
Understanding “Hiring” vs. “Recruiting”

Changing the hiring model to attract top talent involves rethinking practices.

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“HIRING” vs. “RECRUITING” TO CAPTURE FIRST CLASS TALENT

The recent worldwide recession, the growing need for a highly educated workforce, and the disproportionately high number of experienced workers aging out of the workforce as the Boomer generation retires have combined to create a challenging shrinkage of highly skilled workers, which is resulting in a long term talent shortage. While companies are currently struggling to fill vacancies with qualified workers even though 8.9% of the eligible workforce in the U.S. is unemployed, the demand for skilled and capable talent will only increase over the next decade at all levels and across all industries. Experienced companies who leverage key metrics in attracting, screening, and measuring talent while remaining accountable for quality of hire and long-term cost of hire will continue to have an advantage even while competition for skilled workers increases. Understanding the difference between hiring vs. recruiting is essential as companies continue to compete over a limited talent pool.

ATTRACTING TALENT IS KEY TO A SUCCESSFUL ORGANIZATION

Labor is almost always an organization’s single highest area of spend. The acquisition of new employees represents a cost per hire whether done through recruiting, which is actively seeking and capturing well qualified candidates, or hiring, which is simply filling an open position. The hiring vs. recruiting dichotomy makes a true difference in cost per hire in the long term: applicants who have been recruited, skills have been assessed and job expectations have been communicated are more likely to stay with a company, engage with its values, and contribute meaningfully to that organization’s success. Candidates who have been hired from a casual application process are more likely to be “interim” candidates – workers who are temporarily accepting an open position while continuing their job search elsewhere, which leads organizations into a counterproductive cycle of more, but not higher quality, hires. Changing the hiring model to attract top talent involves rethinking practices to nourish interest within the candidate pool, especially for companies receiving fewer qualified applications for open positions than desired.

Organizations that engage in active recruiting know that when filling an open position, whether at the entry or executive level, it is important to follow a model of furthering the employment process as opposed to pursuing a “rush to fill” pattern that just adds to the payroll. The common practice of screening out candidates in a rush to fill when hiring vs. recruiting results in low cost per hire but leads to higher costs through false economy, such as skills mismatches necessitating re-training and increased turnover. Competitive companies have moved towards screening in, which considers the long term costs of hire. Screening in eliminates barriers to employment such as unnecessary certifications and looks to measurable performance indicators such as hard skills, education, and experience. A vital component of screening in is measuring a candidate’s interest in the company by instilling the candidate with a realistic view of the position responsibilities

Companies are currently struggling to fill vacancies with qualified workers (even with 9% unemployment).



“Hiring is what you do when you let the world know that you're accepting applications from people looking for a job. Recruiting is the act of finding the very best person for a job and persuading them to stop doing what they're doing and come join you.”

- Seth Godin, bestselling author and marketing leader

*Competitive companies have moved towards **screening in**, which considers the long term costs of hire. **Screening in eliminates barriers to employment.***

and company culture. This encourages candidates who truly are not interested to self-select out of the hiring process, while raising the engagement level and solidifying the expectations of committed candidates.

DIVERSIFYING RECRUITMENT CHANNELS TO EXPAND CANDIDATE BASE

As the Internet Generation or Gen Web enters the workforce, organizations aware of the challenges posed by hiring vs. recruiting are adapting to the “digital natives” communication channels, from text messaging to mobile Internet. Recruiters wishing to attract highly skilled workers from this and the preceding generations, who have also grown accustomed to the new digital norms, must market through all available recruiting channels, branding their organization through the creation of values in much the same way that a candidate sells themselves in the interview process.

More than any other emerging trend, social media has defined the first decade of the 21st century. Initially a space avoided by organizations and recruiters for its un-moderated beginnings, social media has evolved into an accepted approach for businesses to extend their brand and select qualified candidates from the workforce. Organizations that maintain a presence on one or more social networking sites are effectively navigating the hiring vs. recruiting strategy by engaging candidates on their level – in other words, recruiting, not merely hiring. Looking outside historic recruitment areas brings needed skills and new views into an organization.

Another often overlooked source of qualified candidates is an organization’s current employees. Leveraging employees’ connections in the industry can lead to highly skilled passive job seekers that an organization might not otherwise have found. Encouraging current employees to participate in an organization’s social media presence as well as communicate with industry contacts about an open position further opens up the candidate pipeline. However, it’s important to remember that social media and employee networking are tools to add to an applied recruitment strategy, not a replacement for established strategies. Rather, coupling these strategies with traditional channels as part of a multi-pronged approach to recruitment leads excited candidates back to the recruiting organization’s conventional application portals.

*"Imagine for a moment that we could automate the spark of engagement to job seekers everywhere much in the same way that LinkedIn allows us to customize a company page so that the content is more relevant to a visitor based on their profile and work history. **Now take this spark and syndicate it - and apply it to your entire career or company web domains.**"*

--Chris Hoyt, Talent Engagement & Marketing Leader, PepsiCo

Employee referrals are the best source for outside talent.



DETERMINING PREREQUISITES FOR BETTER QUALITY HIRES



Systemic screening of applicants is crucial to a successful program of recruiting vs. hiring through outdated models. At best even a well-written resume does not provide the full picture on a potential hire, and at worst a resume can be entirely inaccurate. This leads to recruiters and hiring managers spending excessive time calling and interviewing candidates who are not qualified or are not a good “fit” for an organization. Viewing recruiting as a form

of data management through a deliberate screening process that reinforces current, established strategies allows recruiters and managers to be aggressive in their selection.

The screening process begins with reviewing the must-haves for a potential hire. Long term recruitment examines the qualifications and attributes of an organization’s current high performers and selects from these attributes those that a potential employee must bring to the hiring process. This standard reverses the 20th century model of matching a job to a person by matching a person to a job. The improved fit of hires achieved through this practice results in higher employee productivity and increased employee satisfaction. Returning to the difference between hiring vs. recruiting, screening by attributes is recruiting candidates for careers, taking a holistic view of a candidate’s potential to grow into further opportunities, contrasted to hiring for openings – only looking at the short term for candidates who are qualified now and may not have a great deal of future potential.

SCREENING CANDIDATES THROUGH ONLINE ASSESSMENT

Incorporating an online assessment into the hiring process as a pre-screening tool increases the flow of quality applicants economically, developing a pre-qualified candidate pool before a position must be filled. Pre-screening also attracts a greater number of passive job seekers, who are already employed but potentially looking for a new employer. Passive job seekers are high-value targets as these candidates have already gained industry experience and tend only to move based on parameters such as the importance of job duties and organizational mission and culture, to companies where they feel they can make a meaningful contribution.

Recruiters commonly believe that a low applicant to hire ratio is indicative of a stringent hiring process: “Few people from the application pool get hired, therefore, we are only selecting for the best.” In reality, a low applicant to hire ratio more frequently represents a significant resource drain – the application pool has a high ratio of unqualified or undesirable candidates, consuming the recruiter’s time with screening and resulting in unnecessarily higher data protection and retention costs. Instituting an online initial screening will skim

“By 2018, 63% of job openings will require workers with at least some college education. About 33% will require a Bachelor's degree or better, while 30% will require some college or a two-year Associate's degree. Only 36% will require workers with just a high school diploma or less.”

-- The Georgetown University Center on Education and the Workforce

“The first rule of technology used in business is that automation applied to an efficient operation will magnify efficiency. The second is that automation applied to an inefficient operation will magnify the inefficiency”

--Bill Gates, Chairman, Microsoft

the talent pool considerably before would-be applicants have submitted private information requiring increased screening and data costs.

MEASURING TALENT FOR SKILLS AND “FIT”



In addition to an effective initial screening, candidates must be measured for hard knowledge such as skills and abilities as well as soft competencies such as fit and attitude. Establishing clear parameters for needed skills is critical as a candidate's prior success is not always indicative of future turnover or results; web based administration of skills assessment as the second step in the screening process is a measurable means of obtaining the right candidate. The assessment of a candidate's skills is a critical difference in hiring vs. recruiting; a company that is

recruiting rather than hiring will perform a deep assessment of a candidate's skills, as an experienced candidate operating at a high skill level represents reduced training costs with a high probability of future achievement.

Testing based on objective measures is flexible. Common objective skills that can be quantified include work experience, competencies, sales skills, and phone skills. Using web-based platforms to test candidate's skill proficiencies creates a reliable base point for measuring the candidate's fit for an organization. Candidates that have made it past the initial screening and score well overall but perhaps not highly enough in one skill set may be a fit for another open position, or their results and contact information can be kept for future entry level opportunities. This aspect of hiring vs. recruiting takes the long view of the recruiting process. Keeping candidates who have already showed an interest and demonstrated core competencies in critical areas in the pipeline can result in shorter time-to-fill for future positions.

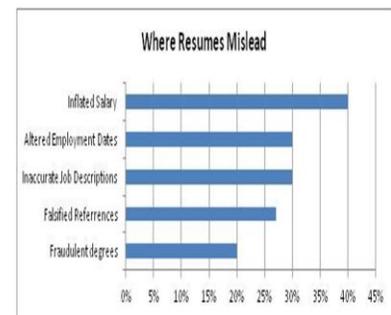
PLANNING A PROCESS OF CONTINUOUS TALENT MANAGEMENT

Reviewing the difference between hiring vs. recruiting, the hiring side usually follows a pattern similar to the just-in-time manufacturing approach. While just-in-time works with materials, it is not a good approach for managing talent – an organization's human capital, and the fundamental driver to continued success. Recruiting requires maintaining a long term view with the understanding that attracting talent also involves cultivating a quality candidate pool, even when there are not immediate openings that need to be filled.

Using web based tools to manage the application process assists in efficient talent management. Knowing that open positions are equal to lost revenue, maintaining contact with applicants over time whether through social media, organization newsletters, or casual requests for skills updates is critical to encourage the interest of qualified talent that an organization may wish to recruit at a later time. Treating such candidates as customers or leads rather than another resume in the pile keeps the talent pool warm. Candidates who

"53% of all resumes contain at least one major fabrication."

-- The Society for Human Resources Management



"The people who are doing the work are the moving force behind Macintosh. My job is to create a space for them."

-- Steve Jobs

are willing to stay in the talent pool without the potential of immediate hire are also demonstrating genuine motivation to work for a particular organization, increasing the likelihood of commitment and a good fit when a hire is finally made.

Recruiting through planned and continuous talent management is critical through all levels of the pipeline, but the talent that enters an organization this year will have a substantial influence on the talent that makes up that organization ten years from now. The models of hiring vs. recruiting have divergent effects on a company's retention rate - acquiring superior talent at the beginning stages of the recruiting model has a positive impact on turnover rates. Organizations that acquire employees through a routine hiring model will find themselves burdened by high turnover rates, resulting in higher costs and lower productivity. Worse, organizations that have fallen into this hiring cycle will continually be hiring for positions at all levels: where productivity and morale are low, it is not only the entry levels that see an increase in departures. Conversely, a company that is using a recruitment model of hiring will be selecting for the best candidates through continually refreshed channels, increasing its retention rate and allowing for solid succession planning.

SUMMARY

Companies that are successfully tapping candidate pools for the best highly skilled workers understand the dynamics of hiring vs. recruiting. The model of hiring for openings as they occur based on the resumes submitted directly to an organization is outdated, and has been replaced by a process of recruiting candidates through engagement. Organizations that market their opportunities through company culture, social media and candidate engagement have the best chance at succeeding in the competition for top talent, while using up to date screening strategies to make the process as efficient as possible. Viewing recruiting as a process driven by data management will allow recruiters and organizations to identify and capture skilled workers even as demand for this limited resource increases over the coming decade, leveraging the hiring vs. recruiting dichotomy to their advantage.



Dr. Cabot Jaffee is a recognized expert in the field of sourcing, recruitment and assessments, and has created effective HR Solutions used by millions of people. He has over 25 years of experience with assessment, testing, and training and development, and has served as a legal expert for the state and federal court systems and the Federal Government.

Dr. Jaffee is a member of the American Psychological Association, the Society for Human Resource Management, the Society for Industrial and Organizational Psychology, the Association of Test Publishers and the American Society for Training and Development. He has been appointed to the Congressional Internet Caucus Advisory Committee.

Reduce Turnover



Effective recruiting solutions reduce turnover up to 60%

Increase Sales



Effective recruiting solutions increase sales up to 50%