



RAISING THE BAR IN HR RECRUITMENT

(OR IS IT "COBBLER'S CHILDREN"?)

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INTRODUCTION

Without doubt, the economic down-turn has forced the HR profession to take a much closer look at what it does, how it does it and how it impacts the bottom line of business. This is the nature of a non-fee generating occupation but is now in much sharper focus, arguably, than it has ever been in the past.

There are many clear examples of how HR is responding to the current challenges and I honestly believe that the quality of HR staff is rising, as is their delivery. However, one area remains a significant cause for concern: why do the majority of HR hiring managers believe that recruiting HR staff remains something of a “lottery”? Is it that the interview and selection process is flawed; the candidate skills mix do not match the role requirements, or is it a more fundamental reflection of the HR profession’s relationship with the business and view of itself?

Our research, ***Raising the Bar in HR Recruitment***, investigates whether the recruitment of HR staff is indeed a lottery and, if so, what are the reasons behind it and what we, as HR Professionals and suppliers to the HR profession, can do to improve matters.

FOREWORD



By Ralf Schneider,

Founder + Principal - 2B (Better Business)

February 2012

Running HR like a business

In the past decade the HR function and HR profession have undergone a fundamental shift in the way they deliver value in most businesses. It is not just about improving delivery and raising the profile anymore - it is about transforming the very role and nature of HR itself. New operating models, roles, tools and processes require new skill sets, and - perhaps more importantly - new mindsets.

More recently the financial crisis and global economic factors have heightened the commercial pressure to focus on results, further amplifying the need for and speed of change. More sophisticated disciplines like integrated talent management, succession and workforce planning are moving to centre stage, while the need for commerciality and use of management information increasingly determine the relevance of HR advice and decision making.

Businesses are at different stages of this journey, however they all compete for a common destination - an HR capability that has become an integral part of the business. To achieve this, the HR function has to grow up and run itself like a business operation. This means, applying the same commercial rigour, fact-based decision making and accountability for results. It also means delivering value as an internal catalyst for change and trusted advisor in building human and organisational performance in service of a sustainable brand.

It is against this background that this research on "Raising the Bar in HR Recruitment" offers a healthy look into the mirror. How well are we doing at "getting the right people on the bus" for this journey? Do we attract and select the right talent for the agenda that lies ahead of us? To what extent do our recruiting practices keep pace with the increased expectations and levels of sophistication required by new skill and mind-sets. Is our recruiting experience designed for cultural fit towards the future, or rather the past?

The sophistication of hiring into the HR function might give us an early indication of the capability, and will, to make the change happen. This extends to the partners and vendors outside the organisation, who help to make HR recruitment a success.

This survey provides useful insight and guidance on where the journey towards improved results in recruiting for HR might start.

WHO WE TALKED TO

In 2011, we began interviewing HR hiring managers and exploring the issues of HR recruitment with them. Between October and December 2011, 476 senior-level HR professionals across all industry sectors were then surveyed online to back up the numerous face to face interviews. All those surveyed had responsibility, to one degree or another, for HR recruitment into their businesses.

Our questions were designed to validate, or disprove the “Cobbler’s Children” theory and find out statistically exactly what is happening within HR recruitment.

Of those surveyed, nearly two thirds (60%) described themselves as HR Directors or Heads of Function, 20% were Recruitment Directors or Managers and the same percentage were HR Business Partners, VPs or Managers.

In terms of sector:

- 30% worked in Investment Banking
- 30% were employed in Commercial & Industrial sectors (including Media, Retail, Leisure, Power/Energy, Mining, Healthcare, Transportation/Logistics)
- 26% worked in non-Investment Banking Financial Services (including Insurance, Private Banking, Asset/Investment Management)
- 14% worked in Professional Services (including Legal, Accountancy, Management Consultancy, Property Consultancy)

Over two thirds (68%) worked in businesses with a headcount of 2,000+, 16% in the 500-2,000 range and the remainder in businesses of less than 500 employees.

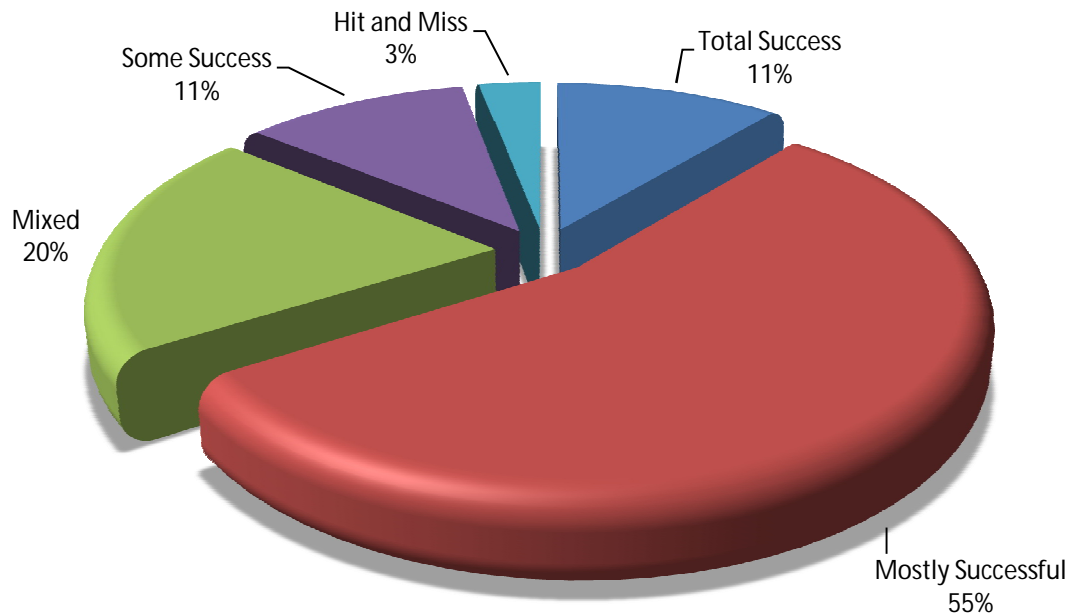
One third worked in HR departments of 100 or more employees, over one quarter had 20-100 employees in their department and the remainder less than 20.

KEY RESEARCH INSIGHTS

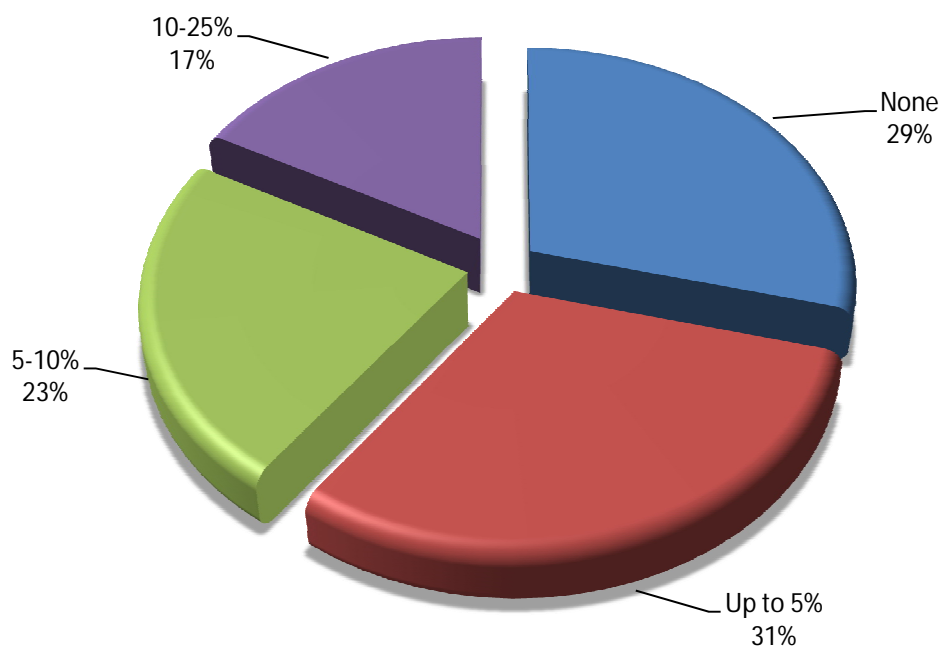
- 74% saw poor culture fit as the main reason behind an unsuccessful hire - lack of delivery is the second most popular reason
- Only 11% are satisfied with all their HR hires, 12 months post-appointment
- Nearly a quarter (24%) say HR recruitment is worse, or much worse, than recruitment into other business areas and only 41% say it is better
- 67% said that to raise the bar, the first priority for HR agencies should be to get to know their clients better

RAISING THE BAR IN HR RECRUITMENT

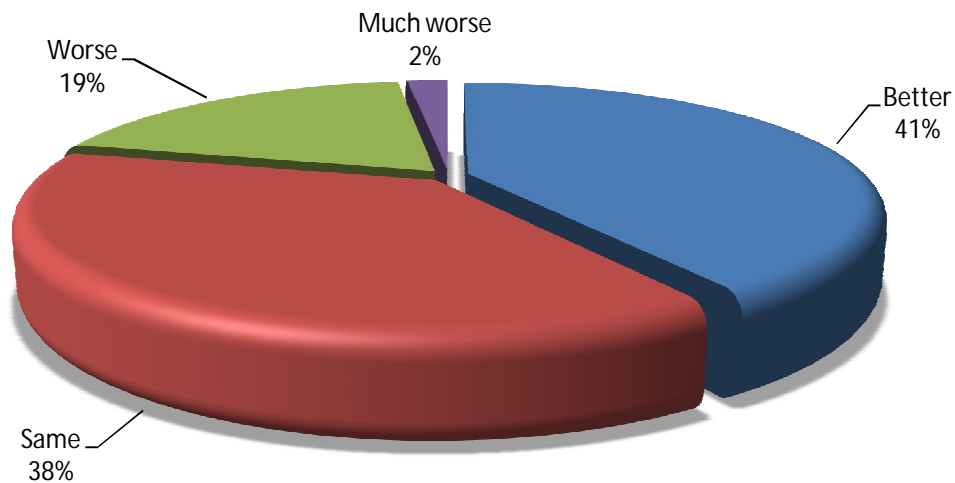
Historically, has the recruitment of HR staff into your company been a success based on satisfaction levels with the candidate (including delivery, fit and retention levels) 12 months post-hire?



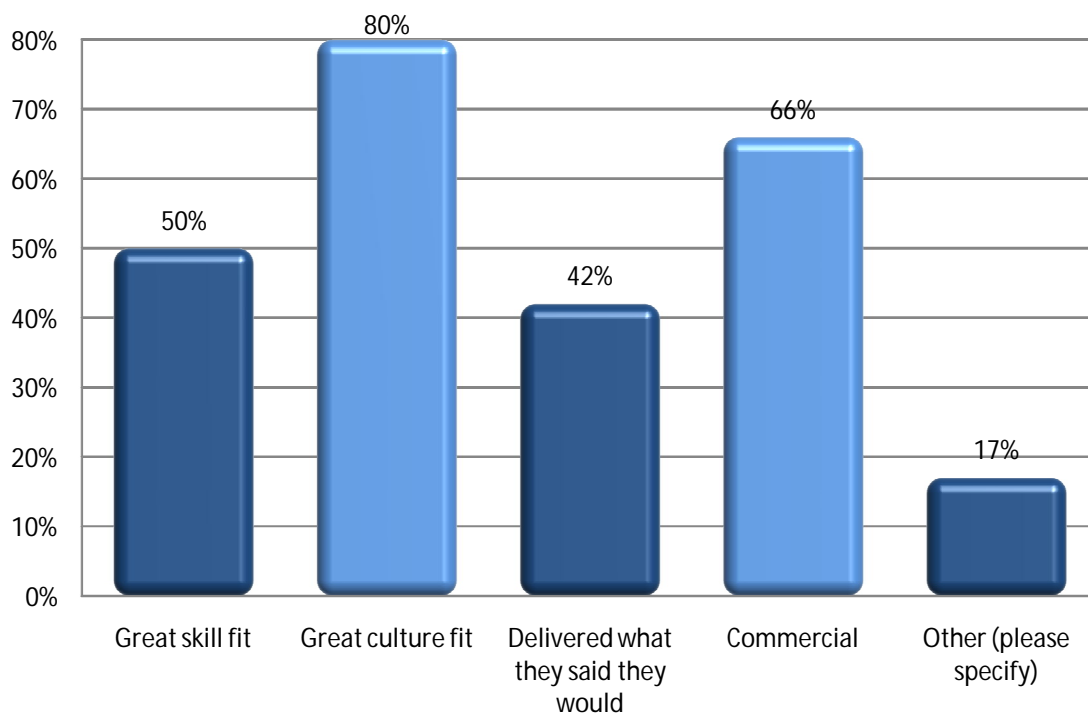
On average, how many new HR hires leave your company within their first 12 months?



How does this compare with recruitment into other business areas at the same level?



What are the main factors behind a successful HR hire?

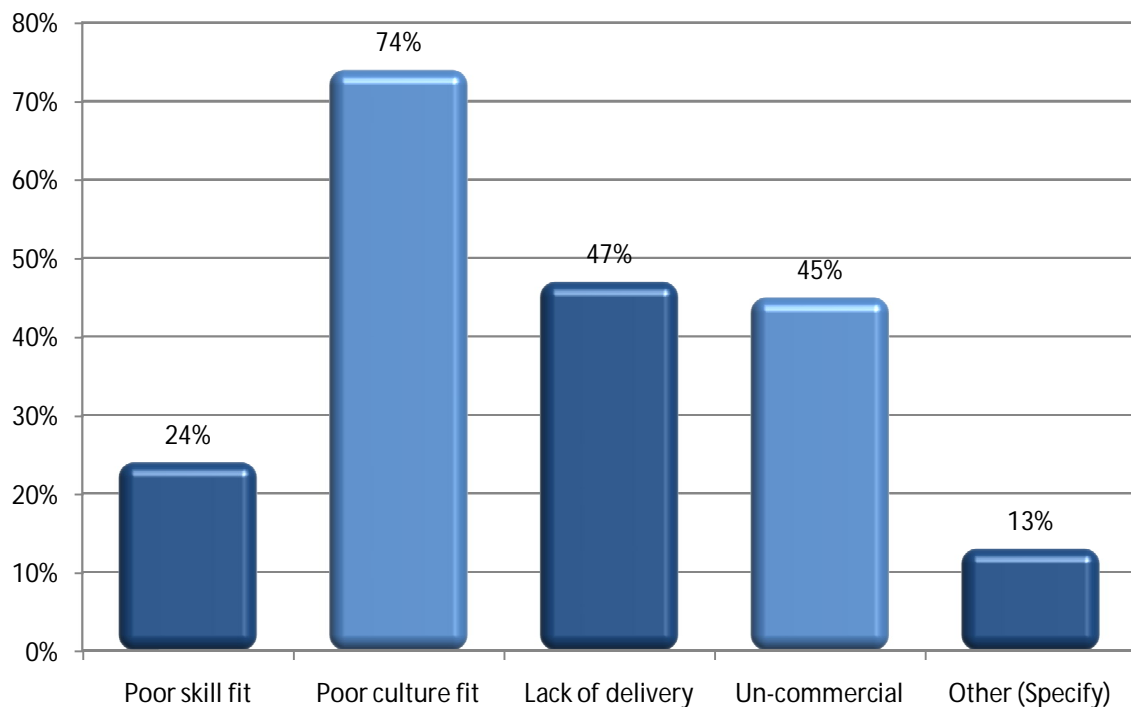


"Each hire has to be an example of 'excellence' to the rest of HR and the business" - Head of HR (Investment Bank)

Other factors included:

Adaptable, learning agility, sector knowledge, Firm and HR culture fit, politically astute, resilience, commerciality

What are the main factors behind unsuccessful HR hires?



Others factors included:

Lack of resilience, just not coping, an inability to think how the line they support think, lack of hands-on approach, insecure/put self interest and own image above internal customer focus, a rigidity of thinking that is outdated

“A mismatch between the expectation and the role in practice” – HR Director (Construction)

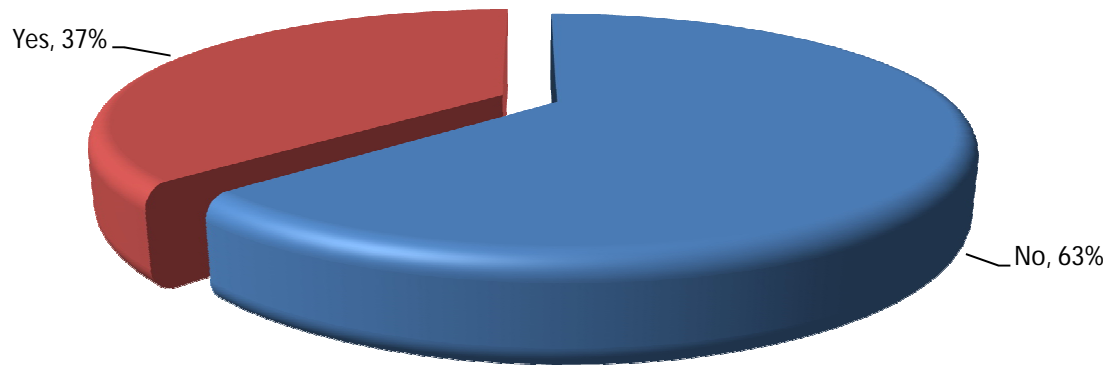
“Lack of delivery probably stemming from poor culture fit and un-commercial” EMEA Head of HR (Investment Banking)

THE INTERVIEW/SELECTION PROCESS

It was clear from the responses that no consistent process was followed, however most mentioned some form of competency based interview, as well as a meeting with key business stakeholders, often at the end of the process. Typically, the interview process was between two and four meetings in total. Only two respondents mentioned using assessment centres.

“Depending on the level but at a minimum - the hiring manager, peer in the HR function and 2 non HR interviews, this increases as the seniority increases. The non HR interviewers should be guided as to the competencies they need to identify compared to the competencies required within the HR function interviews. However the process should be completed within a 2-4 week period depending on the level” – Head of HR (Financial Services)

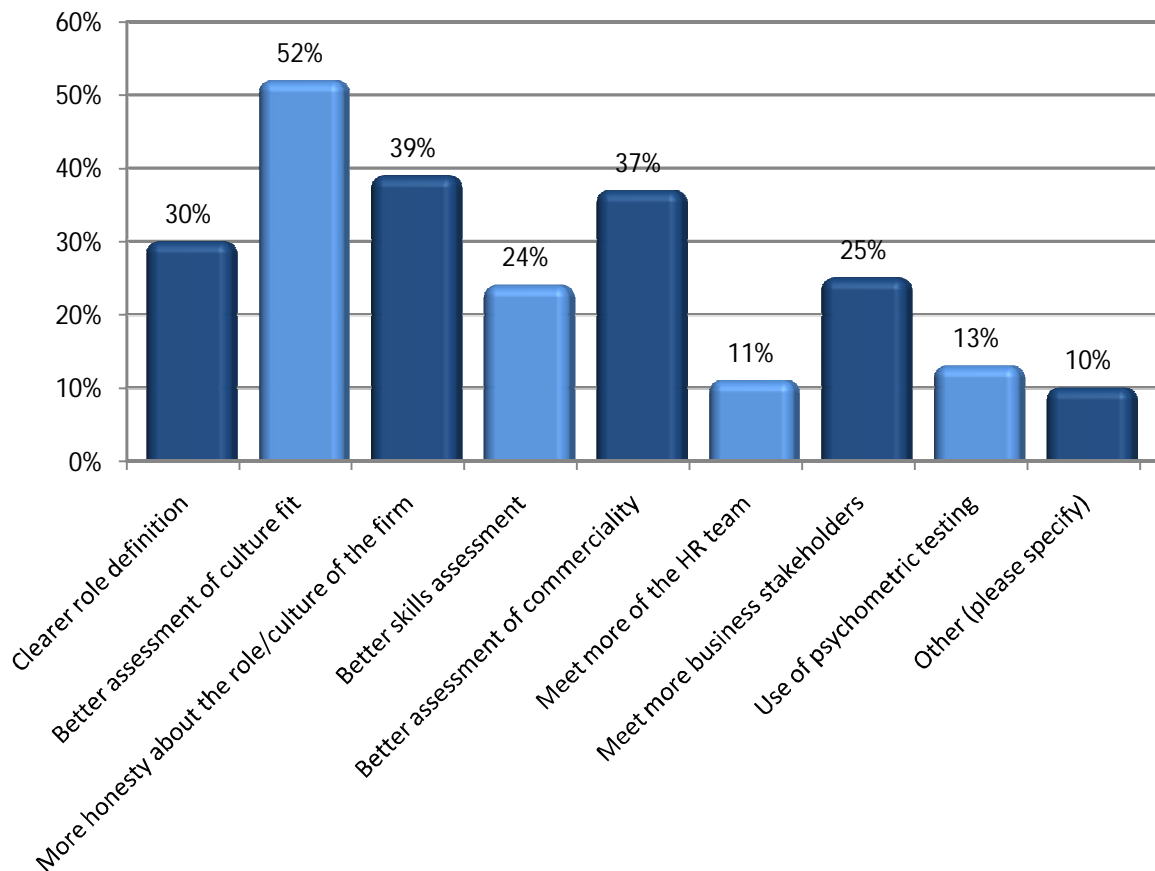
Do you use any form of psychometric testing as part of the interview process?



Once again, there was very little consistency here but amongst the tools most mentioned were Talent Q, YSC, OPQ and SHL.

"...not worth doing unless the output is used in the decision making process in a clearly defined manner. If not it just becomes a bureaucratic HR tool with little value." EMEA Head of HR (Financial Services)

What should/could be done to improve the interview process?

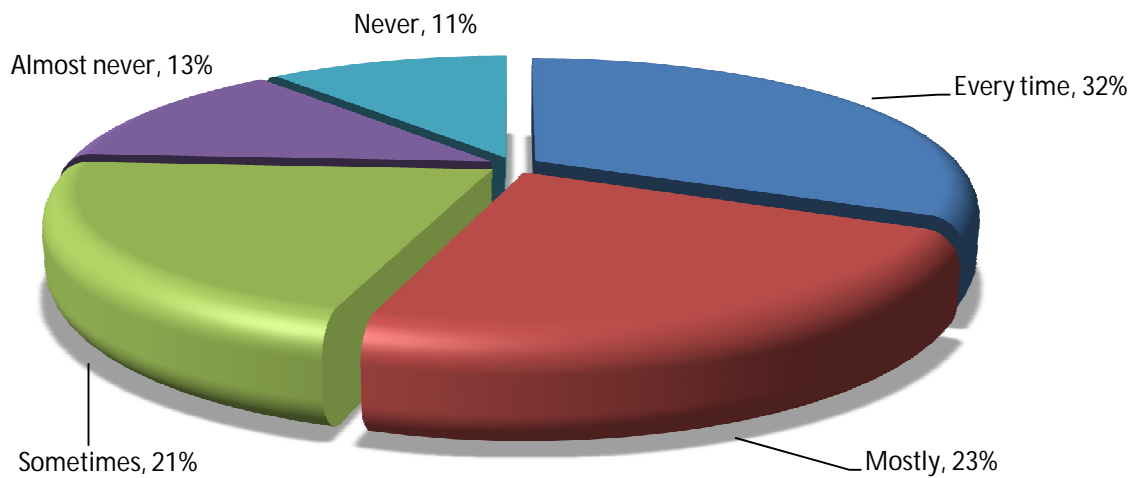


Once again a greater assessment of culture fit comes out highly as an area for improvement, as does much clearer definition of what the role actually involves and how that manifests itself culturally. Better assessment of commerciality also comes out highly as an area for improvement.

“The business need to understand what HR does if they are to participate in the recruitment. All too often mixed messages come back from the candidate following the meeting with the business”
HR Director (Financial Services)

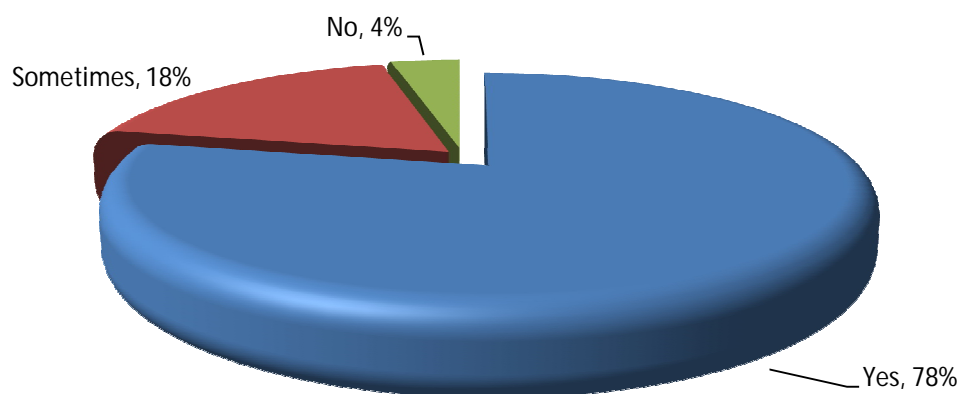
“Hire the potential, not just for the current role” ***Head of HR (Retail)***

Do you take verbal references from previous employers?



Do you always provide feedback on all HR candidates that are interviewed?

In my experience this is not as common as the survey may suggest. Feedback such as "I just didn't like them" is not really helpful, but remarkably common and understandable (it's human nature after all). In my opinion, the feedback you deliver to HR interviewees is a direct reflection on the firm's HR culture and, therefore, on full external view to the market as a result.



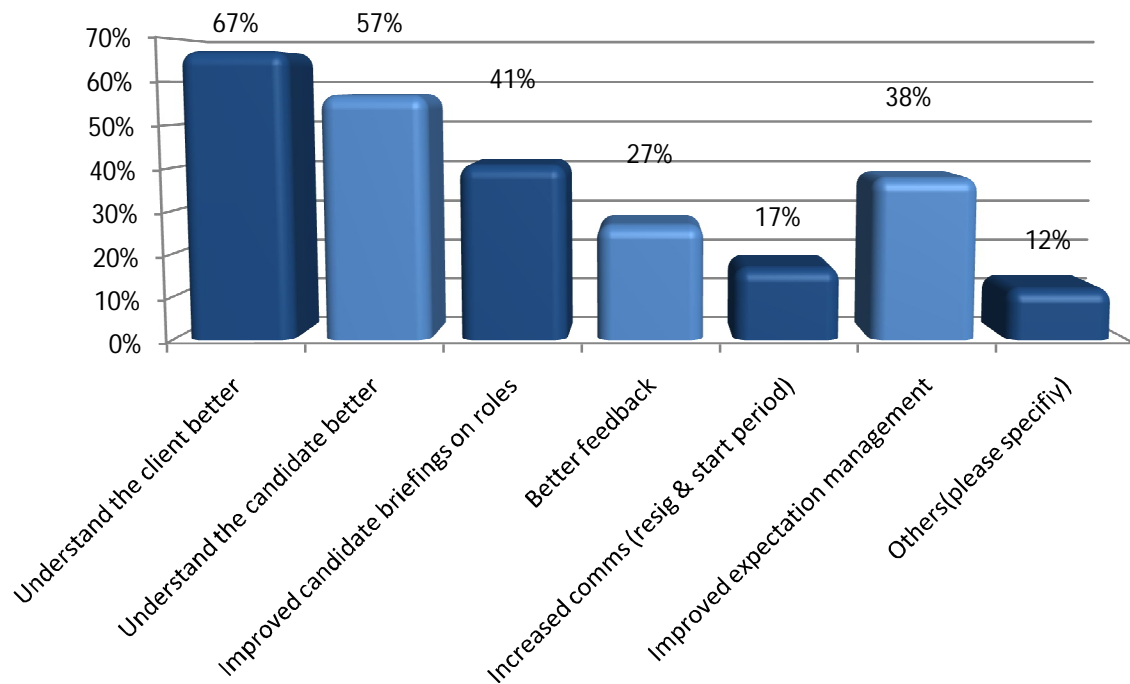
How do you define “commercial” in an HR context?

- *“Being able to understand the business and how HR supports that – having business aligned solutions, projects focussed on advancing the strategy rather than focussed on internal HR projects” (Anon)*
- *“Understand how the business makes its money and the role HR plays in supporting this” HR Director (FMCG)*
- *“Ability to translate business priorities into a people agenda: proactive (ahead of the game); [getting] basic transactional HR right first time” HR Director (Leisure & Travel)*
- *“Clearly understands the drivers of business success and is able to target HR activities accordingly and talk confidently about those with senior leaders” Head of Recruitment (Retail)*
- *“...set aside HR speak in favour of the language of the business” HRBP (Investment Banking)*
- *“Be flexible to facilitate the business in driving revenue without losing HR and legal integrities” Head of HR (Media)*
- *“Demonstrates a clear understanding that HR should not be just a ‘cost centre’... Clear evidence of ‘commercial impact/results’ of HR activity – cost reduction, increased sales due to training and development programmes, lower staff turnover, reduced advertising/agency fees” Head of Recruitment (Financial Services)*
- *“Understands business drivers and relevant KPIs and knows where HR can contribute to the overall result. Can speak and understand business language” Head of HR (Insurance)*

Other comments included:

Ability to manage risk, financial literacy, think business first/HR second, read the business press, delivery in the context/culture of the business, pragmatic, knows what a balance sheet is...

What can HR agencies do to help improve the selection and interview process?



"You can only improve [candidate] briefings if you are well briefed yourselves" Recruitment Manager (Retail FS)

"Providing us with better, more in-depth feedback on what candidates think we could/should do better during the interview process. Advising more around why the candidate is a good fit for the role without the usual 'proactive self-starter' platitudes. Focus more on deliverables and tangible results. Take verbal references where possible" VP Recruitment (Investment Banking)

"Understand HR better" (Anon)

"Talk to candidates, talk to clients on an ongoing basis, not just on a transaction-driven basis" HR Director (Property Consulting)

In summary, what other things could/should we be doing to raise the HR recruitment bar?

- ***"...Candidates need to have a clear idea of what they want, the cultures and environments they fit well into, and those aspects of HR they enjoy and can excel in. Recruiters need a better understanding of that" Executive Director – Global Head of Leadership & OD (Investment Bank)***
- ***"Interrogate the candidate more on actual achievements. Lots of candidates have impressive sounding CVs but they don't live up to it in interview" (Anon)***
- ***"Deliver a damn sight better value for money in all of the above" Head of Resourcing (Financial Services)***
- ***"...how many agencies check out the candidate's commercial understanding..."Head of HR (Legal)***
- ***"Help organisations really articulate what they mean by a Business Partner role. It is becoming a tarnished role title because the spectrum of ability is just too wide. If a company wants an HR Manager then ask for one – it is not the same thing as an HRBP" Head of HR (Not-for-Profit)***
- ***"Understanding clients and managing expectations on both sides" Head of HR (Technology)***
- ***"Encourage clients to consider candidates from a range of sectors so that they can benefit from fresh ideas and approaches and candidates can broaden their knowledge and skills.....Perhaps work with candidates to help them better manage their careers and/or determine the right career path for them....Perhaps run workshops for both clients and candidates on effective interviewing...Could establish a stable of HR mentors to help candidates" Head of HR (Wealth Management)***
- ***"Recognise that as a profession it is quite low quality and therefore you have to kiss a lot of frogs!" (Anon)***

CONCLUSION

In an environment where it is increasingly important to hire the right people first time around, the HR profession can learn some valuable lessons from this survey. The spotlight will increasingly shine on the function to both lead by example and to demonstrate how it can add even more value to the business – getting their own recruitment right is a key factor in the success and development of the Human Resources function and transforming the very role and nature of HR itself.

The clear messages from this survey are:

- We know that the best HR candidates are those who are most closely aligned with the business and understand the business objectives. With 74% of respondents citing poor cultural fit as the main reason for failed recruitment this needs to be addressed by both hiring managers and candidates alike.

- Having acquired good candidates the key challenge is to retain them. With up to 40% of all respondents losing up to a quarter of all new hires into HR within 12 months this is clearly not working as well as it should. Factors not only include poor culture fit/skills assessment at point of recruitment but also possibly overselling the roles with unrealistic expectations on both sides – things that HR professionals always impress upon the business when they are hiring. Hiring managers need to understand and articulate the key deliverables and challenges of the role they are hiring for, what success looks like and how it will be measured. The phrase “The romance ends the day you start...” is heard too often.
- 67% of respondents urged HR recruitment agencies to understand their clients better. It is up to those organisations that are helping to resource high quality HR staff to ensure that they are clear about the requirements. Sometimes this may mean helping clients to understand what it is that they actually need!
- An increased level of value-add and sophistication from suppliers is essential – many suppliers continue to measure success in the rear-view mirror. A holistic, consultative approach is critical to growing engagement levels with candidates and clients alike via the overall “customer experience” – Agencies that do this successfully will de facto have a bigger loyalty-based pipeline of talent and a broader route to the relevant markets for that talent.

Therefore, **“Raising the Bar in HR Recruitment”** will have the following positive impact on the business:

- Raise the credibility and profile of the HR function via improved delivery
- Reduce the direct and indirect costs of hiring mistakes (time, money, reputation)
- Enable the business to be more successful which itself will be a catalyst for and enabler of HR change

And finally.....some quotes from the face to face research:

- ***“HR cares more about the business than themselves – they put themselves down too often and have a low opinion of themselves...”***
- ***“There is too much professional respect – not enough probing questions are asked in HR interviews”***
- ***“HR people don’t like conflict with their own kind - there’s too much political correctness in HR!”***
- ***“Define what the role [you are recruiting for] actually is as opposed to hiring because you have a head-count to do so – articulate what the key elements of delivery are and what success looks like – how will people be measured and rewarded against success?”***

- *"Don't always recruit in your own image [safe bet]"*
- *"Hire at 90% capability not 120% [safe bet again] – scared of making mistakes/insecure"*
- *"Recognise that candidates with the same job titles regularly fulfil different roles in different firms/sectors"*
- *"Cultural differences are much more pronounced in HR functions compared to other functions/rest of the business"*
- *"Job seekers must learn to understand their own HR "brand" and capabilities [culture and skills]"*
- *"The word "strategy" is over used"*
- *"Not enough focus on the numbers"*
- *"Hiring managers are worried at exposing the HR candidate to the line – they may tell them how bad the firm actually is and put them off!"*
- *"Increase the use of internal HR mentors in the first 6 months"*
- *"[HR people are] not good at networking so difficult to take verbal references when hiring or looking for a new role"*
- *"HR people are not good at interviewing/recruitment!"*
- *"Dynamic nature of roles – don't ask for a JD rather ask what the key challenges are in the short, medium and long term, what does success look like and how you will be measured (and rewarded) as a result. The JD will change as soon as you join! Most HR JDs are worthless anyway"*
- *"More honesty is needed [from the hiring Manager] about culture and role"*
- *"The Head of HR must define and communicate the culture of HR, based on the values of the firm and nature of the business"*
- *"What are the things in your culture that 'enable' change and what are the 'disablers'? How do decisions get taken in the company? Good questions to ask regarding culture"*
- *"How is success measured, in HR terms?"*
- *"The level of internal 'reporting' required is a good indicator of how things happen in a firm"*

- *“HR functions are not being given enough opportunity to prove themselves”*
- *“There is a fear of bringing in great talent [for fear of making you look bad!]”*
- *“[The candidate should] take more references on the firm from ex-employees”*
- *“HR people are too hung up on chemistry”*
- *“Better use of feedback during the interview process (areas of concern, things to be explored further)”*
- *“HR Recruiters are not asking enough probing questions of their clients – as a result, candidates are not being effectively briefed all the time. At this level, how can you recruit for a hiring manager you’ve never met?”*
- *“The HR candidate should meet more of their [line] customers than HR staff”*
- *“The old ‘drinks test’ is still a great way to get to know what somebody is really like”*
- *“Use Top Grading – it works and also teaches you [the hiring manager] how to recruit better!”*
- *“Don’t use Top Grading – it’s a static process that demonstrates an inability to take individual responsibility for decision making. No one gets blamed when a hire doesn’t work out. It doesn’t encourage accountability. It prolongs the recruitment process and puts candidates off the firm”*
- *“HR people can bluff HR people – why do hiring managers not use psychometric testing more?”*
- *“Most HR Departments are not diverse enough [too many women] – creates its own problems with politics”*
- *“Why do HR people never conduct exit interviews? Senior business people may understand HR better if they did”*



A handwritten signature in black ink, reading "Richard Colgan". The signature is fluid and cursive, with a horizontal line underneath the name.

Richard Colgan

Founder & Managing Partner

Oakleaf Partnership Limited

ABOUT OAKLEAF PARTNERSHIP

- Oakleaf Partnership was established in 2005, as a recruitment firm dedicated solely to the HR Profession. From the beginning, we wanted to establish an ethical, values-driven business that embraced all the symbolism of the Oakleaf - strength, courage and longevity - encouraging partnership, creativity and delivering an outstanding customer experience.
- We supply all levels of HR talent to a wide and varied cross section of clients covering Industry & Commerce, Financial Services, Professional Services and Not-for-Profit sectors on both a permanent and interim/contract basis.
- Today we are the largest independent HR Recruitment business in the UK with affiliates in Australia and Asia Pac.
- "Your vision is our passion".

