

Finding the Right Hire

There is a concept in economics called “adverse selection”, whereby people of lesser abilities put themselves forward as candidates for positions for which they are minimally or perhaps even poorly qualified. They do this because the incentive for them, in pursuing a job that is above their abilities, is greater than the incentive for someone who is in fact qualified. The step up is greater and therefore people are inclined to “give it a try”. Adverse selection is actually quite widespread. The result is that companies are hiring under-qualified individuals, suffering from the poor performance and the loss of investment in training once they conclude that the individual needs to be let go.

So how does a company bypass the expensive, focus diverting, and unpleasant experience of hiring the wrong person? The answer lies in the hiring process. Tudog believes that the process has 8 crucial steps. They are:

1. Create Clear Objectives – when you set up your employee objectives make sure that they are clear and easy to understand. Having confusing objectives leads to the introduction of subjective criteria that can dilute the qualifications of the candidate in favor of less necessary qualities such as friendliness or ambition. Make sure you define your objectives first and foremost in terms of what you want the employee to accomplish and what benefit you want the employee to bring. Only then can you determine what skills and characteristics are necessary in order for the tasks to be accomplished and the benefits delivered.

2. Set Up Procedures – you need to set up procedures that will guide the process. Once again, the key necessity is the elimination of any opportunity for subjective considerations to sneak into the hiring process. Therefore your procedures should include (a) the selection of a hiring team so that the decision to hire a candidate is the result of a consensus among a few executives, (b) the setting of a timetable within which the right candidate will be found so that the company doesn’t rush into a hire or prolong the process indefinitely, (c) the selection of the exposure channels the company will use to post the opening, including print, agencies, and online options, and (d) the preparation of search process material such as the employment application, the interview questions. Make certain you follow the same procedures for each candidate in order to ensure consistency in the conclusions you draw at the end of each process.

3. Prepare Announcement – you need to make sure your job announcement provide enough information to screen out at least some of the people who will recognize themselves as unqualified. The announcement should include (a) the position and title, (b) description of responsibilities and tasks, (c) the qualifications being sort including on-job experience and level of education, (d) any advantages or positive elements of the job you wish to highlight, (e) how, where and whom to apply, and (f) any legal language required such as non-discrimination statement. There are some experts who advise you do not put salary level, and even others who recommend that you not even give the name of your company. Tudog does not necessarily agree with either of these suggestions. We believe the information could be useful in attracting and secure a highly qualified candidate as the highly qualified typically shy away from responding to blind ads.

4. Have Measurable Criteria – you need to review the criteria you have established for the position and develop a way you intend to measure candidate qualifications and

interview responses. You may want to have a point system or some other means of measuring responses so that you are able to compare one candidate against another using the same basis for evaluation. Make sure you keep all the elements the same from candidate to candidate, including questions asked, the room the interviews are held in, number of people (and who they are) doing the interviewing, and the amount of time allocated for each meeting. This will help you keep the information you gather equal for all prospects and increase your chances of selecting the right person.

5. Get the Word Out – getting the word out that you are looking for a highly qualified person for a specific position goes beyond ads in newspapers and online job sites. There are also industry associations you can contact, employees you can request recommend friends, and networks you can leverage in your search. The broader you cast your net, the more likely you are to reach the person most qualified for the job.

6. Interview Properly – it is not a given that everyone knows how to conduct a good interview or analyze properly the results of an interview. The questions you ask need to be designed to elicit dialog from the candidate. You want the person talking so you can gain some insight into the person and his/her skills. Make sure your questions are somewhat open ended and require that the interviewee bring into his/her answer how past experience would serve his/her performance in this new job. Keep in mind that “yes” and “no” questions run the risk of being transparent, in that the applicant can figure out the answer you want to hear, as well as too narrow, in that they do not require of the applicant to build upon his/her answer. Getting the applicant talking will demonstrate verbal and non-verbal skills and behavior and give you a good understanding of the person behind the application.

7. Investigate – be certain, after the interview is over, that you follow up on references. Keep in mind that the applicant provided only those people as references that he/she is confident will provide a positive report. Therefore you need to be prepared to ask penetrating questions to the references and make certain you are getting more than a friend’s rubber stamp.

8. Use Probationary Periods – it is not cynical to work under the assumption that every new hire is an unknown until proven otherwise. The way to get around messy dismissal situations is to have every new employee begin their engagement with the company under a 3 month probationary period. At the end of this period the individual is either hired, having proven his/her skills, or let go, having demonstrated weaknesses not revealed in the interview process.

Adverse Selection and other quirks of human behavior make hiring someone a tricky process. Add to this the cost of hiring the wrong person, and the need to engage better hiring practices becomes apparent. The idea that some initial time and some background checking can determine whether someone is right for your company is absurd. The best one can hope for is a good system that weeds out the obvious and not-so-obvious flawed candidates and leaves you with the best person standing.