

Recruit to Retain!

"If 10 PCs costing a total of £20,000 are stolen from your company, an investigation would take place and measures put in place to stop this happening again. However, many companies do not conduct any investigation when staff who command salaries well in excess of £20,000 p.a. leave."

Why is the quality of staff recruitment more important than ever?

The current state of the labour markets does not indicate any imminent explosion in the supply of talented people nor an implosion in the demand for same. Therefore, retaining the staff you have worked so hard to recruit is increasingly vital for organisations. Just as there are many reasons why people leave a company, there is no single magic solution for the problem of high staff turnover. The process of staff retention does very definitely begin in the recruitment phase.

Throughout this article, a series of tips are proposed to improve the quality of recruitment and staff retention in your organisation.

Honest seduction

The process of selecting and inducting a new recruit into a company is in many ways a seduction process. Those doing the interview will be keen to present their company in the very best light. This may be taken too far. Employers facing a labour market characterised by greater job mobility and fierce competition for resources may be tempted to oversell the job or gloss over any difficulties that the new recruit may face.

However, Realistic Job Previews (RJPs), which involve outlining the reality of the job and any limitations, have been shown to lower the attrition rate of employees. People often move jobs for career development and challenge. There may be a temptation to dangle quality work and opportunities in front of a potential recruit even though these may not materialise for a considerable length of time. This is a characteristic of desperation hiring and should be resisted. Disappointed expectations are a key source of dissatisfaction.

The new recruit can be compared to an organ that is being transplanted. RJPs help to reduce the chances of organ rejection.

Tip 1: Use Realistic Job Previews to properly manage the expectations of candidates.

Make the interview work for you

The purpose of recruitment and selection is to choose a person from the available pool of candidates who will perform very well on the job. Given the importance of having the right staff in today's enterprise climate, employers are looking at alternative ways to assess the suitability of prospective recruits. This trend is backed by research in the area of selection, which has shown that the great staple of the selection process i.e. the unstructured interview is a poor predictor of on-the-job performance.

Interviews take up a considerable amount of supervisor/manager/HR time. If you expect the candidates to be well presented, prepared and interested, then you must return the

compliment. The interview should be informative and structured toward assessing the competencies for the specific job in question. The same research, which showed that unstructured interviews are poor predictors of on-the-job performance, found that structured interviews have high predictive validity. Structured interviews are characterised by a series of predetermined specific job-relevant questions.

Tip 2: Prepare well for interviews and ensure they are structured with the job in mind.

Succeed at selection

In addition to structuring the interview, there are many assessment tools and techniques that can improve one's ability to predict on-the-job performance of a candidate. Assessment tools such as psychometric tests fall into two categories: those that aim to measure abilities in areas such as numeracy, problem solving and language, and personality tests which also aim to build an independent profile of the candidate. These two types of assessment tools complement both each other and the rest of the selection process. They will provide information which will improve the quality of the decision-making in the selection process. It is important to ensure that the hiring decision is not made based on just one tool or technique.

There is a wide range of different personality tests available and it is important to take expert advice when deciding to include these in your selection process. Most but not all personality tests originate in a clinical setting. However some, like the Hogan Personality Inventory (HPI), are personality measures specifically designed to predict occupational success.

Tip 3: Use appropriate personality and/or aptitude measures to improve the quality of the selection process.

Cultural compatibility

The focus of this article is not on organisational culture but suffice to say that a strong organisational culture drives challenge, performance and positive behaviour. It is therefore important to assess that the predominant values of the candidate are compatible with the values of the team and the organisation. This is particularly significant for senior appointments as culture is transmitted from the top down.

This compatibility can be measured formally using a personality measure such as the Motives, Values, Preferences Inventory (MVPI). This is another good occupationally based measure, which is based on over 80 years of motivation research. Specific sources of dissatisfaction are straightforward to alleviate but global sources of dissatisfaction such as a culture clash are much more difficult to sort out and a common cause of staff turnover.

Tip 4: Assess the compatibility of the candidate with your company culture, especially for high-level appointments.

Performance matters

All of the above measures will enhance the quality of selection in your organisation. The specific impact will be a better fit, firstly between the candidate and the job and secondly

between the candidate and the organisation. The effort expended on achieving this for your organisation will inevitably be rewarded with better performance and higher job satisfaction from the candidate.

It is important not to underestimate the value of top performing employees. Research from the area of organisational psychology has found that the top 1% of employees outperform average performers by over 50% in low-complexity jobs and by over 120% in high-complexity jobs.

Tip 5. Investment in the selection process will be rewarded with higher performance.

Is loyalty dead?

Given the current level of employee turnover and the changing nature of employee expectations, employers despair that investment in recruitment will not be rewarded with loyalty. While the creation of employee loyalty begins in the recruitment process, the development and maintenance of employee loyalty is an ongoing process.

There are many aspects to the development and maintenance of loyalty. A report by the Roffey Park Management Institute on the *Future of Careers* argued that employers are more likely to lose staff if they ignore their training needs. If you do not offer a career path with structured training and other learning opportunities, employees are quick to look elsewhere to maximise their employability. Sometimes, there may be no reasons other than lack of flexibility or imagination for the failure to provide interesting opportunities within your own organisation.

Tip 6. If you don't outline a career path for your employees in your organisation, they will build it for themselves elsewhere.

People don't leave companies, they leave managers. It is not surprising then to find that 50% of one's work life satisfaction is determined by the relationship an employee has with their direct boss. A significant part of the responsibility for retaining staff rests with line management. They cannot meet this responsibility if the culture, senior management and human resources of the company do not support them. Line managers have to be equipped with the skills and power to respond to the needs of their staff.

Other companies are actively trying to woo your staff and such advertising will cause your staff, however happy, to review their own careers. Staff retention is an active on-going exercise.

Tip 7. Line managers need to be responsible for and have the power and support to retain their direct reports.

Stop thief!

If 10 PCs costing a total of £20,000 are stolen from your company, an investigation would take place and measures put in place to stop this happening again. However, many companies do not conduct any investigation when staff who command salaries well in excess of £20,000 p.a. leave. The cost of replacing those PCs will be £20,000 but the cost of replacing staff hits the bottom line much harder. It is estimated that the cost of

replacing a key person on your staff will vary between 70 and 200% of that person's salary. Consider some of the "hard and soft items" that go to make up that cost - advertising costs, higher package to attract the replacement, recruitment fees, staff time involved in interview and selection, staff time involved in orientating and training new recruit, reduced productivity of the leaving employee, initial lower productivity of the replacement, reduction in productivity of existing workforce, potential loss of business or disruption to strategic projects (particularly for loss of high-level employees). This list is not exhaustive by any means.

Your people are a key resource and it is dangerous to pay lip service to this. Investigation should take place using exit interviews. Exit interviews provide a valuable source of information for any problems that may exist in your organisation. It doesn't hurt to ask but it might hurt not to, as valuable resources and effort may be focused on the wrong area in an attempt to reduce turnover. In fact, it is clear from research that there is a disparity between managers' view of employees' needs and the actual needs of employees.

A certain amount of turnover is healthy but regardless of the level, voluntary turnover should always be monitored and analysed. Clearly, knowledge is power in the battle to retain staff.

Tip 8: Exit interviews are a valuable source of information. Always conduct and analyse them.

Surveys have highlighted that managers can make incorrect assumptions about staff needs. The Harvard Management Update found that 89% of managers truly believe that keeping good employees is largely about the money. However, time and time again, research has demonstrated that money is not the primary motivator for those who leave. A host of studies have found that only 10 percent of leavers cite pay as their reason for quitting. One caveat for this is if the salary and benefits are well below the market rate, then money will become an issue.

Tip 9: Periodically benchmark the salaries that you offer. Don't wait for disgruntled staff to do it for you by leaving!

Focusing on staff retention isn't just about alleviating an irritating resource problem, it is the means of improving the performance of the existing workforce by addressing issues that are causing people to leave. Retention begins with the first impression that you create on a candidate in the recruitment process. Recruit to retain!

Paul Walsh FIA is a director of Acumen Resources Ltd., an actuarial recruitment consultancy which utilises the Hogan Personality Inventory.