

PhD Thesis Summary

Managing Similarity Attraction Bias in Austrian-based Financial Organizations

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Introduction and research relevance

In today's rapidly evolving labor markets, the competitive advantage of organizations lies not only in technological innovation but increasingly in their capacity to attract, retain, and nurture a diverse talent pool. The thesis in question investigates the persistent and underlying challenge of similarity attraction bias in recruitment practices, with a targeted focus on financial institutions in Austria.

Although diversity and inclusion are prominently presented in organizational policies and discourse, empirical evidence shows that ingrained social and cognitive biases continue to shape hiring decisions. The similarity attraction bias, which is defined as the unconscious preference for candidates who resemble the recruiter in terms of background, education, gender, ethnicity, or language remains one of the most critical barriers to inclusive hiring.

This bias is particularly challenging because it often comes up as intuition or cultural fit. Given the crucial role of the financial sector in Austria's national economy, understanding how such biases manifest and persist is of great importance. Addressing similarity attraction bias in recruitment requires a multifaceted, evidence-based approach that integrates behavioral insights, structural precautions, and organizational accountability. The findings of this thesis support a strategic shift from reactive, isolated diversity measures toward a systemic transformation of recruitment practices. The study contributes a focused, data-driven analysis of this bias, situated within a specific institutional and geographic context, thereby filling a substantial gap in the literature.

Theoretical and conceptual framework

The research is theoretically anchored in three foundational models: Social Identity Theory, Relational Demography Theory, and the Attraction Paradigm.

Social Identity Theory explains how group categorization affects behavior, positing that individuals derive part of their self-concept from perceived group memberships. This leads to in-group favoritism and out-group discrimination, which are phenomena particularly relevant in high-stakes selection decisions.

Moreover, the Relational Demography Theory builds on this by asserting that demographic similarities between employees influence interpersonal attraction and communication. In recruitment, this manifests as a preference for candidates perceived as socially or culturally similar. Moving forward, Byrne's Attraction Paradigm that is rooted in social psychology, postulates that similarity, whether real or perceived, generates positive affect, reinforcing the tendency to select similar others.

These theories form the backbone of the thesis's conceptual model, which links individual-level perceptions and behaviors with organizational-level outcomes like diversity, innovation, and performance.

Literature insights and research gaps

Extant literature offers robust documentation of the negative implications of bias in hiring, from reduced workplace diversity, to decreased group performance, and even to reputational and legal risks. Research also underscores the paradox of diversity management: while firms invest in inclusion programs, these are often undermined by subtle, unchecked biases at the point of recruitment. Studies on hiring heuristics highlight how fast decision-making, often celebrated as intuitive leadership, frequently draws on stereotypes or incomplete information.

Moreover, despite the growing use of digital recruitment tools, the underlying logic of decision-making has not evolved significantly, and most importantly, algorithmic models can replicate human biases if not properly designed. The thesis builds on these

findings by investigating how similarity attraction bias functions in a specific institutional setting and offering a multi-level strategy for its mitigation.

Methodology: design, instruments, and analysis

The research employs a rigorous mixed-methods approach that integrates qualitative depth with quantitative scope. The qualitative phase involved in-depth, semi-structured interviews with nine HR professionals across different Austrian financial institutions. Participants were selected based on their experience with recruitment, ranging from junior HR specialists to senior decision-makers. The interviews explored how bias awareness, organizational policies, and individual preferences shape hiring outcomes. Interview transcripts were subjected to thematic coding using NVivo, drawing on both deductive categories from theory and inductive insights from the data. Key themes included perceptions of cultural fit, the role of intuition in decision-making, and barriers to implementing bias reduction tools.

The quantitative phase utilized a survey questionnaire distributed to 120 employees, collecting data on perceived fairness in hiring, diversity climate, and decision-making transparency. The quantitative data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM), enabling robust modeling of latent constructs and their interrelationships. Measurement model validity was confirmed via convergent and discriminant validity tests, while structural paths were evaluated using bootstrapping techniques.

Empirical results and interpretation

This study's mixed-methods approach reveals an intriguing landscape. Qualitative insights highlight the widespread presence of similarity-attraction bias and suggest that HR-led initiatives are perceived as effective in addressing it. However, quantitative data indicates that such efforts have yet to produce tangible reductions in bias. Despite this divergence, both pieces of evidence underscore the pivotal role of decision-making and

diversity: impartial, well-informed decisions promote diversity, which in turn significantly boosts organizational performance.

With regards to the role of diversity in organizational success, as explored in this thesis, diversity is essential to organizational success. In today's complex and interconnected business landscape, cultivating diversity is key to building resilient and adaptable organizations. It refers to the inclusion and representation of individuals from diverse backgrounds, including race, ethnicity, gender, age, culture, and professional experience. A heterogeneous workforce fosters a variety of perspectives that enhance creativity, drive innovation, and support decision-making.

Nevertheless, the balance between similarity and diversity has been approached as well. Within an organization, similarity and diversity often function as counterweights. While diversity introduces fresh viewpoints that challenge bias and promote inclusivity, excessive similarity can constrain the expansive thinking required for long-term growth. Striking the right balance between these elements is crucial to nurturing a business culture that is both inclusive and dynamic. In other words, they should coexist rather than compete.

Simultaneously, the thesis discusses as well the consequences of bias on organizational outcomes. The organizational costs of similarity attraction bias extend beyond hiring inefficiencies. Homogeneous teams, especially in strategic decision-making roles, tend to suffer from groupthink, reduced creativity, and blind spots in risk evaluation. Moreover, biased recruitment undermines employer branding and may expose firms to legal liabilities under anti-discrimination legislation.

From a performance standpoint, research shows that diverse teams outperform homogeneous ones in problem-solving, innovation, and market responsiveness. In this light, the thesis argues that managing bias is not only a moral or compliance issue but a strategic lever for competitiveness. The Austrian context, with its growing demographic diversity, presents both a challenge and an opportunity: organizations that proactively address bias can position themselves as leaders in inclusion and innovation.

These findings emphasize the importance of pairing structured, data-driven hiring practices with broader organizational change and continuous education to meaningfully confront and dismantle similarity-attraction bias.

Intervention strategies and recommendations

Mitigating similarity attraction bias is not achievable through isolated measures but requires a holistic and sustained transformation of recruitment culture and processes. The proposed strategies, that rooted in empirical findings and aligned with international best practices, are designed to institutionalize fairness, reduce subjectivity, and foster a meritocratic, inclusive workplace. Their successful implementation depends on organizational will, leadership commitment, and the continuous evaluation of outcomes against clearly defined equity benchmarks. By embedding these interventions within strategic HR frameworks, Austrian financial institutions can move from passive awareness to active leadership in inclusive hiring, as follows:

Bias awareness and reflective training

Organizations should implement recurring training programs aimed at raising awareness of unconscious bias, particularly similarity attraction. These sessions should go beyond theoretical overviews to include interactive scenarios, role-plays, and self-reflection exercises that confront real-life decision-making dilemmas. Training should be tailored to different organizational levels, with specific modules for HR professionals, hiring managers, and executive leaders. Embedding bias literacy into onboarding and continuous professional development will foster a culture of critical self-examination and inclusive practice.

Blind recruitment techniques

To minimize the influence of identity-based information or data in early selection stages, blind recruitment should be adopted. This entails anonymizing résumés by removing personally identifiable information such as names, gender, photos, ethnicity, age, and address. By focusing solely on competencies, qualifications, and experience, organizations can significantly reduce the impact of unconscious similarity preferences.

Structured and Standardized Interviews

Unstructured interviews are highly susceptible to bias, as they allow greater reliance on intuition and subjective impressions. To counter this, interview protocols should be formalized with predefined questions linked to job-relevant competencies and scored using consistent rubrics. Structured interviews enhance reliability, reduce variance in evaluations, and improve predictive validity. Additionally, including diverse interview panels, both in terms of demographics and functional expertise, can further mitigate individual bias and enhance objectivity.

Ethical use of artificial intelligence

AI-driven tools offer potential to enhance fairness in recruitment, but only when developed and deployed ethically. Organizations should ensure that AI algorithms used in applicant tracking systems or candidate pre-assessments are trained on representative, bias-audited datasets. Transparency in algorithmic decision-making and human oversight mechanisms are essential to prevent the reproduction of historical biases. AI should complement, not replace, human judgment, serving as a tool for consistency rather than a determinant of fit.

Diversity metrics and accountability mechanisms

To translate inclusive intentions into measurable outcomes, firms must institutionalize accountability. This includes setting clear diversity goals, integrating them into HR KPIs, and publicly reporting progress. Performance evaluations of HR staff and hiring managers should include metrics related to equitable hiring practices. Additionally, organizations can appoint inclusion officers or task forces to audit recruitment processes, analyze demographic trends in hiring, and recommend corrective measures when disparities emerge.

Theoretical and practical contributions

The thesis makes original contributions on multiple perspectives. Theoretically, it extends the understanding of similarity attraction bias by contextualizing it within Austrian institutional and cultural dynamics. It synthesizes theories from social

psychology and organizational behavior to propose an integrated model of bias in recruitment.

Methodologically, it demonstrates the value of mixed-methods designs in capturing both the perceptual and structural dimensions of bias. Practically, the thesis delivers a set of realistic, practical tools and recommendations for HR practitioners and organizational leaders. It also advocates for a shift in mindset from seeing bias mitigation as a compliance task to embracing it as a driver of business excellence.

Limitations and future research directions

Several limitations need to be acknowledged. First, while the qualitative data offer rich insights, the small sample size limits generalizability. Second, the survey responses were self-reported and may be affected by social desirability bias. Third, the study focuses on recruitment, leaving other HR processes such as promotion, compensation, and retention for future investigation.

Future research could adopt longitudinal designs to assess the impact of bias interventions over time, or explore intersectional dynamics, such as gender and ethnicity, in similarity attraction. Cross-sector comparisons could also provide a broader understanding of how organizational structure and industry norms mediate bias.

Conclusions

In essence, this thesis sheds light on a persistent yet often overlooked driver of inequality in organizational hiring practices: similarity attraction bias. By combining theoretical rigor with empirical depth, it provides a nuanced, evidence-based perspective on how such bias operates and how it can be mitigated. The implications may extend beyond Austrian financial organizations, offering a blueprint for inclusive hiring that is both ethically sound and strategically advantageous. Ultimately, tackling bias is not a peripheral task, but it is central to building competitive, diverse, and high-performing institutions that can adapt quickly to the ongoing and constant changes in the market.