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Why Don't They Learn?

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Highhouse (2008) suggests that managers' "stubborn" preferences for suboptimal selection practices are based on two beliefs: (1) that selection decisions can be near 100% correct and (2) that the expertise and intuition needed to make perfect decisions are developed by experience. I will suggest mechanisms by which these beliefs persist in the face of what should be contradictory feedback.

When managers make selection decisions, they receive delayed and partial feedback on the correctness of their decisions. Often, there is no feedback regarding candidates who are rejected, and managers probably assume that their decision to reject was correct. This creates a sizable set of apparently correct decisions that bolster the beliefs identified by Highhouse.

For candidates who are hired, feedback may be delayed for a year or more until it is clear how well the new employee will perform. Human resources (HR) managers who are involved in a large number of selection decisions will not always receive feedback on the success or failure of each of the candidates they have helped to hire. Managers are more likely to become aware of the success or otherwise of individuals hired into their own units. However, the availability of feedback does not guarantee that selection is a probabilistic endeavor or that intuition is a fallible basis for selection decisions.

When a true positive hiring decision has been made, the stage is set for the "hindsight bias," in which individuals believe that events were more predictable in retrospect than they were at the time of the initial prediction (Fischhoff, 1975; Hawkins & Hastie, 1990). This is also known as the "I knew it all along" effect or "creeping determinism." In a wide range of contexts, when outcome feedback confirming a decision is presented, individuals report that they were more confident of their initial decision from the very beginning. Individuals are completely unaware that current knowledge of the outcome has impacted their recollection of their beliefs at the time of the initial decision. The hindsight bias is especially strong when individuals are reflecting on their own past decisions rather than those of others, when the decision context is professionally relevant, and when outcome feedback is delayed long enough for detailed memory of the initial decision to fade (Bryant & DeHoek, 2006; Louie, 1999). These attributes clearly characterize the selection context.

There are both motivational and cognitive explanations for the hindsight bias, and it is likely that both play a role in the phenomenon (Hawkins & Hastie, 1990). Clearly, professionals in HR and in management could be motivated by self-enhancement, the desire to be seen and see oneself as competent in making selection decisions. Consistent with a motivational explanation, decision makers displaying hindsight bias also report

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more internal attributions for their correct decisions (Louie, 1999). This tendency would reinforce decision makers' beliefs in their own expertise and intuition.

Cognitive mechanisms for the hindsight bias involve the reconstruction of an initial judgment that can no longer be precisely recalled. The now known outcome may be taken as a starting point or anchor, and the original judgment reconstructed based on this knowledge. There is evidence that people are unaware of how much their attitudes and beliefs have changed over time, such that recalled attitudes and beliefs are colored by current attitudes and beliefs. Given a successful hire, managers are likely to recall liking the candidate more and being more confident of the correctness of their decision at the point the hiring decision was made.

When the prior decision is reconstructed, knowledge of the outcome can bias: (1) the search for evidence, (2) the interpretation of evidence, and (3) the weighting of evidence (Hawkins & Hastie, 1990). First, outcome-consistent evidence will be more accessible in memory. Thus, the manager will selectively recall aspects of the candidate's qualifications that support the decision made and the success later achieved. Second, previously ambiguous pieces of information will be reinterpreted in light of the known outcome and seen as initially diagnostic rather than ambiguous. For instance, a selection decision maker may recall that a candidate was highly educated relative to job requirements. If the candidate has been successful, the decision maker may recall believing that education made the candidate well qualified. If the candidate has been unsuccessful, the decision maker may recall thinking that the candidate was overqualified so not a good fit. Finally, the biased and reinterpreted candidate information that is recalled is weighted into a reconstructed select/reject decision. Items consistent with the now known outcome are likely to be weighted more heavily in retrospect than they were in making the initial decision.

It is possible that some types of selection information are more subject to recall error and more easily distorted to fit current reality than others. Attributes such as years of experience, amount of education, and test scores are relatively objective, whereas judgments based on an unstructured interview may be particularly malleable and subject to recall and reinterpretation biases in light of later feedback on candidate success. This may account for managers' beliefs that interviews are accurate selection devices.

Einhorn and Hogarth (1978) point out that individuals keep track of their successes in terms of frequencies (e.g., number of successful decisions) rather than proportions and also underestimate the role of context in decision outcomes. Drawing on Taylor and Russell (1939), Einhorn and Hogarth note that the chances of making a true positive hiring decision depend not just on the validity of the judgment of the person doing the hiring but also on the selection ratio and the base rate of success. It is hard to make a hiring error when most people can succeed, and one has the luxury of hiring the top few candidates out of a large pool, even given a low-validity decision process. However, managers in this context are likely to view their large number of successful hires as reflecting sound intuition and appropriate use of selection tools such as unstructured interviews, rather than giving credit to other aspects of the context. When successful applicants are chosen from a large pool of applicants (favorable selection ratio), managers may become even more convinced of their own expertise. Because the mental tally is kept in terms of frequencies, each additional successful hire and apparently correct rejection decision (for which there is no actual feedback) adds to the manager's confidence in his or her own hiring ability.

Turning to selection failures, false positive selection decisions should provide a potent learning experience for decision makers. However, when unexpected negative feedback on a decision is received, self-serving external attributions are mobilized to deflect blame (Louie, 1999; Pezzo & Pezzo, 2007). For instance, one may conclude that the candidate was a consummate liar who could have fooled anyone. If one was a member

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of a selection panel, one may recall others on the panel who supported the candidate more strongly and believe that these others carried the decision over one's own doubts. If the new hire was subsequently trained and mentored by someone other than the decision maker, it may be possible to place blame on that person's failings rather than on the original decision to hire. These attributional biases may explain the persistence of managers' unreasonable confidence in their own selection expertise and intuition.

So how might we improve managers' learning from experience in the selection context? Education on the errors and biases discussed above may help. Einhorn and Hogarth (1978) give three suggestions: (1) admonish decision makers to seek disconfirming as well as confirming evidence regarding their past decisions, (2) provide a "model of the environment" so that decision makers understand the effects of selection ratio and base rate on selection outcomes (and correspondingly reduce faith in their own expertise as the sole cause of favorable outcomes), and (3) objectively "keep score" of the outcomes of all initial recommendations to hire. Keeping score is especially likely to be helpful because outcome feedback is delayed so long after the initial hiring decision that recollected decisions are prone to revision to fit the known outcome. In addition, the adoption of systematic "after-event reviews" of both successful and unsuccessful hiring decisions may be of assistance (Ellis, Mendel, & Nir, 2006). As part of these reviews, there is some evidence that hindsight bias is reduced when decision makers are asked to generate a small number of counterfactuals about how else the decision might have turned out and why (Sanna, Schwarz, & Stocker, 2002).

In conclusion, I concur with Highhouse on the two beliefs he identifies as likely to underlie managers' resistance to relying on research findings that we know can improve selection processes. I suggest some additional mechanisms to explain why and how managers retain their faulty beliefs over time rather than learning what we think they should learn about selection from their experiences. However, Highhouse may be unkind in describing managers as "stubborn" in their reliance on intuition and subjectivity. Given the motivational and cognitive processes discussed above, their failures to learn are at least understandable, if not forgivable.

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