Selecting High-Quality Hires for Today's New Work Environment

A FRAMEWORK FOR MEMBER CONVERSATIONS

The mission of The Corporate Executive Board Company and its affiliates (CEB) is to unlock the potential of organizations and leaders by advancing the science and practice of management. When we bring leaders together, it is crucial that our discussions neither restrict competition nor improperly share inside information. All other conversations are welcomed and encouraged.

CONFIDENTIALITY AND INTELLECTUAL PROPERTY

LEGAL CAVEAT

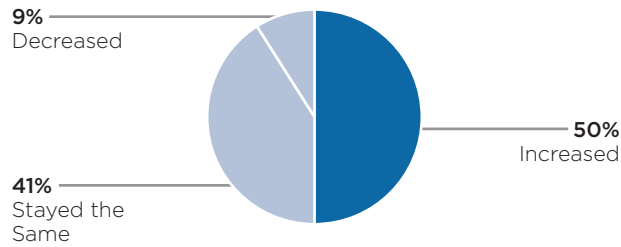In today's work environment, new hires must increasingly work with and through others to get work done.

- The work environment that today's new hires enter is more connected than ever before.

- New hires must rely on and coordinate with many more people, who encompass a broad network both functionally and geographically.

Implication: To succeed in today's new work environment, new hires increasingly need to work with and through others.

NEW HIRES FACING MORE INTERDEPENDENT WORK

Increased Reliance on Others to Get Work Done
Change in Reliance on Others in Past Three Years, by Percentage of Employees

9%
Decreased

41%
Stayed the Same

50%
Increased

n = 23,339.

Source: CEB, CEB Corporate Leadership Council High Performance Survey, 2012.

Interpersonal Coordination
Number of People Involved in Day-to-Day Work, by Percentage of Employees
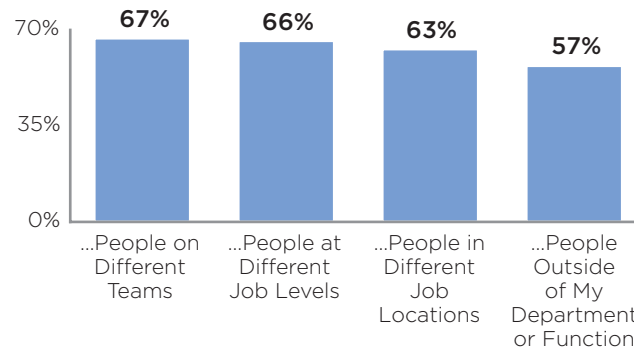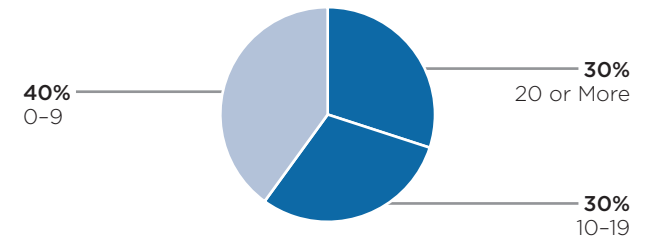
40%
0–9

30%
20 or More

30%
10–19

n = 23,339.

Source: CEB, CEB Corporate Leadership Council High Performance Survey, 2012.

Cross-Silo Coordination
Percentage of Employees Who Regularly Coordinate with...

|	67%	66%	63%	57%
	...People on Different Teams	...People at Different Job Levels	...People in Different Job Locations	...People Outside of My Department or Function

n = 23,339.

Source: CEB, CEB Corporate Leadership Council High Performance Survey, 2012.

Geographically Dispersed Workforces
Change in Amount of Work with Coworkers in Another Location in the Past Three Years, Percentage of Employees

5%
Decreased

38%
No Change

57%
Increased
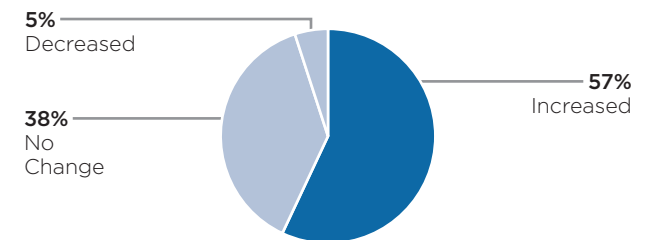
n = 23,339.

Source: CEB, CEB Corporate Leadership Council High Performance Survey, 2012.

> **Regretted hires and new hires leaving within their first year of employment create costs that are too high.**

- Attrition of new hires is much higher than that of all employees combined, indicating suboptimal hiring decisions.

- Hiring managers estimate 20% of the new hires on their team should not have been hired.

- The cost of new hire underperformance and turnover is high both for Recruiting and the line.

Soft Costs of New Hire Underperformance and Turnover

- Lack of trust from the line
- Recruiter disengagement from filling the same positions twice
- Damaged employment and corporate brand
- Lower employee engagement
- Higher manager time spent managing underperformance

TOO MANY REGRETTED HIRING DECISIONS

New Hire Turnover

New Hire Underperformance
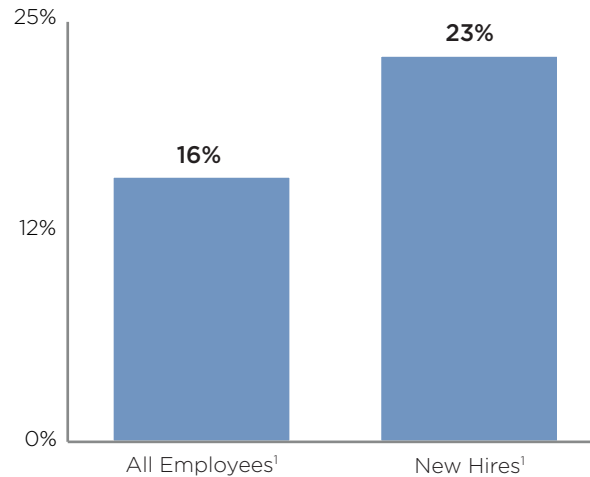
[1] All employees includes new hires, and new hires refers to employees with tenure of one year or less.

Source: CEB, Turnover Benchmarking Database, 2013.

Source: CEB, Global Labor Market Survey, Q4 2012.

One in five new hires are "bad" or have "regretted decisions," according to hiring managers on their team.

Recruiting Costs of New Hire Turnover

New hire turnover costs Recruiting more than **US$1.6 million in rework** per 1,000 hires.
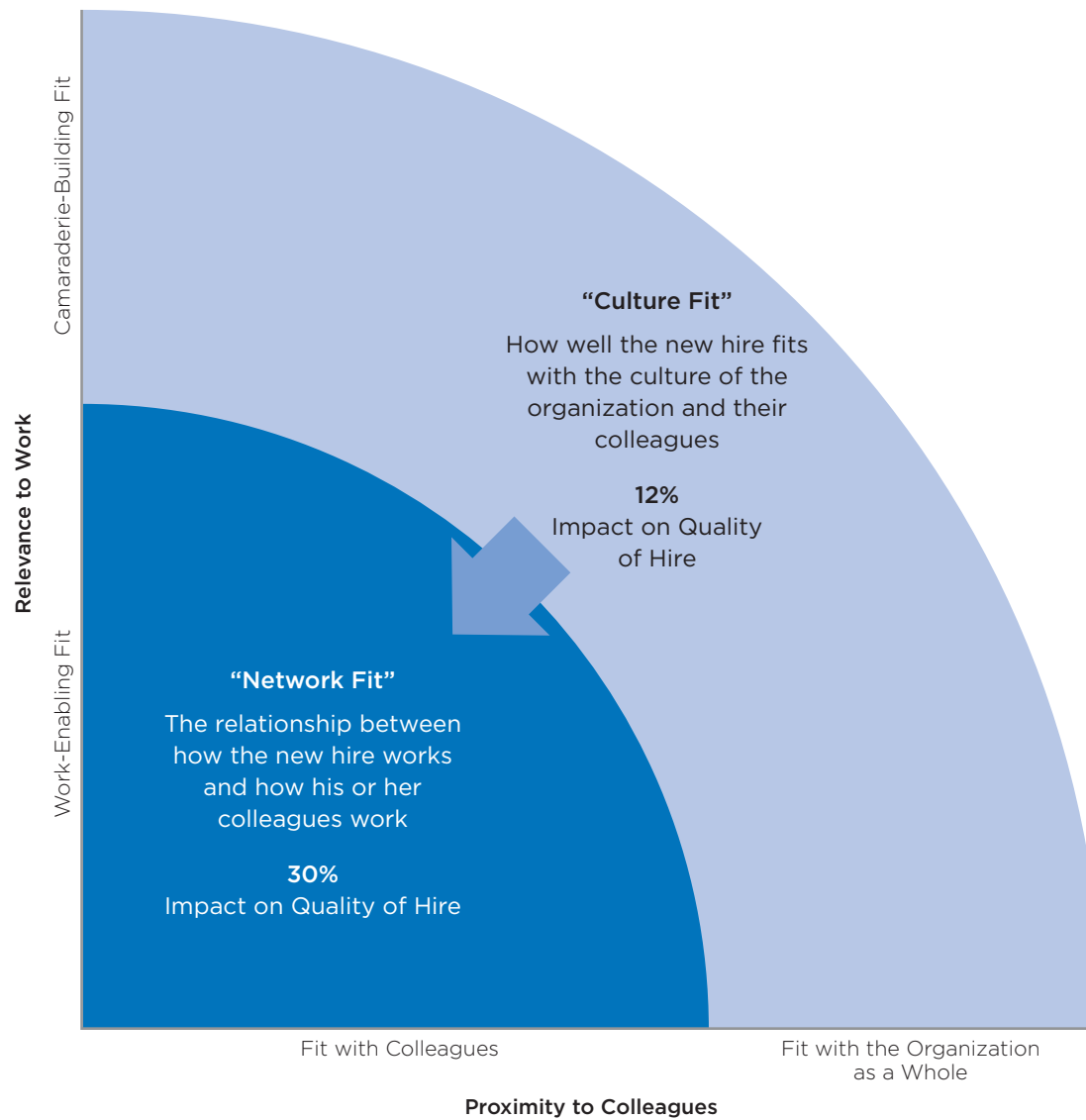
Although most organizations hire for culture fit, network fit has more than twice the impact on quality of hire.

- Culture fit—which encompasses camaraderie-building fit with colleagues and work-enabling fit with the enterprise as a whole—can improve quality of hire by 12%.

- Network fit—which encompasses work-enabling fit with specific colleagues—has more than twice the impact on quality of hire as culture fit.

- Network fit represents a shift for both hiring managers and recruiters in how they consider new hire fit.

HIRE LESS FOR CULTURE FIT, MORE FOR NETWORK FIT

Network Fit Versus Culture Fit

"Culture Fit"
How well the new hire fits with the culture of the organization and their colleagues

12%
Impact on Quality of Hire

"Network Fit"
The relationship between how the new hire works and how his or her colleagues work

30%
Impact on Quality of Hire

Camaraderie-Building Fit

Work-Enabling Fit

Relevance to Work

Fit with Colleagues

Fit with the Organization as a Whole

Proximity to Colleagues

Source: CEB, Selection Effectiveness Diagnostic, 2013; Rivera, Lauren A., "Hiring as Cultural Matching: The Case of Elite Professional Services Firms," American Sociological Review, 2012, http://www.asanet.org/journals/ASR/Dec12ASRFeature.pdf.

SELECTING HIGH-QUALITY HIRES FOR TODAY'S NEW WORK ENVIRONMENT

Current State: Hiring candidates with the highest level of ability	Prioritize Network Fit in Needs Definition	Embed Network Fit in Assessment Approaches	Focus the Enterprise on Network Fit	Future State: Hiring candidates with network fit
■ Define hiring needs based on task requirements of the role. ■ Have candidates demonstrate their abilities. ■ Help hiring managers navigate the recruiting process.	Prioritize Fit with Peers Who Drive Performance Evaluate Peer Networks for Complementary, Not Just Conforming, Fit	**L'ORÉAL** Adjust Assessments to Reflect Real Work Scenarios **novo nordisk®** Structure Interviews to Probe for Network Fit	**Principal® Financial Group** Coach Hiring Managers to Define Network Fit Through Competencies **DUPONT®** Help Hiring Managers Balance Ability and Fit in Role Criteria **Genentech** A Member of the Roche Group Use Peers to Reinforce Network Fit in Selection Decisions	■ Define hiring needs to optimize the new hire's fit with how colleagues work. ■ Have candidates apply their competencies in scenarios that reflect real work. ■ Influence hiring manager decisions to sustain network fit enterprise-wide.

Network Fit: The relationship between how the new hire works and how his or her colleagues work