

Managing Costs & Risks in Recruitment & Selection



The cost of hiring the wrong person has been estimated by the UK's Chartered Institute of Personnel & Development (CIPD) as over 140% of the employee's annual salary. The figure rises to in excess of 250% for key senior staff and sales people who have the capacity to destroy years of carefully accumulated goodwill and trust in a matter of weeks or even minutes.

This cost accounts for monetary outputs such as administration of the resignation, recruitment costs, selection costs, etc. Assume that there are the four vacancies to be filled, with a long list of ten people per role – that's 40 interviews each lasting 30 to 90 minutes. At worst a recruiter can spend 60 hours – around eight full working days – in interviews to produce a short-list of three candidates to go forward to the next stage, all in all, a massive drain on the company's time. However, what the estimate does not consider is the negative effect that a new joiner, who does not fit the company culture, has on the surrounding team.

The question is therefore, what can a company do to minimise this risk and ensure that they employ top class people who are going to make an impact on their bottom line and give a long-term commitment to the company?

Tip One: Do you understand what are you looking for?

The biggest mistake that companies make is in failing to understand what type of person is needed to make a success of the role that they are recruiting for. A critical first step in the recruitment process is to define the requirements of the job by undergoing a job profiling exercise. This enables the organisation to understand the role requirements and what they are actually looking for in the future employee.

Tip Two: Only interview the right people

Once an organisation has identified the type of person it is looking for, further time can be saved by using objective assessments in the pre-interview stage. The use of psychometric tools in the workplace has now become widespread. These usually take the form of questionnaires designed to objectively assess a person's ability and potential to carry out a specified job effectively. Two of the most commonly used types of assessment are; ability tests that measure literacy, numerical or spatial skills, and personality questionnaires that generate information about an individual's likely behaviours at work and can be used to predict job fit and motivation.

Tip Three: Ask the right questions

By using job profiling and psychometric assessments, the candidates that come to the final interview stage should have the relevant skills and strengths required. However, the interview is an important stage and if conducted in an objective way can generate a large amount of useful information.

Recent research by SHL discovered that 94% of HR directors think prospective employees will “occasionally” or “often” bend the truth in interviews whilst 41% of people admit to “working the interview” by putting on an act. With two thirds of HR Directors saying they only use their intuition to separate fact from fiction, this presents a worrying combination that could lead to mistakes in the recruitment process.

Competency based interviews go part of the way to solving these issues by providing a more structured and job-orientated approach than the traditional biographical interview. Becoming trained in competency based interviewing is an essential step in managing recruitment risks.

Time and again the above process has been proven to develop a better person to job fit. Effective business leaders know that investing extra time in the recruitment process is crucial to successful business development.

Napier based consultants, People Central Ltd, deliver psychometric assessments and interview skills training to businesses across the region who are looking to minimise the risks of recruiting new staff and make the most of their existing teams. Steve Evans at People Central can be contacted on 06 833 6465 or via www.peoplecentral.co.nz