



Creating Solutions in 2020 Rethinking Recruitment & Retainment

According to surveys by [The Predictive Index](#), [The Conference Board](#) and the ECIA, attracting and retaining top talent have been top concerns to CEOs in 2019. As we enter a new decade companies need to reevaluate their efforts in this area, beginning by reconsidering what has changed in industry over the past several decades.

Through much of the 20th century, lifetime employment was the norm and from the 50's through the 70's, 90% of positions within companies were filled by promotions or internal transfers. The remaining 10%, the outside hires, were filled by HR departments conducting an analysis of the job to be performed, an evaluation of the skills required, and sorting through a pile of applicants to find the right fit. These applicants were active candidates seeking employment, and could be easily attracted by passive means, such as an advertisement in the Help Wanted section.

Today many more companies are seeking external candidates to fill their positions, and with the tight labor market, they are often forced to pursue passive candidates: those people that are not seeking new employment. Reaching these people requires a much more active recruitment approach. Most companies underestimate the cost and effort for such active methods to find passive candidates.

This shift toward external hiring rather than internal promotion is a vicious cycle, as employees, noting the trend, are increasingly job hopping to new opportunities, realizing that is a faster method of career advancement.

Companies need to recognize the steep cost of external hiring, and how its excessive use fuels further attrition issues (which leads to more recruiting issues and so on and so on...). Today 95% of hiring is to replace someone that has departed, not to fill a newly created role. Focusing more on filling roles from within can create a more positive culture of employment stability and opportunity.

Furthermore, focusing on internal hiring can fill roles less expensively and more successfully (on average) than by going outside, because the compensation levels for outside hires and the length of time required to get an external hire up to speed are higher than for internal hires. *On average it takes three years longer for an external hire to get to the same performance as an internal candidate and yet it would take seven years to get an internal candidate up to the salary range of the external hire!* And going external means likely trying to attract a passive candidate, and the number one reason a passive candidate takes a new job is for more money. Active candidates, which often include the internal candidates, on the other hand are seeking a better job and are driven by ambition.

So, what is the best, easiest and most economical way to fix your recruitment problem? It is to address attrition. In a tight labor market and with today's need for increased job collaboration, it is increasingly difficult to successfully plug a new external person into a team and achieve performance. Better to not create the need for an external hire to begin with, by a focused retention strategy.

The number one reason people quit their jobs is because they don't like their boss. Number two is they don't see opportunities for growth or promotion. Number three is they leave for a better offer somewhere else. People are more likely to quit their job after evaluating where they are in their career vs. their expectations: Job hunting activity picks up for people during their work anniversaries, birthdays and school reunions. There are now several predictive analytic tools to help assess the flight risk of employees. Managers can also see what employees and former employees are saying about their company on [Glass Door](#).

Finally, managers should focus on intrinsic over extrinsic motivators. For simple repetitive tasks, money is an excellent motivator. But to engage and retain workers on most of the challenging jobs of the 21st century, we need to ensure that jobs have meaning and purpose for employees, that employees are given appropriate levels of freedom to do their job, and that they are given the tools to do good work so that they can take pride in their results.

On behalf of all of us at ECIA, best wishes for a happy holiday! Thank you to our ECIA members for their support and involvement in the association this past year. We look forward to working together to create more solutions for our industry in 2020.