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Faster hiring will **benefit our economy**

Slow hires are bad for business

The cost of unfilled vacancies to the UK economy is huge - estimated to be close to £15bn today. This means that job openings over a month old represent a combined loss of £1.25bn per month in potential economic output. This situation is compounded by an archaic approach to hiring, which means that almost half of UK job listings take over a month to fill, with 27% remaining vacant for over three months.

Our inability to create a fluid, skilled labour market and to speed up the hiring process has major impacts on both business and the wider economy. Failing to effectively resource our businesses slows both production and profits; while unearned wages reduce consumer spending power and its contribution to economic growth.

If hiring managers are to address the UK's growing trend toward 'empty desk' syndrome and its massive impact on the UK economy, then it is imperative that we increase the efficiency of the hiring process. This article highlights how our current iterative, 'resume-based' approach to hiring is no longer fit for purpose. It is time to move forward with scientific, digital-based solutions that bring the candidate and the hiring manager into more immediate contact, with dramatically improved hiring times.

Does such technology exist?

The answer is 'yes'. Technology developed in the UK by two ex-PwC executives, Paul Kinney, a former Advisory Partner and Alistair Craig, a Technology Director, effectively replaces the outdated application form and resume. Their online platform, PeopleHawk has been validated by scientific studies in the US under the watchful eye of their Lead Scientist, Professor Colin Cooper, formerly of Queens University Belfast but now based in Toronto. Professor Cooper, a world renowned academic in the field of intelligence and abilities was the psychologist behind the BBC series, Test the Nation which ran from 2002 to 2007. The platform cuts the repetitive, time-consuming first-round interview process from months to minutes using data-rich, scientifically-backed candidate profiles that are available to employers on Day 1. The same scientific rigour is also used to automatically rank candidates based on their 'potential'.

Talk to any forward thinking employer and they'll tell you that personality, strengths and abilities are more important than knowledge and skills. And understanding the potential of candidates to refocus from one industry to another is going to be critical for Governments and industries, as they re-adjust to the economic realities of a post-pandemic world.

Unfilled vacancies fuel low productivity

With one of the lowest productivity rates in Europe, the UK is no stranger to productivity challenges. It is estimated that stimulating the productivity of the UK to that of Germany could yield a net boost to the UK economy of up to £100bn (Source: Business Productivity Review, HM Govt).



For companies with unfilled vacancies in their business, each day that goes by without making appointments means a loss in productivity. But, finding the right person, especially for SMEs is becoming ever harder. Despite the pandemic, the number of unfilled job vacancies in the UK remains frighteningly high, with an estimated 599,000 vacancies in November 2020 to January 2021, a quarterly increase of 64,000 vacancies (UK Govt: Labour market overview, UK: February 2021). The hard truth is that reducing the time to fill open vacancies makes UK businesses more productive.

Research from 2019 notes that 42% of businesses recorded reduced productivity when positions went unfilled for up to six months. In the same research, 38% of businesses cited limited business growth as a major consequence of unfilled vacancies. To put it bluntly, the clock is ticking and unfilled vacancies mean that money is being lost, every hour, every day.

But the impact of unfilled vacancies isn't just economic. Leaving a role vacant in an organisation inevitably causes wider issues. Other departments or individuals usually have to pick up the slack and assume more responsibility, and this can lead to frustration, resentment, demoralisation and even attrition, further compounding the issue at hand.

Our old *laissez faire* approach to job recruitment will no longer do. Filling positions quickly makes good business sense, so we must start applying urgency to this task. It is time to implement smarter, faster ways to manage our most important asset, our talent.

Cost of unfilled vacancies

With stiff competition for ideal candidates driving up wages, and operating costs on the rise, businesses cannot afford to get trapped in a vicious circle of low productivity, exacerbated by slow recruitment processes.

Take the impact of understaffing in the Tech sector for example. CEB (formerly Corporate Executive Board) estimates that the cost of an open position could run at £350 per day. Moreover, the cost of missing out on high output innovators in the Tech sector could be over £750,000 each. Or consider the real estate sector, where 'empty desks' cost the equivalent of £210m in GDP each month. These are statistics that management and governments cannot afford to ignore.

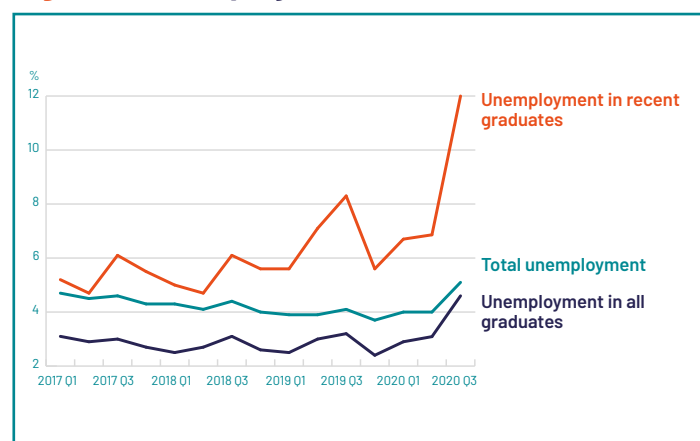
Graduates get hit hardest

Whilst unemployment continues to remain high post pandemic, it is increasingly clear that unemployment amongst graduates is a major challenge. Average unemployment for recent graduates is highest, reaching a peak of 12.0% in 2020, almost double that of 2019. This suggests that recent graduates have been hardest hit by the pandemic. See Figure 1.

Further, research from Prospects in 2020 shows that nearly one-third of final year students questioned had lost job offers, with the same number having opportunities deferred or cancelled. In addition, a quarter saw their work placement or internship fall through.

However, while it's expected that more graduates than ever will be battling it out for each position, it's important they each do all they can to present themselves in the best possible light. And understanding their potential is the first step in that process.

Figure 1. Unemployment rates



Source: ONS.



Regrettably, research by Graduate Coach found that 90% of graduates find it difficult to write a resume, interview well, demonstrate the right employability skills, or find jobs that best suit their skills. That's where PeopleHawk's digital career profiles come in, with industry-approved Live Profile Cards, and scientifically-backed guides on personality traits, work styles and cognitive abilities, enabling graduates to confidently frame conversations about their candidacy. In short, PeopleHawk's profiles provide graduates with everything they need to impress a Hiring Manager on Day 1 of any recruitment process.

Time to Hire

When it comes to hiring one of the key metrics for success is Time to Hire, the time taken by businesses to identify the ideal candidate. Even though this costs businesses hard cash it is alarming that, as data from DHI Group's Hiring Indicators September 2017 report shows, the average Time to Hire is 22.9 days in the U.S, whereas in the UK and Ireland taken an average of 4 to 9 days longer. There has also been a striking upward trend in the Time to Hire in recent years, both in the US and internationally. Jobs with the longest Time to Hire processes are typically in the Health Services, Financial Services, Government and Information Technology sectors. See Figure 2 below.

Figure 2. Average Time to Hire by Industry

Industry	Mean Vacancy Duration in Working Days (average Time to Hire)
Construction	12.7 2-3 weeks
Resources	17.9 3-4 weeks
Leisure and Hospitality	20.7 4-5 weeks
Wholesale and Retail	24.6 4-5 weeks
Warehouse, Transport and Utilities	24.9 4-5 weeks
Professional and Business Services	25.2 5-6 weeks
Non-Farm	28.3 5-6 weeks
Education	29.3 5-6 weeks
Manufacturing	30.7 6-7 weeks
Other Services	31.2 6-7 weeks
Information Technology	33.0 6-7 weeks
Government	40.9 8-9 weeks
Financial Services	44.7 8-9 weeks
Health Services	49.0 9-10 weeks

Source: DHI Group.



Durations also vary by seniority. Finding Software Engineers, for example typically takes 35 days, whereas up to 55 days may go into finding a Senior Vice President. But, by using PeopleHawk organisations can cut their costly first-round interview process from months to minutes, with obvious spin-off benefits to both business and the economy.

Clearly, identifying the potential of candidates to transition across industries is set to become increasingly critical for global industries and national governments. In this context, the predictive power of platforms such as PeopleHawk, with its focus on transferrable skills and candidate potential will play an invaluable role.

Our over-reliance on 'Resumes'

But why have businesses clung so long to the old-fashioned, hand-crafted resume? Impersonal, randomly formatted and frequently 'inaccurate', it gives a mere snapshot of the candidate, at a single moment in time. And of their skills, attributes, personality and potential, there is nothing. The truth may lie in the fact that it probably suits the recruitment industry for it to remain so.

More concerning, as Figure 3 shows, is the fact that the typical resume (or candidate, in effect) seems to spend most of its time being passed to various parties, or lying unloved and unread on a desk.

It is absurd that in this digital age businesses continue to place such reliance on a document that is unsearchable and absent of any strong predictive power to determine whether the candidate will actually be successful in the job.

The Power to Predict

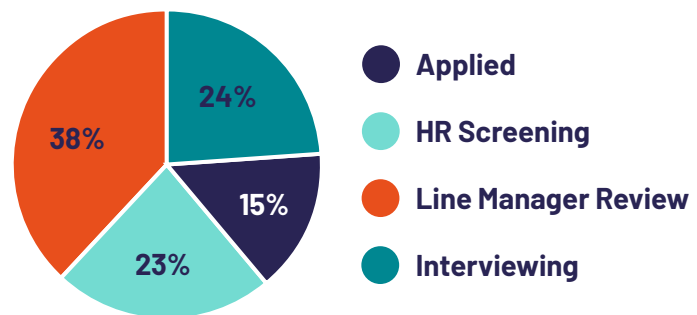
The predictive capability of different candidate selection methods on job performance and candidate trainability has long been studied, but it seems that despite the available evidence the recruitment industry seems unwilling or unable to evolve in ways that truly leverage this research.

Table 1 below shows the findings of research undertaken in 2016 by a leading team of industrial psychologists on the predictive capability of the most widely used candidate selection methods globally.

In a nutshell, a resume, which largely contains biographical data ranks a mere 11th in the Top 30 Most Predictive Candidate Selection Methods, with only 12.25% predictive power on job performance. On the other hand, General Intelligence (scientifically known as 'g') ranks top of that list providing a whopping 42.25% predictive power in identifying successful candidates. This is followed by Employment Interviews (33.64%), Peer Ratings (24.01%) and Job Knowledge Tests (23.04%).

As for a LinkedIn profile, the other go-to source of candidate information it too provides little predictive capability on the likely success of candidates and says nothing about General Intelligence, the most predictive method of identifying ideal candidates. It seems strange therefore that businesses continue to place reliance on such professional networking sites, which only serves to reinvigorate the outdated adage that it's who you know, not what you know (or what you're capable of!). So much then for diversity!

Figure 3. Time spent by CVs in the hiring process



Source: Agency Central



Table 1. Top 30 Most Predictive Candidate Selection Methods

Selection Method	Operational Validity (r) Job Performance	Predictive Power *		Profile Comparison		
		Rank	Job Performance	PeopleHawk Profile	LinkedIn Profile	Typical Resume
General Intelligence (known as "g")	0.65	1st	42.25%	✓	–	–
Employment Interviews (structured)	0.58	2nd	33.64%	✓	–	–
Employment Interviews (unstructured)	0.58	3rd	33.64%	–	–	–
Peer Ratings	0.49	4th	24.01%	✓	✓	–
Job Knowledge Tests	0.48	5th	23.04%	✓ (1)	–	–
Phone-based Interviews (structured)	0.46	6th	21.16%	–	–	–
Integrity Tests	0.46	7th	21.16%	–	–	–
Behavioural Consistency Method	0.45	8th	20.25%	–	–	–
Job Tryout Procedure	0.44	9th	19.36%	–	–	–
Assessment Centers	0.36	10th	12.96%	–	–	–
Biographical Data	0.35	11th	12.25%	✓	✓	✓
Grade Point Average	0.34	12th	11.56%	–	–	–
Work Sample Tests	0.33	13th	10.89%	–	–	–
Emotional Intelligence (Personality Based)	0.32	14th	10.24%	✓	–	–
Interests	0.31	15th	9.61%	✓	✓	✓
Reference Checks	0.26	16th	6.76%	–	–	–
Situational Judgement Test (Behavioural)	0.26	17th	6.76%	–	–	–
Situational Judgement Test (Knowledge)	0.26	18th	6.76%	–	–	–
Emotional Intelligence (Ability Based)	0.23	19th	5.29%	–	–	–
Conscientiousness (Big 5 Personality)	0.22	20th	4.84%	✓	–	–
Person-Job Fit	0.18	21st	3.24%	–	–	–
Job Experience (Years)	0.16	22nd	2.56%	✓	✓	✓
Person-Organisation Fit	0.13	23rd	1.69%	–	–	–
Emotional Stability	0.12	24th	1.44%	✓	–	–
Training & Experience (Point Method)	0.11	25th	1.21%	–	–	–
Years of Education	0.10	26th	1.00%	✓	✓	✓
Extroversion (Big 5 Personality)	0.09	27th	0.81%	✓	–	–
Agreeableness (Big 5 Personality)	0.08	28th	0.64%	✓	–	–
Openness to Experience (Big 5 Personality)	0.04	29th	0.16%	✓	–	–
Graphology (Handwriting)	0.02	30th	0.04%	–	–	–

Schmidt, F. L. (2016) The Validity and Utility of Selection Methods in Personnel Psychology: Practical and Theoretical Implications of 100 years.
 r = scientifically validated correlation coefficient (or strength of relationship) between the selection method and job performance or trainability.
 * Ability of selection method to predict the individual differences in people's job performance
 (1) PeopleHawk's platform provides Job Knowledge Tests for IT roles



So why, one might ask, do businesses continue to rely so much on these unscientific, poor predictors of candidate performance and potential? Particularly when using them means it can take close to 10 weeks to unearth the ideal candidate(s). Wouldn't it make sense to have all of that highly predictive candidate data available up front, on Day 1 for both candidates and employers to leverage? Well, PeopleHawk certainly thinks so. That's why its digital profiles contain all of the data that it would typically take employers months to unearth. And when the data is scientifically-backed and available up front it's no wonder PeopleHawk is turning the Time to Hire cycle completely on its head.

Time added per selection criteria

What's more businesses and their hiring managers are often blissfully unaware of the impact the individual steps in their iterative recruitment processes have in terms of time and money, not least because many of these costs are hidden. Most corporate recruitment processes have evolved incrementally over time, and have seldom been scrutinised or benchmarked for their efficiency and effectiveness. So, it's hardly surprising then that the Time to Hire is so long.

Table 2 shows how various job interview 'screens' used by employers affect hiring times, including interviews, as well as intelligence and personality tests.

As expected, every one of the seven interview methods has a statistically significant impact in extending the length of the recruitment process. Telephone Interviews add around 8 additional days, with Group Panel Interviews not far behind. Intelligence Tests add a further 4 days or so. In every case, additional layers of candidate screening adds to hiring times, illustrating the basic trade-off between candidate match quality and job vacancy durations. Unlike other more macro-economic factors, such as industry or geographic factors these factors are directly within the control of employers.

Table 2. Impact on Time to Hire

Industry	US	Global
Phone Interview	+7.879	+8.176
One-on-One Interview	+4.575	+4.641
Group Panel Interview	+6.488	+6.774
Presentation Required	+3.665	+4.131
IQ Intelligence Test	+4.446	+4.028
Job Skills Test	+0.641	+0.758
Personality Test	+0.872	+0.947

Source: Glassdoor.

Valuable insight can also be gained by examining how much time is being spent on repetitive candidate contact. Did you know, for example that the average number of calls or interviews made to each individual candidate by a single employer, for a single role is 13? So much for a positive candidate engagement!

Table 3. No. of candidate contacts

Location	Contacts	Time to Hire
Global	12	68 Days
US & Canada	13	56 Days
UK & Ireland	10	56 Days
Europe	13	85 Days
Australia	17	46 Days
Asia	11	92 Days
Rest of world	18	64 Days

Source: Workable.

The data presented in Table 3 is specifically for **Engineering** roles.

Examination of UK & Ireland may show they fair a little better than the rest of the world, but when everyone is relying on the same outdated methods of candidate selection that's hardly a surprise. The upshot is that if the UK and Ireland want to get ahead their businesses need to be encouraged to streamline their hiring processes, as well as provide their recruitment teams with the tools to make faster, and indeed better hiring decisions.



Time to hire...or time to change?

To be blunt, many traditional recruitment processes are outdated and have little or no scientific validity in predicting successful employees. The harsh truth is that each step in a recruitment process brings hidden costs to business, and to the economy. So, it is critical that as the impact of the pandemic takes hold businesses start to leverage the tools that are increasingly available to them in order to make improved hiring decisions. And, given the huge cost of unfilled vacancies to their economies, it is imperative that Governments act to encourage greater adoption of these approaches.

So, let's end where we began - at £15 billion for the UK alone - the cost of unfilled vacancies to national economies is huge. And while it may appear that the focus of organisations like PeopleHawk is to help client companies enhance their hiring processes, in reality it has a much wider national economic benefit. This means there is a strong economic imperative to drive Government initiatives that cut hiring times and help reinvigorate post-pandemic economies.

It is surely time to change.