



**In the “War for Talent,” Employers are  
Their Own Worst Enemy**

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## The War for Talent

The Bureau of Labor Statistics estimates that there will be 10 million more open positions than available workers in 2010, and the former Employment Policy Foundation (EPF) projects that this gap will grow to 35 million by 2030. The EPF also projected occupations requiring post secondary training or a college degree will increase to 65 percent by 2030. Currently, only 38 percent of the American labor force has a two year degree or higher. With recent college educational attainment rates at about 28 percent (US Census Bureau, 2003), the gap between knowledge worker demand and supply will widen. This fact coupled with the projected loss of educated senior leaders due to baby boomer retirement (US Bureau of Labor Statistics forecast is that the five hundred largest employers will lose 50% of their senior leaders in the next five years) makes it highly likely that US companies will be facing a “War for Talent”.

There is mounting evidence that companies are already feeling the talent crunch today. A recent survey of staffing directors conducted by Monster and Development Dimensions International reported that these professionals overwhelmingly reported that competition for talent was strong and the war for talent is getting increasingly hotter.

As the “War for Talent” heats up, some employers are employing effective battle tactics while too many others are engaging in hiring practices that are dooming them to a fate of mediocrity or even worse, extinction. While there are numerous habits that could be identified as dysfunctional, four of the most common hiring habits leading to battlefield casualties include:

- Overly restrictive hiring criteria
- Subjective selection procedures
- Slow speed in acting on candidates
- Poor candidate interviewing experience

This paper will explore each of these habits and suggest alternative strategies for success.

## Overly Restrictive Hiring Practices

A recent feature on the Information Technology blog, [www.codinghorror.com](http://www.codinghorror.com), published an email that was received from Andrew Stuart of the Australian recruiting firm Flat Rate Recruitment. It read:

“I had a client building an advanced network security application designed to prevent denial of service attacks. I sent them person after person and they kept knocking them back. The reason was almost always because the person didn’t have enough low level TCP/IP coding experience. The people I sent had done things like design and develop operating systems, advanced memory managers and other highly sophisticated applications. But my client wasn’t interested. They required previous hands on experience coding low level TCP/IP. Eventually I got an application from a very bright software engineer who almost single-handedly wrote an Amiga emulator, but had little or no experience doing low level TCP/IP coding.

*I told the client, “I have a great guy here who has no experience doing low level TCP/IP coding and I think you should hire him.” They were extremely skeptical. I pushed hard to get an interview. “Look, this guy is a superb software engineer who doesn’t have low level TCP/IP coding experience now, but if you employ him, within 3-6 months you will have a superb software engineer who does have low level TCP/IP coding experience.”*

As you might expect, the company took a gamble and sure enough, the candidate ended up being the smartest and most capable programmer in the company. This little anecdote illustrates the importance of learning ability in job success. As a retail executive recently related, “Retail industry knowledge is not rocket science. I can teach retail knowledge. What I can’t teach is natural leadership. Give me proven strong leaders and I will quickly make them into strong *retail* leaders.”

The Uniform Guidelines on Employee Selection caution against selection on the basis of knowledge, skills, or ability learned in a brief orientation period. While the definition of what constitutes a brief period is left somewhat vague, the logic is clear: Selection requirements should focus on those qualities or experiences that are critical for candidates to possess at time of hire and not knowledge, skills, or ability that can be learned in a reasonable amount of time. It is not surprising that there is considerable research showing that mental ability or learning ability is the single most important predictor of job success (Schmidt et al). Smart and passionate candidates quickly close transient experience and knowledge gaps and add significant long term value to the organization.

In addition to learning ability and passion, employers too often focus on finding individuals that perfectly match a long list of overly constraining requirements that are grounded in faulty logic. Typically, these requirements are not listed on a position description but are determined through discussions with the recruiter or hiring manager or learned through the process of introducing candidates for open opportunities. Let's consider the following overly constraining requirements (real examples) and their underlying assumptions and implications:

- **International Consulting Company requirement – “candidates *must* have lived and worked in a foreign country”.**

**Assumption:** Living and working in a foreign country is predictive of an individual's appreciation of cultural differences and their business impact as well as being predictive of the candidate's ability to operate in a variety of cultures successfully.

**Logical Flaw** – *the fact that I have lived and worked in another country does not necessarily indicate that I was either successful or enjoyed the experience. Being successful in a single culture (e.g., France) does not necessarily translate into success in another culture (e.g., China).* **Result – Individuals who have traveled extensively or have a true passion for international work and are willing to be students of different cultures will be excluded from consideration.**

- **Corporate Procurement Specialist Requirement – “candidates with manufacturing procurement experience will not be considered.”**

**Assumption:** Procurement specialist dealing with supply chain vendors in a manufacturing environment will not be properly equipped or familiar with the nuances of how to handle vendors supplying a corporate environment.

**Logical Flaw** – *manufacturing procurement specialists also supply the desks, paper, equipment, etc. for the office environment. Core skills of vendor negotiation, analysis of alternative sources, cost reduction strategies, and inventory management are highly transferrable.* **Result – Highly skilled procurement specialists that would likely be extremely successful in the role are not even considered.**

- **Plant HR Generalist Requirement – candidates who have had corporate experience or attained titles of HR Director or above will not be considered.**

**Assumption:** Individuals who have “tasted corporate life or higher level work responsibilities would not be satisfied with the demands and realities of plant HR challenges.

**Logical Flaw** – *Corporate roles are not always valued more than plant positions. There are individuals who prefer the pace and demands of a plant environment to a much greater extent than a corporate environment.* **Result – Individuals with both plant and corporate experience but with a strong passion for plant environments will be overlooked.**

## Subjective Selection Procedures

It is amazing that companies take a highly structured and data driven approach to making capital or other strategic investments but rely frequently on “gut feel” for making strategic talent selection decisions. In the previously cited DDI and Monster survey, *nearly half the staffing directors admitted that gut instinct and intuition play an important role in hiring. Selection systems without tests and assessments often lack critical information that could turn a “maybe” into a clear “yes” or “no.”*

Not only does the absence of testing and assessment information increase the probability of subjective selection decision-making, the use of unstructured interviewing also promotes gut instinct decisions. In a recent discussion with a hiring manager, the manager admitted that he really did not know how to conduct a professional interview. He indicated that he liked to conduct a more casual conversation and look for any indications of characteristics that might prove troubling. In his words, he was looking for the “right vibe” and he would know it when he saw it. Evidentially it was a scarce quality since he conducted close to 100 interviews before making a final selection decision.

In another experience with a hiring manager, a candidate was rejected on the basis of a single question. The question was, “how many people have you terminated?”. While the candidate did in fact have experience with under performers and had conducted terminations, it was not enough in the hiring manager’s eyes. The hiring manager felt that a higher rate of terminations would indicate

that the candidate could lead a diverse work force and make tough performance decisions. It is just as likely that a high termination rate could indicate that the candidate had poor coaching and talent development skills.

The lack of structure in an interview with interview questions clearly tied to competency requirements opens the door for interviewer stereotypes to surface. Early in my career, I was a classification counselor in a state correctional system. Part of the job was to make custody recommendations for prisoners entering the state system. The recommendation was made by a panel of three individuals who represented different perspectives including field leadership. The panel membership varied. On one occasion, a particular field captain was selected to participate in the custody discussions. It soon became apparent that he applied certain stereotypes in evaluating prisoners as he indicated that he felt that small ears close to the head was a possible indication of a high security risk. While this is an extreme example, it illustrates how individual stereotypes can affect judgment.

There are numerous research articles on the deleterious effects of different types of rating errors and rater biases on rating accuracy. As a single example, a study by Marlowe et al.(1996) found that both attractiveness and gender contributed to rater bias. Highly attractive individuals were rated higher than less attractive individuals and males were rated higher than females.

Clearly, objective testing and assessment information coupled with structured behavioral interviewing leads to superior, more informed selection decision-making.

### **Slow Speed in Acting on Candidates**

In computing the true costs associated with hiring, it is necessary to consider the lost productivity associated with having the position vacant. One would think that this true cost would motivate employers to act quickly on evaluating candidates for positions. However, the speed of candidate reviews is too often very, very slow. This slowness manifests itself at each stage of the process ... slow to review initial candidates, slow to conduct phone screens, slow to get them into initial interviews, and slow to conduct deep selection steps.

The cause of this slowness is most frequently associated with heavy workload pressures and overly booked calendars. The paradox is that faster time to fill metrics would help alleviate workload

pressures for both HR and the hiring manager. A shared sense of priority and an intelligent and organized approach to executing selection steps also eliminates the likelihood that high quality candidates will abandon interest and accept employment with a potential competitor. Losing high quality candidates at the end of a selection process results in even greater recruitment costs.

Another rationalization is that a slow hiring process is reflective of careful and deliberate selection decision-making. However, the view from the external perspective of a job candidate is exactly the opposite. Overly slow or involved selection is more likely seen as being reflective of a disorganized and inconsiderate organization that does not view talent as a priority. Slow hiring processes can quickly erode an organization's employment brand and affect their ability to attract good talent on an ongoing basis.

### **Poor Candidate Experiences**

In addition to a slow selection process, a poor interview experience can also contribute to a company's negative employment brand. Research has shown that interviewer qualities such as warmth, sincerity, empathy, and listening skills as well as interviewer behaviors such as question style, invasiveness, and job knowledge both impact applicant reactions (Harris & Fink, 1987). Other research suggests that negative applicant reactions can also affect an applicant's attraction to a job opportunity and their desire to pursue employment with the organization (Ralston & Brady, 1994).

Other factors can affect candidate reactions. Candidates react less favorably to interviews conducted by phone than those conducted face to face (Silvester, Anderson, Haddleton, Cunningham-Snell, & Gibb, 1999). Poor pre and post interview communications, promptness of the interviewer, and interview length could also impact a candidate's reactions.

The question is: In a time of scarce talent, why would you want to irritate quality candidates?

### **Strategies for Success**

These four bad habits can easily be corrected. The first step is to take a position of recruiting quality talent rather than individuals that have performed the exact same position in the exact same industry and faced the exact same challenges. This overly narrow strategy brings tremendous talent supply constraints and ignores the value of passion, ability to learn, and the importance of overall

leadership qualities. There is also the added advantage of injecting new perspectives and thinking into the organization by bringing in individuals with diverse backgrounds.

The second step is to utilize testing and assessment information to increase your confidence and predictive accuracy that a candidate can successfully perform the job. These methods can be used to identify individuals that possess true leadership talent. An individual with a high level of talent but a slightly non-traditional background (e.g., comes from a different industry) could well make a much greater contribution than an individual that has performed the exact same job in the same industry but possesses modest leadership talent. The third step is to adopt structured behavioral interviewing and train your interviewers to conduct a professional, job relevant interview.

Structured behavioral interviews will increase your predictive accuracy and increase the likelihood that candidates will form a positive impression of the organization and its opportunities.

The final step is to take a close look at your selection process and key metrics. Shortening “time to fill” will help ensure that you do not lose quality candidates to other organizations and will positively affect your overall “cost of hire”. Better organization and scheduling of talent selection components (initial review, screening, interviewing, testing, etc.) should have a very positive impact on time as well as candidate reactions.

These four steps go a long way in arming an organization to win the War for Talent.



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## About OMNIview

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**OMNIview** was created around the belief that talent selection and talent management is critical to the success of any organization. Founded by internationally recognized business leader and leadership talent management authority, Dr. Lowell Hellervik, **OMNIview** is supported by more than 90 years of academic experience by behavior science business experts. We know effective selection and talent management requires measurement and support that drives game-changing talent decisions for organizations.

**OMNIview** is all about making your life easier by giving you the data you need to make smart, effective decisions regarding talent at a fraction of the cost of other HR software companies.

Contact us at 877-426-6222 or visit us at [www.theomniview.com](http://www.theomniview.com).

