



# Slugging Through the War for Talent

## SELECTION FORECAST 2006–2007 EXECUTIVE SUMMARY BY

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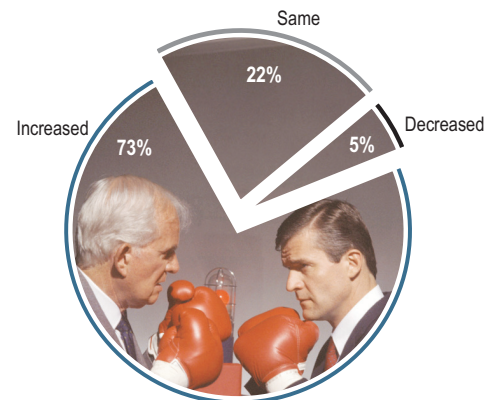
The escalating war for talent is pressuring organizations to ferret out job candidates and lure them away from competitors. This intense job market demands optimal efficiency and effectiveness, but hiring processes are not measuring up. Dissatisfaction abounds, both internally as human resource specialists and hiring managers struggle to fill open positions, and externally as job candidates pick their way through cumbersome and insensitive systems. Everyone, it seems, is slugging through the war for talent.

To better understand current hiring practices and pinpoint ways to improve them, Development Dimensions International (DDI) and Monster co-sponsored the *Selection Forecast 2006–2007*. Survey participants included 628 staffing directors, 1,250 hiring managers, and 3,725 job seekers in five global regions. Thirty one-on-one job seeker interviews helped flesh out the results. This executive summary highlights key findings from participants in the U.S./Canada/Puerto Rico job market.

## THE WAR FOR TALENT HEATS UP

Staffing directors overwhelmingly reported that competition for talent had increased since 2005 (see **Figure 1**). Moreover, 79% expected it to heat up even more in 2007. The war for talent is hot and getting hotter.

FIGURE 1  
**Competition for Talent Since 2005**



The toughest competition was for executives (65% of staffing directors rated the competition “strong”), followed by mid-level managers and professionals (each 60%). According to Monster’s job creation ratios, organizations are looking for managers and professionals not only as replacements, but to fill newly created positions.

The talent war has important implications for various stakeholders:

- :: Staffing directors feel pressured. Their job is much tougher as barriers to hiring rise.
- :: Hiring managers feel anxious. If the right people can’t be found, how will they get their work done?
- :: Job seekers feel bold. If one job doesn’t pan out, they’ll find another one.

To meet the competitive challenge, your organization must prevail at each of the following steps:

1. Lure qualified candidates.
2. Spot the best for you.
3. Land your first choice.
4. Keep valuable talent.

Organizations that stumble on any of the four steps will not have the talent they need to reach their business objectives. Moreover, they will face mounting costs as departing employees force them to endlessly repeat the hiring process.

## NOT TAKING YOUR BAIT

Today, attracting job candidates seems easy for organizations that use electronic systems like company web sites and large online job boards. Staffing directors indicated that these are two of their most frequently used recruiting methods. Other popular methods included employee referrals and, for higher-level positions, networking and headhunter firms.

However, reaching the most candidates is not the optimal goal. Rather, it’s attracting candidates who are a good fit with your job or organization and not wasting time and resources on candidates who aren’t. Survey results suggested that both staffing directors and hiring managers might miss this targeted goal because they misunderstand what job candidates are looking for.

Job seekers cited many factors as most important to them in a new job, but hiring managers and staffing directors tended to weight some factors notably higher than others. As a result, employers gave short shrift to environmental factors that job seekers valued, like an organization to be proud of, a creative or fun workplace culture, and a compatible work group (shown as under-rated in **Table 1**).

# TABLE 1

Perspectives on What Job Seekers Want in a Position\*

	Job Seeker	Hiring Manager	Staffing Director
Opportunities to learn and grow	78%	68%	69%
Interesting work	77%	63%	63%
A good manager/boss	75%	69%	57%
An organization you can be proud to work for	74%	58%	55%
Opportunity to advance	73%	69%	77%
Promise of stability/job security	70%	62%	65%
A creative or fun workplace culture	67%	50%	43%
A compatible work group/team	67%	50%	37%
Balance between work and personal life	65%	65%	65%
Opportunity for accomplishment	64%	53%	41%

\* Beyond salary and benefits.

Under-rated

Age partly determined what was most important to job seekers. Young people more often sought a fun culture and work friends, whereas older job seekers revealed the influence of career stages such as moving up, settling in, and developing organizational pride.

Employers won't be able to attract the best job candidates if their messages fail to address their target audience's interests. You can't lure the right fish if you don't use the right bait.

## WELL, MAYBE

Assuming you can lure qualified candidates to apply for a position, your next challenge is to select the applicant most suitable for the job and organization. Doing this well requires a comprehensive selection system using several methods to tap into different aspects of human talent: knowledge, experience, competencies, and personal attributes.

Most organizations' selection systems were found wanting; fewer than half of the respondents, whether staffing directors or hiring managers, rated their level of satisfaction high or very high. In fact, two-fifths of staffing directors said their organization planned to significantly change its approach to selection within the next two years.

Legal defensibility was the only aspect of selection systems that at least two-thirds of staffing directors and hiring managers rated high or very high. They gave only lukewarm endorsements to the objectivity of the hiring process, its ability to identify people with the right behavioral experiences and background, and its ability to ensure a fit with the organizational culture. The efficiency of selection systems drew the most critical response, with only one-third of staffing directors and hiring managers rating it high or very high.

One problem with selection systems is over-reliance on traditional methods like application forms, manual résumé screening, and background checks. One exception among survey respondents was that a large majority used behavioral interviewing, a well-researched and effective method of probing into job candidates' relevant experiences.

However, tools to evaluate personal attributes or directly observe important behaviors were seriously under-used. Despite more than 50 years of scientific research on these tools, half or more of the staffing directors never used each type of testing and assessment method listed in the survey. Yet among organizations that used at least one of these methods extensively, there was higher satisfaction with every aspect of their selection system.

Failure to use scientific methods opens the door to idiosyncrasies; 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.”

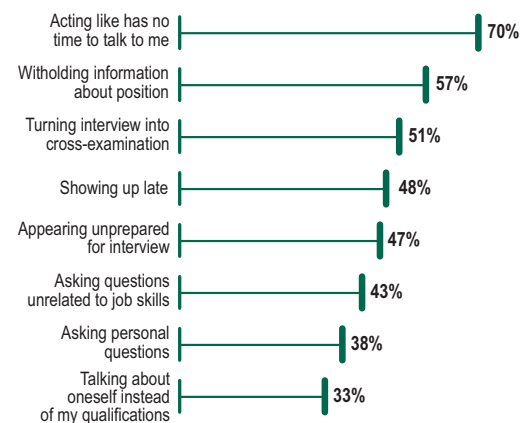
### THANKS, BUT NO THANKS

The interview, a critical selection tool, is also a key to landing the candidate you want. Two-thirds of the job seekers reported that the interviewer influences their decision to accept a position.

Yet many interviewers do things that particularly annoy job seekers (see **Figure 2**). They irritated candidates in three major ways:

1. Treating the interview as unimportant (acting like there's no time for it, showing up late, appearing unprepared).
2. Taking an insensitive approach (grilling the candidate, holding back job information).
3. Asking inappropriate questions (unrelated to the job, personal questions).

**FIGURE 2** Interviewer Habits That Most Annoy Job Seekers



Job seekers' provided many poignant examples of inappropriate questions. For instance:

- :: “What is the cost of the ring you are wearing?”
- :: “If you were a dog, what kind would you be?”
- :: “What is your natural hair color?”

Even more hair-raising questions suggested that interviewers are risking not only the loss of potentially valuable employees, but also their organization's reputation. Said one job seeker, "If I had a very poor interviewing experience, I would want no association with that company at all as a customer. I might even become an advocate *against* them."

Correcting interviewers' faulty behavior could considerably enhance organizations' ability to land the candidates they want. Adhering to a structured method like behavioral interviewing, which focuses on gathering descriptions of behavior related to competencies critical to performing the job, is one antidote to irrelevant and silly questions.

## HELLO, GOODBYE

The best selection system in the world won't help you meet your business objectives if you can't keep the talent you find. Unfortunately, retention is becoming an increasingly serious problem.

Nearly half the hiring managers expected that new employees would stay in their positions a shorter time compared to five years ago. The situation may be even more drastic than they realize. Both hiring managers and staffing directors seriously underestimated how long new employees would stay with the organization compared to what job seekers thought was a reasonable time.

Nearly one-third of job seekers had been in their current job less than six months, yet they were in the market for a new one. Apparently many were in placeholder jobs until something better came along. As one office manager put it, "This job was going to be what kept me afloat while I looked at new career directions. I thought it would be a good idea because I wouldn't be desperate to take other jobs and lower my standards."

One impediment to better retention is that employers are often clueless about why employees resign. **Table 2** compares the reasons why job seekers left or are leaving their most recent job to what staffing directors and hiring managers believe causes employees to leave. The most startling discrepancy is between the large proportion of staffing directors and hiring managers who think employees leave for external factors (for example, returning to school or a spouse moving) and the small percentage of job seekers who cited external factors as their most important reason for leaving. This suggests that employees give "face saving" reasons for resigning, perhaps not wanting to discuss painful disappointments or "burn their bridges" behind them.

Knowing why is a key to preventing "Hello, goodbye," or short-term turnover. If you're not hearing the real reasons employees leave, consider beefing up exit interviews, perhaps outsourcing them to a neutral third party.

# TABLE 2

Perspectives on Reasons for Employee Turnover

	Job Seeker		Staffing Director		Hiring Manager	
	Rank	% Agree	Rank	% Agree	Rank	% Agree
Insufficient compensation, benefits, rewards/recognition	1	30%	3	48%	3	36%
Lack of growth/development opportunities	2	29%	1	53%	2	37%
Did not feel efforts were appreciated	3	24%	7	19%	6	19%
Felt treated unfairly	4	18%	14	9%	10.5	13%
Skills/abilities not a good match for the job	5	15%	11	13%	12	12%
The organization changed	6	13%	8.5	18%	10.5	13%
Poor relationship with the manager	7	12%	4	35%	4	25%
Did not find the work interesting	8	11%	10	13%	9	13%
Poor fit with the organizational culture	9	11%	6	21%	7	18%
External factors (e.g., spouse moves, going back to school)	10.5	10%	2	52%	1	53%
Job changed focus or scope over time	10.5	10%	12.5	12%	13	10%
Job left too little time for personal life	12	10%	8.5	18%	8	16%
Job was not what the employee expected	13	9%	5	21%	5	22%
The economy changed, making a move possible	14	3%	12.5	12%	14	10%

Under-rated
Over-rated

## SCORING A KNOCKOUT

Despite increasingly difficult obstacles, getting better mileage from your hiring system is far from impossible. Here are some clear paths to improvement:

1. Lure qualified candidates—Investigate job seekers’ motivations and align your recruiting message accordingly.
2. Spot the best for you—Use scientifically developed selection methods and make your system more efficient.

3. Land your first choice—Wise up hiring managers to their annoying interview habits.
4. Keep valuable talent—Discover employees’ real reasons for leaving and address underlying dissatisfactions.

If you’re tired of slugging through the war for talent, these and other lessons from the Selection Forecast will help you duck the punches and score a hiring system knockout.

For more information about the *Selection Forecast*, e-mail CABER@ddiworld.com.

## ABOUT THE AUTHORS

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**ABOUT DDI.** Since 1970 Development Dimensions International has worked with some of the world's most successful organizations to achieve superior business results by building engaged, high-performing workforces.

We excel in two major areas. Designing and implementing selection systems that enable you to hire better people faster. And identifying and developing exceptional leadership talent crucial to creating a workforce that drives sustained success.

What sets DDI apart is realization. We focus on the needs of our clients and have a passion for their success.

The outcome? You bring the best people on board, who get up to speed faster, contribute more, and stay longer—giving you the ultimate competitive advantage.

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