | | | | |
| **17.** Our employees track their goals to measure their performance | | | | | |
| **18.** There is great alignment between the goals and values of our employees and those of the organization | | | | | |
| **Employee Retention** | SA | A | NS | D | SD |
| **19.** We have a low employee retention rate | | | | | |
| **20.** A majority of our employees leave for reasons we cannot control | | | | | |
| **21.** If our employees were carefully selected, we would encounter increased retention rates | | | | | |
| **22.** Conversations with our employees indicate that they are happy working here and are not looking for a new job | | | | | |
| **23.** We have significantly invested in the reduction of our turnover rates | | | | | |

## SECTION 3: COGNITIVE BIAS

Please indicate the extent to which you agree or disagree with the following statements by checking the respective sections with (x) or (√).

**SCALE:**  **1. (SA) - Strongly Agree**   **2. (A) - Agree**   **3. (NS) - Not Sure**
**4. (D) – Disagree**   **5. (SD) - Strongly Disagree**

| Bias Blind Spot | SA | A | NS | D | SD |
|---|---|---|---|---|---|
| **24.** I always make objective decisions in employee selection | | | | | |
| **25.** I often make the right choice during employee selection | | | | | |
| **26.** Hardly do I make biased decisions during selection | | | | | |
| **27.** I am less biased than the average manager | | | | | |
| **28.** It is very important to rely on work experience during employee selection | | | | | |
| **Planning Fallacy** | SA | A | NS | D | SD |
| **29.** It will probably cost much less to make a selection decision next time. | | | | | |
| **30.** In this organization, the amount of resources required during employee selection are estimated each time | | | | | |
| **31.** During employee selection, I often find that we need more resources than planned for | | | | | |
| **32.** We use a specific formula to determine the amount of time and money required for employee selection | | | | | |
| **33.** We will need more time to make a selection decision next time | | | | | |
| **Confirmation Bias** | SA | A | NS | D | SD |
| **34.** I heavily use my knowledge and experience in selection | | | | | |
| **35.** Strong personal beliefs positively affect the decision-making process in employee selection | | | | | |
| **36.** Strong personal beliefs safeguard against poor decision-making in the selection of employees | | | | | |
| **37.** My beliefs and experience do not matter in selection | | | | | |
| **38.** Knowledge is more important than experience when making a selection decision | | | | | |

| Halo and Horn Effect | SA | A | NS | D | SD |
|---|---|---|---|---|---|
| **39.** First impressions are very important | | | | | |
| **40.** People are a sum of their positive and negative traits | | | | | |
| **41.** I would promote a high performing employee with a negative disciplinary history | | | | | |
| **42.** It is vital to only promote high performing employees with a positive record | | | | | |
| **43.** I am more concerned with the qualification of an individual than the first impression | | | | | |
| **Anchoring Effect** | SA | A | NS | D | SD |
| **44.** It is impossible to not compare interviewees to each other | | | | | |
| **45.** We always use a list of needs while searching for an ideal | | | | | |
| **46.** Our selection process is purely objective | | | | | |
| **47.** During an interview, the first ideal candidate is a benchmark for everyone else | | | | | |
| **48.** Every interview candidate is unique to themselves | | | | | |
| **Cultural Noise Bias** | SA | A | NS | D | SD |
| **49.** I expect interviewee responses to reflect their originality | | | | | |
| **50.** My ideal candidate does not have to show their knowledge of our culture and organization | | | | | |
| **51.** I can tell when an interviewee is truthful during selection | | | | | |
| **52.** It is of more importance that a candidate is competently qualified than show their ability to fit in our culture | | | | | |
| **53.** A candidate should demonstrate their knowledge of this organization during an interview | | | | | |

**END**

**Thank you for your participation in this study**

## APPENDIX 2

## LIST OF FIVE-STAR HOTELS IN NAIROBI

1. Fairmont the Norfolk Hotel

2. Villa Rosa Kempinski

3. Nairobi Serena Hotel

4. Laico Regency Hotel

5. Sarova Stanley Hotel

6. Radisson Blu Hotel

7. Tribe Hotel

8. House of Waine

9. Windsor Golf Hotel and Country Club

10. Hemingways

11. DusitD2

12. Sankara Hotel

13. The Boma Hotel

14. Intercontinental Hotel

15. Safari Park Hotel and Casino

16. Nairobi Safari Club