Guide for Hiring Talent In Today's Innovation Economy

In this article

- ## From Secrets to Strategies for Successful Hiring

  If you're an employer looking for top talent, you know that companies in both emerging and established industries are facing shortages of qualified hires. A rapid shift to an innovation-based economy is magnifying this talent gap. Companies face increasing demands to compete through innovation, and it's becoming more difficult for organizations to attract — and retain — the skilled workers they need.

  This report covers the causes for the talent gap and how traditional hiring exacerbates the problem, especially among early career talent. We'll explore how top employers are rethinking the hiring process and how your organization can improve its hiring success including in special situations such as start-ups and small companies. You'll also find some effective sample interview questions, key hiring metrics, a list of the best resources to read on the topic and an overview of how predictive analytics is reshaping hiring.

- ## The Talent Shortage: From Silicon Valley to the Rust Belt

  In the United States, the talent shortage in the tech industry gets the most publicity. From <u>Utah</u> to <u>Massachusetts</u> and of course Silicon Valley, organizations say the competition for tech talent is fierce and continues to escalate as the demand for technical skills increases. Even companies not traditionally focused on technology need a technically advanced workforce as they incorporate new technologies into their traditional products and services.

  Microsoft in 2012 raised concerns about talent shortages for tech jobs and the implications for America's competitiveness. <u>Its report</u> highlighted that American higher education institutions were only producing 40,000 computer science bachelor's degree-holders annually while roughly three times as many computing jobs were expected to be created every year from 2010 to 2020.

  Rapidly evolving and increasingly critical fields face the most competition for talent. The cybersecurity work market is a good example: A 2016 <u>report</u> by the Enterprise Strategy Group and the Information Systems Security Association showed that 46 percent of surveyed organizations reported "problematic shortages" of cybersecurity skills. And in another 2016 <u>survey</u>, half of the cybersecurity professionals surveyed said they were solicited by recruiters at least once a week.

Conventional and new tech industries are seeing the same trends as software industries. In 2016, Quartz reported a "frenzied hiring spree" driven by talent shortages in the burgeoning electric vehicle development industry. And Adecco, the world's largest staffing firm, claimed in 2016 that there was only one qualified STEM professional for every 1.9 STEM openings.

But talent shortages are by no means confined to tech positions or even to tech industries. The innovation economy requires all companies to be nimble, creative and adaptable.

According to Bullhorn, a company that provides software services to staffing and recruiting firms, their 2016 North American Staffing and Recruiting Trends Survey showed that while engineering, design, IT, and tech positions were the hardest to recruit for, recruiters also said finance, accounting, managerial, marketing and creative positions were similarly difficult to fill. And manufacturing and consumer product companies found it just as hard as tech companies to fill their positions.

Like any complex economics phenomenon, talent shortages exist due to several factors. We'll examine these factors before looking at how organizations can address some of them.

Factors Behind the Talent Shortage

When employers say they're facing talent shortages, they're really referring to a set of demographic, behavioral, attitudinal, and economic trends that make skilled talent harder to attract and retain. Here are some of the big issues for hiring companies.

The Knowledge Economy. The transition from industrial to knowledge-based economies is perhaps the single greatest driver of talent shortages in current work markets. In broad terms, knowledge economies are those where knowledge is the main capital. The rise of knowledge work has been observed for over half a century, and knowledge workers continue to be the fastest-growing sector of the workforce today.

The rise of knowledge work is a complex socio-economic phenomenon rooted in population and economic growth and diversification, and its primary characteristic is the emphasis of information use over physical resources.

Knowledge work — and the closely linked ability to innovate — is centered on the continual acquisition of knowledge, not just through formal education but through ongoing learning. So replacement of talent isn't as straightforward as simple operational training, as was the case in the industrial economy. Jobs feature non-repetitive tasks instead of routine operations, and successful performance requires possession of knowledge, the ability to acquire knowledge and apply it successfully, and communicating it effectively.

These are all skills that must be actively developed. As automation can increasingly perform routine tasks, the real value of human workers has shifted from operations to innovation, development, and problem solving — illustrated by the increasing emphasis in formal education on non-technical disciplines that encourage critical thinking.

The sheer speed and degree of specialization in innovation economies mean increasing premiums for experienced, skilled workers, who are in short supply simply because of the time and intellectual effort that goes into their development.

5 Challenges for Employers in the Innovation Economy

The main challenge for employers in the innovation-based economy is twofold.

First, employers must compete with each other to attract top talent, which is typically scarce. And since this human talent constitutes their main capital — and cannot be managed as easily as non-living resources or equipment — they must work much harder to retain employees. Even then, turnover among knowledge employees is characteristically high, as those in demand know their value and are able to maximize personal benefit by changing employers in a way that industrial workers could never have done.

Other forces also play a role, notably trends in demographics, attitudes toward work, structural changes in the economy, skill mismatches, and employee development.

Demographics.
American baby boomers — people born between 1946 and 1964 — are reaching the end of their time in the workforce. The percentage of people aged 18 or under has decreased significantly over the last decade, while the proportion of Americans aged 65 and above was set to double between 2000 and 2030, according to the 22nd United States Census, conducted at the start of the millennium.

This phenomenon, called the "demographic time bomb," is not unique to the United States: A number of developed European countries also face the problem of aging workforces. The Information Resources Management Association in the USA points out that many of these countries expect to see more people leave the workforce than join it. Based purely on numbers, then, it seems likely that in many industries there will be more positions left open or created than there will be people to join them. And as we've discussed, the shift from industrial to knowledge work means that some positions vacated by experienced and knowledgeable older employees aren't being filled.

A related concern deals with education and the changing racial and ethnic makeup of the United States. As Microsoft's "A National Talent Strategy" report noted, the U.S. population is expected to grow to 400 million by the year 2039, and minority

groups will constitute 50 percent of the population. However, minority groups have historically been, and continue to be, under-represented at the higher levels of the American education system.

So while the face of the American population is changing, groups that will constitute larger percentages of the population in the future are not being adequately prepared with in-demand workforce skills. Here, companies like Google are looking to the future by encouraging the development of knowledge skills among minority communities. Other employers and government initiatives are also seeking to address this situation.

Generational Shifts in Attitudes to Work.

Complaining about the work ethic of a younger generation of workers is a time-honored tradition. Millennials have been painted as lazy job-hoppers with their heads in the clouds who expect to have everything handed to them and are addicted to instant gratification.

The reality is that millennials grew up in very different world. Twenty-somethings are digital natives, socially conscious, burdened with debt, highly educated and born of tough economic times. They are more suspicious of institutions and have no faith in the sort of social compacts that led older generations to expect long careers and loyalties to a small number of employers.

So they have very different concepts of career stability, work-life balance and especially workplace satisfaction.

It is argued, for example, that millennials are less loyal to employers because career paths in the knowledge economy are generally less well-defined and career security is less of a given than it was for their parents. So they pursue a diversity of experiences and prioritize development early in their careers.

While older workers criticize millennials for a lack of long-term focus, it's undeniable that millennials also integrate work and life responsibilities better than their older colleagues since work-life boundaries have been blurred through their time in school and early years in the workplace. Perhaps this explains why younger workers value perks, inclusion, satisfaction, flexible working arrangements and nonlinear management, and why employers are increasingly cognizant of this.

The Gig Economy.

In the knowledge economy, the individual (and the sum of their knowledge) is the basic unit of capital. This makes effective management of this capital a challenge. Employers have come a long way towards managing human beings as human beings — welcoming flexibility, encouraging freedom and creative thinking, refraining from micromanagement, and emphasizing development. But large numbers of knowledge workers continue to be drawn to the so-called gig economy.

The gig economy is characterized by short-term professional relationships, usually to provide specialized services. On the surface, the benefits of gig work are immediate and obvious: freedom; flexibility in working arrangements; opportunities to take on challenging or unfamiliar work; and opportunities for greater specialization.

Of course, these positives come at a price: Gig workers don't have company benefits such as sick leave and medical coverage, which means they are more vulnerable to risk. And while freedom and flexibility are big selling points for some workers, many others still value the stability of conventional full-time jobs.

The rise of the gig economy can be both bane and boon for employers. Its positives include financial savings (since employers have fewer full-time headcount) and the ability to access specialized knowledge workers as needed, instead of depending on multifunctional, non-specialist full-time employees. But many functions are simply not suited to short-term professional arrangements, which means gig workers are no solution. .

Skill Mismatches.
There are a couple of ways to view skill mismatches in job markets. The first explains disparities between skills required and workers available as a fixed characteristic, driven by shortages of specialized workers available for full-time work, for the reasons we've already discussed.

Employers who subscribe to this view point to shortages of technological and knowledge skills that older, less educated, or less tech-savvy workers may be unable to provide: In a Deloitte Manufacturing Institute report titled "The Skills Gap in US Manufacturing: 2015 and Beyond" 70 percent percent of executives surveyed said they felt tech and computer skills were not sufficient, followed closely by 69 percent citing insufficient problem-solving skills, 67 percent citing inadequate technical training, and 60 percent saying math skills were lacking.

The second, and perhaps more holistic, view is that while disparities between skill supply and demand do exist, what companies are really complaining about is their inability to attract the workers they want. There are a number of reasons companies fail to make good hires. Some of the most commonly cited are:

- Companies undervaluing the skills they want and thus not being able to compete with other companies
- Companies failing to reach and connect effectively with talent sources
- Companies not being able to attract talent due to their organizational cultures.

It is interesting to note that in the Manpower Group's 2015 Talent Shortage Survey, over a third of hiring managers surveyed said a lack of available applicants made it difficult to fill jobs. While skill mismatches do exist at a market level, this does raise

very real questions about how effectively — and if — companies are actively identifying, reaching, and selling themselves to skilled workers.

Employee Development.
Employers, in general, are actually spending less on training and development than they did three decades ago.

Kevin Wheeler, writing for the recruiter-focused publisher ERE Media, points out that according to the U.S. Census Bureau, the number of employees receiving employer-paid training fell by half from 1980 to 2008. This is surprising given knowledge-based employers' emphases on human resources, and it leads to productivity-affecting phenomena such as the "old people can't code" archetype.

The lack of investment in employee training can also cripple employee recruitment and retention, especially among younger knowledge workers. Millennials, for example, typically say that "opportunities to learn and grow" are very important to them, even though a majority of them say they're not getting them, according to a 2016 Gallup poll.

This translates into job turnover as some millennials leave to pursue better development opportunities, and it shows how employers being out of sync with employees expectations can contribute to talent shortages.

• Everything That's Wrong with the Old Way of Hiring

These problems are not the whole story, however. Everyone knows that bad hiring processes often lead to bad hires. Old-school hiring methods are biased and haphazard for the most part, and they contribute to hiring mismatches.

Let's look at some specifics:

The interview.
Usually considered the make-or-break moments of hiring, interviews at too many organizations leave a lot to be desired.

For one, they only work if interviewers are prepared to ask — and to answer — useful and insightful questions, but interviews are frequently led by HR staff who aren't always well equipped to gauge job fit for specific positions. Hiring managers who aren't in the habit of conducting interviews tend to assume more passive roles.

Also, interviews work best when they are specific and tailored to specific candidates' skill sets, but it's not uncommon for interviewers to be unprepared and thus resort to general, cliched, or even gimmick questions, which aren't very useful.

Hiring managers who aren't actively involved in interviewing can't ask candidates the right questions, which means that hiring may be based on incomplete and even misleading data.

Of course, interviews continue to be an integral part of hiring processes because they allow face-to-face exchanges, which are undeniably valuable.

But as our understanding of workplace psychology advances, it's evident that there are shortcomings here too. Interviewers and interviewees are bound to rely at least in part on cognitive shortcuts and subjective assumptions, and there's evidence to show that personal biases involving gender, race, appearance, cultural background, body language and a variety of other personal characteristics can skew the process.

For interviewers conducting multiple interviews, the order of interviews and the days on which interviews are conducted influence how they perceive candidates. And even the best candidates may be prone to nervousness and make subpar first impressions that do not accurately represent their abilities.

Bad interviews can mean bad hires.
Interviews that do not accurately represent either the nature of the workplace nor the candidate are bound to be problematic. They may result in companies hiring employees who are not only poor fits for workplace cultures, but who were not the most capable candidates.

And a lack of interview-time interaction with the hiring manager or potential future supervisor may result in new employees feeling that the nature of their position was misrepresented, which can mean they simply don't enjoy the work.

Bad hires can cost companies a lot.
Hiring employees who aren't good fits for their roles means, at the very least, that companies are paying heavier-than-optimal opportunity costs. Employees who aren't adequately skilled can cost companies time and money by way of lower efficiency and lower-quality output. Further, employees who just aren't happy in their jobs tend to perform less well; and more worryingly for employers, their lack of morale can be contagious.

Hiring for Skill vs Talent.
Companies can also be short-sighted and prioritize what has traditionally been called skill over talent. Today, this more accurately framed as prioritizing technical skills over impact skills, which are sometimes called soft skills or non-cognitive skills and include the ability to learn new skills. Skill traditionally means the learned ability to perform a particular task, like develop code or audit accounts. When companies are starting up or undergoing rapid expansion, finding people who can have the skills to do a specific function is a pressing priority.

But talent (or what we more commonly refer to these days as impact, soft or non-cognitive skills) can be a somewhat mysterious concept, encompassing the innate capacity to learn new skills and expand an existing skill set. Skills can be taught, yet talent relies on cultivating a natural ability. Research has shown that practice and potential are closely linked in elite performance.

As the workplace, economy and technology evolve rapidly, technical skills can become quickly outdated, so hiring on this basis is often only a short-term solution to an organization's needs. Cultivating talent or impact skills, through employee training and career development, can yield greater long-term rewards and stronger internal candidates for promotion.

- # 8 Ideas About Rethinking the Hiring Process

  In a highly competitive work market, employers need to optimize their hiring processes if they want to recruit the best talent. Here are 8 ways to rethink the hiring process:

  Define hiring processes and criteria.
  Start by developing a recruitment plan that defines the timeline, positions, job descriptions, outreach/advertising and interview process for your recruiting. It's important to make sure that all candidates are being assessed as objectively as possible, and standardizing hiring processes and criteria goes a long way towards achieving this. Clearly defined hiring processes and objective criteria reduce — but do not remove — potentially harmful subjectivity and inconsistency.

  Create a candidate journey.
  Standardizing the hiring process is really just the first step in improving the candidate experience. Many employers, cognizant of the fact that first impressions of companies are just as lasting as those of candidates, have created candidate journeys that seek not only to standardize hiring but to make it less painful, or even enjoyable, for candidates.

  Using candidate journeys simplifies the hiring process and ensures there's always a clearly communicable next step for candidates, while also allowing organizations to see how candidates experience the hiring process. Candidate journeys are typically feedback oriented, as employers realize that perceptions of the hiring process go a long way towards determining a candidate's eventual decision to join an organization.

  Treat candidates and employees like customers.
  Good employers realize that they're selling themselves not only to their customers but also to their employees. Caring about employees' human and professional needs brings benefits that far outweigh the effort and costs involved. Southwest Airlines exemplifies the success of this approach. The airlines, which has frequently rated top in customer satisfaction, has made the unconventional choice of putting

employee happiness above customer satisfaction. ""We believe that if we treat our employees right, they will treat our customers right, and in turn that results in increased business and profits that make everyone happy," the airline underline explained in a blog post about its company culture.

Britain's Virgin Media found that a bad candidate experience cost it more than $5 million a year because negative interview experiences were causing rejected candidates to cancel their own mobile and cable contracts with the brand. The company turned it around and the improved interview process has helped turn candidates into fans of the brand.

Create an employer brand and an employee-first culture.
Like Southwest Airlines, business magnate Richard Branson is fond of saying that organizations must put their employees before everything, even before their clients. In the knowledge economy, where a company's success depends on the quality of human talent it can attract, it's impossible to overstate the importance of making sure that employees like coming to work. Improved morale and a good employer brand don't just increase productivity; they're contagious and a big selling point for an organization, and so are perhaps the single most important aspect that employees, especially younger employees, discuss with potential future employers and coworkers. You can only compete for the best candidates if they know your employer brand and want to be part of your company.

Improving the hiring process.
Every organization's hiring process is, and should be, different, but following general best practices can provide for substantial improvement. Consistently successful employers do a number of things well: They create mappable candidate experiences, or candidate journeys; they use predictive analytics to optimize candidate selection; they make sure that hiring processes are representative of company culture; and they use candidate feedback to reassess and improve their hiring processes.

Move quickly when you find the right person.
The U.S. work market is competitive, and the best talent is quickly snapped up. Optimized hiring processes, which provide increased confidence in candidate assessment, allow employers to move quickly to recruit top talent.

Agile recruiting.
Among the other, newer approaches to hiring is agile recruitment, a sprint-based hiring process that draws from concepts of agile management. A sprint is a fixed time period in which a team focuses on a set of closely related tasks.

Using sprints allows recruiters to somewhat finalize fundamental steps of the hiring process, such as requirements, before candidate assessment begins. But agile recruiting is also iterative, meaning that it incorporates internal feedback on the

hiring process on the go. As laid out by recruiter <u>Lou Adler,</u> the sprints involved in a typical agile recruitment process are:

- Defining a job as a set of performance objectives, rather than responsibilities, and asking why a top candidate might want to take on the job.
- Designing job advertisements that are compelling and communicate what potential future employees would get out of the job. Good job advertisements target passive candidates — those not actively looking for work — and include a simple call to action that can help ensure only qualified and interested candidates apply for a position.
- Identifying and reach out to "perfect job fit" candidates early.
- Actively publicizing the job opening to ensure that the employer has a suitably large pool of candidates to select from.
- Two weeks into the process, hiring managers should be in contact with "perfect fit" employees. It's a good idea for recruiters to assess an agile recruitment cycle every few days to see if the process is on track; agile recruitment is popular in large part because of its speed, so delays should be actively avoided.

Building employee diversity.

Perhaps the best example of the <u>benefits of building employee diversity </u>comes from IBM's hiring and employee development efforts in the 1990s, led by legendary CEO Lou Gerstner, who is credited with the company's transformation and turnaround.

Gerstner created organizational task forces that called attention to employee differences not just as a way to improve workplace diversity but to leverage it in a way that would allow the company to attract better employees and to reach more customers — and he succeeded. Gerstner's efforts to reach broader customer bases benefitted IBM's bottom line.

- ## How to Improve the Hiring Process

Good hiring practices <u>improve the efficiency </u>and success rates of recruiting. They reduce employee turnover rates, decrease the chances of new hires being bad job fits for their positions, and help employers keeping recruiting and onboarding costs to a minimum by hiring the right candidates the first time around.

Some best practices that are often overlooked:

Use levels of work.

Levels of work are a system for classifying the complexity of specific job roles and were pioneered by organizational psychologist <u>Elliott Jacques</u>. Depending on the size of a company and its core business, companies may classify their jobs into as many as eight standardized levels of work — though the majority of organizations don't involve functions complex enough to be classified at the highest strata.

Levels of work are not ubiquitous in hiring and employee management. But increasing numbers of employees do grasp their significance, and they're a good, standardized tool for communicating the inherent complexity of a position. They can help candidates and hiring managers to assess whether a person might be capable enough to take on a certain position. Some recruitment services offer to assess candidate capability levels.

Tom Foster in his book "Hiring Talent," his blog and consulting with companies combines Jacques' levels of work with behavioral interviewing to create a practical framework for hiring.

Research candidates online.
Both professional and personal social networks allow employers to get an early sense for whether candidates might be a good job fit, which is why rapidly increasing numbers of employers are checking candidates' online profiles. In 2016, six in 10 employers said they did this. Recruiters often will screen out candidates whose social profiles include references to illegal drug use, profanity or explicitly sexual posts. One survey found that two-thirds of hiring managers said they would hold bad spelling and grammar in social media posts against candidates.

Online candidate research can be incredibly effective if used well. Among other things, it allows employers to research and contact potential passive candidates based on social and professional network memberships. For many professions, online research can provide verification of a candidate's abilities and past projects they've participated in, especially for knowledge workers. And many employers use personal social networks such as Twitter to assess whether candidates might be a good fit for an organization's culture. Online research isn't yet a full replacement for formal verification of skills and capabilities, or of personal fit, but it's a valuable supplement to traditional hiring processes.

A candidate's posts on social media can also be good indicators of creativity, humor, originality and articulateness.

Ask better questions.
Good interviews are at the heart of the traditional hiring process, and will continue to be weighted heavily. Good interviewers tend to use more open-ended than direct questions, and to assess interviewees not only on their answers but via verbal and nonverbal cues: persuasiveness and conversational abilities, phrasing, body language, and the like. It's also a good idea to get interviewees talking about their achievements to get a sense of whether they enjoy their work.

While nonstandard questions can help assess how well a candidate thinks on their feet, a surprising number of employers ask maddening trick questions, a habit popularized by Google. (How much should you charge to wash all the windows in Seattle?)

Since these can make a poor impression on interviewees, it's advisable to stick to uniquely designed yet challenging questions that focus on suitability for a particular role.

Behavior-based "Tell me about a time" questions around one competency tend to be very informative. Research shows that what you have done in the past is a good indicator for what you can or will do in the future. For example, ask, "Tell me a time you used data to solve a problem," and you will likely hear not only a story, but also descriptions of data, of the candidate's thought process, specific details and their analytical ability. Even the candidate's ability to tell a story, stay on track and develop a relationship with the recruiter speaks to indicates their ability to communicate.

Some open-ended questions that recruiters say elicit telling responses include:

- What was the last thing you learned and how did you apply it?
- How do you learn best?
- Tell me about a situation when you did not know how to handle a problem and what you did?
- What would you like to learn next about your field or job?
- If you were hired and had to get yourself up to speed on your own, what would you do?

Good recruiters also ask questions that measure multiple intelligences, especially those that may be difficult to assess via verbal communication. Emotional intelligence is important to assess because this ability to understand and manage one's own emotions as well as those of others has a strong correlation with effective teamwork and leadership.

Limit the number of interviewers and watch for resume red flags. It's generally good practice to not have too many interviewers, which can prove distracting or even intimidating for candidates and reduce a lead interviewer's ability to delve into detail when needed.

While interviewing, good recruiters keep an eye open for red flags such as a candidate who struggles to come up with examples or is vague, general, or unnecessarily showy. Another red flag is a candidate's resume not corresponding to their accomplishments as communicated during an interview. Move on quickly if a candidate isn't a good job fit.

Identifying and assessing work capabilities.
It's important to have hiring managers and supervisors get directly involved in the hiring process, as they are best equipped to assess fit for specific positions. Effective managers know the qualities an ideal employee needs to succeed, and candidates appreciate meeting their potential future supervisors early in the hiring process; it helps build good working relationships and allows them to determine whether they

might be a good fit for an organization. Some organizations give candidates exercises or trial assignments that are designed to measure key qualities. Performance on these may be assessed via benchmarks based on the performance of existing employees, which hiring managers can help determine.

Using predictive analytics.
There is, of course, no standard formula for predicting how good candidates will be in any given position, but machine learning and predictive analytics are advancing to give us more powerful tools. Predictive models must be tailored according to the requirements of specific positions and require specialist expertise to design well. These models may be test run on existing employees to check their predictive power before they're used for actual candidates. Later you'll see how Koru has applied the latest science to determine the specific factors and characteristics of sales roles that predict employee success, a solution that is changing the hiring process for several companies.

Among other reasons, predicting analytics are popular because they're data-driven, objective, and provide measurable results. They streamline the hiring process by allowing hiring managers and recruiting staff to assess candidate suitability quickly and with high levels of confidence, thus reducing time spent on interviewing and testing candidates.

Measuring hiring performance.
A number of performance metrics can be applied to standard hiring processes. Some of the more commonly employed are:

- Source of hire
- Time taken to fill position
- Ratios of total candidates to candidates interviewed; of candidates interviewed to candidates made offers; and of candidates made offers to candidates who accepted
- Satisfaction of hiring manager with the selected candidate
- Candidate satisfaction with the hiring process
- Cost per hire
- Compliance with Equal Employment Opportunity (EEO) requirements

Key Considerations in Hiring

Depending on the position they're looking to fill, hiring managers and recruiters typically employ suitability criteria so they can target and identify candidates more precisely. Some of the most common provoke considerable debate.

Talent or experience?
Prioritizing talent over experience effectively means taking risks on workers without proven records — but the potential benefits are higher, too. Employers choose to prioritize talent when hiring for organizations or roles that are evolving or in need of

fresh ideas, since less experienced workers are more flexible, more willing to learn, more easily taught, and their talents can be applied in a number of ways instead of being more narrowly focused. Talented workers usually recognize they have more to prove than their more experienced counterparts, so they tend to be more hardworking and to repay employers who show an interest in their growth and development with loyalty. And though training inexperienced employees is expensive, it allows organizations to prepare talented workers for specific roles; also, less experienced workers are typically paid less, which means that some training costs are recouped.

On the other hand, employers hiring for clearly defined positions and critical positions that require clear skill sets typically opt for more experienced employees with specific areas of expertise. Experience typically correlates with skill levels, which is suitable for positions where requirements, expectations, performance benchmarks and success criteria are relatively fixed. Experienced workers cost more to hire in the long run, but their integration into the workplace is typically much less disruptive, and they bring proven performance records.

Casting a wide net or targeting specific talent pools?
Depending on the requirements and degrees of specialization needed for specific roles, recruiters and hiring managers can develop ideas of whom they'd like to target and how best to target them. While conventional wisdom says it's best to always cast the widest net possible simply to increase the chances of finding good employees, there's also much to be said for actively targeting specific candidates, especially for more highly specialized and in-demand roles. Targeting brings a number of benefits:

- It increases the precision and likelihood of success for hiring processes
- It can help leverage personal or professional connections since specialized employees are usually part of professional networks
- It can feel good for candidates to know that organizations value their skills.

Online professional networks like LinkedIn make targeted hiring fairly easy to do, though there's also much to be said for targeting via personal referrals, which can carry a lot of weight.

Playing the odds or betting on candidates?
Employers who can afford it typically keep as many good candidate options open as they can to increase their chances of finding "perfect fit" employees — a hiring practice akin to playing the odds. In contrast, hiring processes that invest more highly in specific candidates run the risk of actively decreasing the size of the talent pool and of having fewer backup options should hired candidates turn out to be a bad fit. As such, recruiters usually suggest assessing as many candidates via standardized hiring processes as possible before cutting the list to a few finalists. That said, betting on individual candidates can be a valid hiring strategy if backed up by evidence that a particular candidate will be a good fit for a position.

Using technology to stay connected.
The vast variety of options to connect with candidates means it's increasingly considered standard practice to engage and interact with candidates as part of the candidate journey. This is especially important in a knowledge-based economy, where building positive relationships with candidates is expected — and where failing to do so can be off-putting for candidates. Organizations that recruit directly from universities tend to be especially good at this, as they connect with students months before they're due to enter the workforce, creating interactive, exciting, yet competitive recruitment processes, and thus are able to cherry pick from the best young talent available.

- ## Strategies for Hiring in Special Situations

  Unique organizations and special-situation candidates can pose additional hiring challenges. Some additional considerations apply.

  Startups.
  The startup company is perhaps the archetype of the knowledge economy, which can make hiring for them a challenge because many startup founders have to teach themselves to make good hires. Startups tend to prioritize talent and innovation over extensive experience; they're reluctant to hire people who have worked mostly with large corporations, and they value learning on the go.

  That said, startups do value workers with previous startup or small enterprise experience, especially if they've taken on personal business projects. Startups also value dedication — their highly nonlinear approaches to management allow for a lot of flexibility, but also demand high degrees of work-life integration. Since startups are creative, energetic, and somewhat high-risk by nature, they typically attract younger workers who are passionate about companies' missions and enjoy experiential learning and development.

  Your advantages include offering an exciting opportunity to work on a new or emerging product and defining a market for it as well as the possibility of equity compensation. If you expect employees to be willing to work long hours and drop personal plans when crises erupt, be upfront about that in the interview.

  Small companies.
  Hiring processes at small companies are typically constrained by their lack of large, formal HR departments, which means hiring managers are not likely to have access to large employee referral networks and standardized recruitment processes. This means they're more likely to reach out to specific talent pools via personal networks and to bet on specific candidates. Small companies that consistently make good hires do so by accepting their hiring constraints and by pushing company missions and especially company cultures as selling points.

While they can't compete with larger companies in terms of salaries, they can leverage their workplace environments and employer brands to attract talent that values company missions and workplace satisfaction. Smaller companies also typically offer better work-life balance and more personal management than large corporations — both things that might offset reduced pay in a candidate's eyes. For others, the chance to contribute more directly to a company mission — which becomes harder to do as company size increases — may also be important.

Veterans.

Hiring veterans is a great way for companies to give back to their communities and to the country, but it can be challenging to take on employees without recent private sector work experience. Companies thus have to work a little harder to recruit veterans and manage them in ways suitable for both employers and employees.

Writing for the Society for Human Resource Management, Theresa Minton-Eversole suggests a number of ways to improve veteran recruiting. Chief among these are ensuring that job descriptions are detailed yet simple to understand — phrasing them in military language and with reference to military occupational skills is a good way to achieve this.

Employers can also help veterans determine the roles for which they're best suited by encouraging them to talk about their service experiences and responsibilities during interviews, and by connecting these skills and experiences to the demands of the job at hand. And it's also a good idea to offer veterans part-time or temporary working arrangements so they can learn and develop skills and decide whether a position is right for them before committing to it.

Developers.

Given the burgeoning use of IT across, quite literally, every major industry sector, hiring developers can be a tricky task for hiring managers who don't have an in-depth understanding of developer skill sets.

As such, it's critical for hiring managers to research the exact skills required for a position and to be well prepared during interviews and candidate assessments. It's a good idea to test developers' practical skills and the quality of their work via rapid prototyping tests or similar exercises. And since top developers are in high demand, it's also sensible to research market salary rates for the specific role in development.

• Resources on Talent Acquisition in the Modern Economy

To further explore these topics, we have rounded up 7 of the best books for further reading:

1. Anders, George. _The Rare Find: How Great Talent Stands Out_. Penguin, 2011.
2. Bock, Laszlo. _Work rules!: Insights from inside Google that will transform how you live and lead_. Hachette UK, 2015.

3. Herrenkohl, Eric. *How to hire A-players: Finding the top people for your team-even if you don't have a recruiting department.* John Wiley & Sons, 2010.
4. Murphy, Mark. *Hiring for attitude: A revolutionary approach to recruiting and selecting people with both tremendous skills and superb attitude.* McGraw Hill Professional, 2011.
5. Smart, Geoff, and Randy Street. *Who: the A method for hiring.* Ballantine Books, 2008.
6. Sujansky, Joanne, and Jan Ferri-Reed. *Keeping the Millennials: Why companies are losing billions in turnover to this generation-and what to do about it.* John Wiley & Sons, 2009.
7. Sutton, Robert I. *The no asshole rule: Building a civilized workplace and surviving one that isn't.* Hachette UK, 2007.

How You Can Do It Better: Identifying and Recruiting Talent

In the current work market, employers can improve their number of high-performing employees by improving the ways in which they spot, recruit, and analyze talent.

Spotting top talent.
The criteria for what makes a good employee has changed from skills and experiences to competencies and most recently to potential, writes John Kamensky for the IBM Center for the Business of Government. But since potential is much harder to assess than competence, how do employers know it when they see it?

Writing for the Harvard Business Review, veteran recruiter Claudio Fernández Aráoz says potential can be modeled with high accuracy using five indicators:

- *Motivation*, or the earnest desire to achieve goals
- *Curiosity,* which is openness to new learning and developmental experiences
- *Insight,* or the ability to use information to innovate or to solve problems
- *Engagement,* or the ability to work effectively across boundaries
- *Determination*, or the ability to not be put off by setbacks but to use them to grow

Analyze Top Talent with a Data-Driven Approach

Talent analytics is a data-driven approach to recruitment, management, and performance assessment. By using a set of software-enabled analysis techniques, employers can systematically improve their hiring and employee management processes, achieving significant performance improvements in this way.

This software began as a way to integrate functionalities for recruiting, learning, and performance management, and the applications were designed to benefit companies, HR departments and administrators. They were unwieldy and unfriendly for staff and job candidates.

But the major shifts we described are forcing talent software to evolve too. Increasingly, these solutions are seeking to support engagement and a positive user experience. In a digitized world, they are now perceived as an opportunity for the organization to create connection with important constituencies of candidates and staff, not just a convenience for HR.

Writing for the _Harvard Business Review_, researchers Thomas Davenport, Jeanne Harris, and Jeremy Shapiro describe a number of the more effective employee analysis techniques in use at major U.S. organizations. Some of these include:

- BestBuy, which can correlate a 0.1 percent increase in employee engagement with a $100,000 increase in operating income.
- AT&T, which has established that the ability to take initiative is a better predictor of job performance than is academic performance.

Koru's predictive analytics hiring platform builds on the latest research into the predictors of performance. A synthesis of more than 85 studies shows that the traditional "big five" personality traits including conscientiousness, extraversion, emotional stability, openness, agreeableness and intelligence are, in fact, weak predictors of job performance.

Koru has found that the skills that matter most include grit, polish, curiosity, teamwork, impact, rigor and ownership, what is called the Koru7™ Impact Skills, and these are incorporated into a broader analysis that also weighs academic experience and work experience. Koru develops benchmarks for job families and industries that yield a "fingerprint" of variables and candidate fit scores for better alignment and performance.

Hiring Top Talent: Using Analytics to Increase Success

Using predictive analytics makes it possible for employers to recruit more effectively. Predictive analytics harness the power of big data, large data sets that can be mined for high-level insights about people, risk and behavior. This supports better organizational decision-making and strategic moves.

The rise of mobile technology, our constant digital engagement and the availability of big data are coinciding with the talent gap and the millennials becoming the majority of the workforce. These forces are fostering a Golden Age of Recruiting, Mark Stoever, chief operating officer of employment website Monster.com, has written.

"The goal is to create technology that automates the processes of finding candidates at various touch points so that recruiters can concentrate on the people, gaining a real understanding about their abilities, ambitions, and values in order to match them to appropriate positions," he says.

In tune with the Golden Age of Recruiting trend, the use of predictive analytics leads to a higher number of applicants who get offers and a greater likelihood of high performance among those who are hired.

This in turn affects retention, which depends on job and culture fit; diversity, which can be adversely impacted by more subjective hiring methods; and greater efficiency in hiring, which saves time and money.

Cynthia Kenworthy specializes in technology and healthcare journalism and partners with Koru to deliver insights and advice to heads of HR, talent acquisition, and business leaders on hiring better practices. Cynthia's work has appeared in the Washington Post, Reuters, Business Insider and other publications. Connect on LinkedIn at https://www.linkedin.com/in/wordwowwriter/

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