Strategic Leadership Hiring – Insights in Manufacturing Organizations in Pune Region

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Abstract – **Talent Acquisition is being looked up on as an art as well as has processes which are very scientific. The success rate of hiring in terms of quality and cost is not very encouraging. The research paper throws light on the methodology followed by large scale manufacturing organizations in the Pune industrial belt when they hire people at leadership position. Based on the literature review we have identified certain key links to the recruitment process. Each of these key links have been analysed in details with respect to their utilization and significance during the recruitment cycle.**

Key Words: Leadership, Recruitment, Culture, Interviewing, Cost

I. INTRODUCTION

Recruitment historically has always been a point of deliberation - if it is an Art or Science? Is it to be looked as a scientific process or is it to be considered as a skill which probably only a few possess naturally. Human Capital being considered as the foremost asset of an organization, the selection tool for the same continues to be vulnerable, continuing to depend more and more on the "ability" of the organization to make an assessment and at the same time on the "ability" of the candidate to drive himself through the limited time he is exposed, which could be an advantage or otherwise.

It is analogous to a Knock out Tournament, where in the player has to win a series of matches to be the ultimate winner. Each match he has to perform. When it means performance it means not only the level of his game physically but also the level of his concentration, the mental strength. Same is applicable for a hiring process as well, the candidates have to go through a series of meetings / events, with a cross section of people, and at times, even repetitive meetings with the same person. Each meeting, the candidate is expected to perform, expected to meet the expectations. One bad day/session, and the candidate may as well forget about an employment with his dream or desired organization. Equally possible is a scenario when a particular candidate could have a series of good days wherein despite the unsuitability, the candidate is able to cover up.

Recruitment floats through various paradigms. It carries different meanings for different levels in the organization. If we consider an example of a senior level recruitment in a typical large scale organization, the CEO / COO would look at it (the senior level recruitment) as someone who would fill in the gap, his superior, could be the Managing Director would look at it from succession point of view, the

Chairperson, would look at it from an organizations standpoint while the HR Head would look at it from a 'job done' point of view. With so many perspectives for the same selection / position, no wonder it is a Herculean effort to find a person that fits, more than the role, the expectations that each of the individuals involved have.

Indian manufacturing industry has witnessed, as has probably every other sectors be it films, education, sports, media, language, culture and living style, a dramatic change in the last decade. Talking about the manufacturing spectrum alone, it has seen global players coming in, global acquisitions by Indian companies, Indian manufacturing getting ready for international competitiveness, capacities expanded to meet rising Indian demand and more importantly meeting huge oversees requirement, product quality gaining importance as never before, and cost control becoming so much more imperative. As the organizations strived to become competitive in order to achieve their respective business objectives, the management realized the need of having an effective leadership across the functions and levels. While building leadership in the organization the management has a more preferred option of looking inward, looking at the trusted, where the performance is proven and expectations could be defined. It means, identifying potential employees for future leadership roles, identify the gaps and then identify training requirements to fill those gaps. This approach was swept aside as attrition played havoc in the market place. The organizations saw their plans of organizational development going haywire with executives irrespective of their stature, function, and expertise, moved towards new opportunities offering bigger roles and designations but more importantly offering mind boggling compensations. The employees made a mockery of the various so called retention tools that were employed by the organizations, and organizations had no other options but to Literally "BUY" from outside, to fill in the voids that were generated and expanded day by day.

Leadership Hiring became more challenging as organizations were forced to ZERO-in on a particular candidate in a small period. This meant additional pressure on the recruiting system, first to meet the numbers and more importantly to assess the candidate in the available time. Obviously there were but a few organizations which were ready to face the challenge, to do effective hiring, that not only met the numbers but also did not compromise on the quality of the candidates. Recruitment as a function had never before gained this kind of importance for the human resource department and more importantly for the

organizational top bosses who saw their key lieutenants moving on for the so called greener pastures. Selecting the right candidate for a leadership role is one of the most critical decisions an organization might ever make. Hiring the right person will help further achieve goals and advance organization. Hiring the wrong person will cause valuable loss of time, money, and possibly to forfeit organizational confidence in leadership. There are many aspects of leadership that are much more difficult to quantify, especially when a candidate is doing everything that he can to promote his strengths and hide weaknesses. Mis-hiring can be disruptive and possibly cause irreparable damage to the organization.

A. Effectiveness of Strategic Leadership Hiring

Quality, Cost and Delivery are the three parameters on which the performance of every function needs to be judged. Leadership Hiring also needs to be evaluated on these and hence the process needs to be refined to optimize the three. Taking a cue from the above, it is interesting to evaluate if the newly hired leaders, were indeed able to meet the expectations for which they were ceremoniously hired? It happens more often than not, that both the sides realize, making a match is not as easy as it looks. The age old candidate assessment and evaluation processes that stood the test of time when pace was missing, when voids were manageable, when availability was a luxury, demanded a re-look. Implanting and upgrading recruitment skills gained significance, in-fact became a necessity. The importance of looking at Recruitment as a "Process" and not merely as a support function gained ground. The organizations commenced efforts to overhaul the process of recruitment to optimize the speed and minimize the cost, not only the process cost, but to minimize the "cost of mis-hiring"; hiring an unproductive candidate. How far have they been successful?

B. Parameters of Strategic Leadership Hiring and Effectiveness

When considering the process of Leadership Hiring one needs to clearly define "Strategic Leadership" positions in an organization. Leadership is at different levels and requires different skill sets to meet the particular job requirement. While there are managers leading large teams, yes significant enough, but they may be involved more into day to day management of numbers, the context of this particular research study, the "Leadership" will by and large mean the "People who drive the transformation in the organization".

The study has been focussed mainly on the evaluation of various modes that organizations in Pune Manufacturing sector focus when hiring a person for a strategic leadership role. The study is intended to analyse the practices employed by an organization against the primarily accepted or advised ways to conduct a selection process in order to improve the quality of hiring, minimize the cost of hiring (cost of mis - hiring) and optimize the time required for making a hire.

C. Practical Implications of the Study

With close to nine years of experience in executive search, I have come across very few organizations where in Strategic Leadership Hiring is given the importance it deserves. Process seems to be scattered, driven by momentary objectives and largely limited to corporate guidelines and manuals. The study could throw up a theory that will bring together the best practices amongst leadership hiring, amongst the leading industry players. The findings can lead to design a comprehensive process of recruiting at the top, which can lead to a positive change in hiring effectiveness.

The second contribution of significance we visualize, will come out from the "Measurement of Effectiveness" of the process, for the three aspects described before. This being a quantitative aspect, could help organizations fine tune their hiring process so as to derive advantage in terms of quality, cost and delivery.

II. OBJECTIVES OF THE STUDY

The basic idea behind the research is the premise that recruitment continues to be seen more as an art rather than science. In an organization, the final word is of the TOP BOSS, irrespective of his or her ability to assess a person. The necessary training that has to be imbibed is probably not there even in the so called "professionally managed" companies. The premise also extends further to the fact that, while people generally agree that scientific approach to recruitment should be incorporated, but it continues to be the last priority when it comes to implanting a change in the process of recruitment. Every involved agency works independently, at times for their individual goal.

The above contents are, to a great extent applicable to all organizations, irrespective of size and business activity. However organizations which are primarily small in size, or are new in trade, or MNC units set up recently, are pretty lean in structure. The thought process discussed above and the scope of the study is more applicable for organizations having established set ups, robust organizational structure, where layers are clearly defined. This presumably will be present in large sized Indian organizations, having developed a reputation of being professional, have grown internationally. This would also be prevalent in MNCs who have been in India for over decades, have roots deep and strong in India.

A. Objectives of the Research

- To analyze the current practice of recruitment process for leadership hiring.
- To identify gaps in the current process which lead to inadequate hiring, in terms of quality, cost and delivery.
- To analyze the factors affecting the effectiveness of leadership hiring process.

The study focuses on the hiring procedure followed for ONLY the strategic leadership hiring (as defined above) in "Large scale manufacturing organizations", headquartered in Pune district.

B.   Scope of Research

Talent management has gained significant importance in the last couple of decades. The need for the right resource and scarcity of the right resource peaked during the last 8 years and it reached an all time high in the last 10 years till about 2011 when the industry finally witnessed a slowdown in economy percolating to slowdown in attrition and hence the need for recruitment also went down. While organizations focus on growing the talent internally lateral hire is also important and due importance should be given to it.

Research shows that it is very important for organizations to recruit people who come from a similar cultural background, it talks about the importance the head of the organization should give to the leadership hiring, the training needs for interviewing or other key processes, importance of making the right job description and measurement of critical parameters for evaluating and improving the process.

C.   Research Methodology

Sample Population included senior level leadership team, which is generally include the Head of the Organizations (Chairperson, Managing Director, CEOs) Executive Council Members and Senior Level Human Resource Professionals from Pune based manufacturing organizations.

The sample size selected reflects the business diversity, functional spread and cultural / location range. Research area for this study was Pune, more from a convenience perspective. Also Pune being a base to a sufficient number of large scale Indian and Multi National organizations, it has a good spread and diversity in terms of culture and business.

D.   Hypothesis

H0:   Recruitment Process is NOT clearly defined.
H1:   Recruitment Process is clearly defined

H0:   Top management is NOT trained in hiring practices.
H1:   Top management is regularly trained in hiring practices.

H0:   "Cost of Mis-hiring is NOT measured.
H1:   "Cost of Mis Hiring" is measured.
H0:   "Hiring Process" is NOT evaluated on a regular basis
H1:   "Hiring Process" is evaluated on a regular basis

III.   FLOW OF STUDY

The literature review on the Leadership hiring gives importance to the following criterion while conducting a lateral hire at the strategic level;

A.   Influence of a Leader in the Section Process

Preston Bottger, Jean-Louis Barsoux, (2011),"Masters of fit: how leaders enhance hiring4", is a focused study on the role and significance of a leader in making the right selection. Where does a leder add value to the selection? Bottger and Barsoux claim that leaders must be capable of discerning the motivation and character of the candidate. A research study carried out says that "half of the new hires in the top echelons quit or were dismissed within three years". They say that Selection is everything! And leaders must take full responsibility for hiring the right people. Leaders have an all-round perspective of the organization and they can look beyond the current need of the organization to the emerging needs of the organization. The researcher ponder again and again that a leader must go beyond normal questioning and should be prepared for indirect, discerning questions ad expect non-normal answers

B.   Identifying the Cultural Fit

Anita Weyland in her paper "How to attract people who are in sync with your culture and so improve productivity, commitment and organization"1; stresses on the importance of hiring people who are in line with the culture of the organization and also predicts ways to do the same. She says that right skills, knowledge and qualifications are important but research shows that if someone having same or similar set of values, beliefs and behaviour as that of the organization is hired, it creates more harmony and ultimately leads to corporate success. Hence it also becomes important for an organization to understand its own culture

C.   Importance of the Right Job Description

Rashmila Gurumurthy and Brian H. Kleiner, in their research paper "Effective Hiring", give an elaborate account of the crucial parameters that need to be considered in making an effective selection. Generally, the two claim that what we hire is a reflection of ourselves and hence it is important for the hirer to evaluate himself/herself objectively to evaluate. Once this is ensured the company's should deliberate on the need of the position and a proper job description which gives the duties and responsibilities of the job should be prepared. They have also advised that it's important to identify two to three characteristics that are likely to have the highest impact on the candidates ability to do the job.

D.   Interview Process

G.P.Rabey in his book "Staff Selection" published way back in 1981, compares selection to purchase of a new car and he stresses the need for considerable caution in doing it. Preparing for Interview has been given a lot of importance in this book. Interestingly enough he has stressed on the kind of room to be used for the discussion, the sitting arrangement that one must take care of, either in a one to one or a panel interview, competency of interviewers and their ability to listen. In order to make a decision on the candidates interviewed, Rabey gives the concept of Ability

and Achievement. He says that Ability may be expressed in terms of Aptitude, Education and Experience while Achievement is a combination of Ability and Drive.

E.   Psychometric Testing

H. Beau Beaz III advocates psychometric testing but with a touch of caution. In his research sturdy "PERSONALITY TESTS IN EMPLOYMENT SELECTION: USE WITH CAUTION" he concludes that Making poor hiring decisions not only has the potential to create a toxic workplace environment, but it can be expensive. Each bad hire costs a business 1.5 times to 5 times that employee's salary and benefits. The key is for employers to use valid, reliable, and legally sustainable tests in hiring employees, not only because this will reduce potential lawsuits but also because it is the only way that employers can scientifically identify the best candidates for the job

F.   Evaluation of Hiring Process

In their research work, How to hire employees effectively; Siu-Ki Henty and Brian H. Kleiner, the duo has also touched and deliberated considerable on the evaluation of the hiring process. They have suggested a continuous comparison of hiring system with the past records and industry and then changes can be made accordingly. Measuring the quality of selection process is very important they say and measuring number of candidates interviewed per selection is important

IV.   RESEARCH OUTCOME

The questionnaire was shared with the Human Resource Heads of large scale manufacturing organizations, CEOs and other key decision makers in the organization. The responses were analysed to address the objectives and evaluate the hypothesis.

The respondents comprised of both Indian and Multi National Organizations. It was a good mix which comprised of 45% MNC and 55% Indian companies. 40% of these organizations had an annual turnover between INR 200 Cr. to INR 500 Cr. while the balance (60%) had an annual turnover of more than INR 500 Cr.

In terms of the function of the respondents, 60% of the respondents were the HR Heads or Business HR heads while 40% of the respondents comprised of the Head of the Organizations / Members of Executive Council / Functional Heads.

How does an organization look towards the selection of the candidate? Is it approached as an important strategic decision, which means a lot of deliberation is done before making a decision to hire? 65% of the organizations consider talent acquisition as a strategic decision, for every leadership hire they do, and 30% say that more often than not they look at it as a strategic decision. This means that an overwhelming 95% of the respondents give leadership talent acquisition its due importance while making a decision to hire. Going forward, 85% respondents state that their

organization has a clear system which specifies the route to identify the right candidate.

While taking a decision to hire laterally, organizations need to be aware that the cost of MIS-Hire could be very high. While we have not checked on the actual proportion of this cost, we did check on general awareness on this. To our surprise in only 60% of the organizations, leaders bother about this and in only 50% of the cases the leaders have a blue print ready which talks about the recruitment best practices.

Let me now deliberate on the five key selection procedures / criterion that form the back bone of this research. As explained above the research study has revolves around the preparation of talent acquisition and the selection tools employed for carrying out a senior level hiring.

A.   Influence of the Leader in Selection

The research gives a lot of importance to the role the Head of the organization gives in building up his team. The research also puts across the point that over a period of time the Leaders will have to spend more and more of their time in identifying, developing and grooming people to lead the organization. Our research thus tried to find out how much importance do leaders in the Pune manufacturing belt give to building up their team.

80% of the organizations have clearly stated in their recruitment document the role of the leader in the strategic hiring process. However in only 60% of the organizations the leaders take to honing their skills in interviewing or otherwise to identify the right individual.

Pleasantly enough, in most of the organizations leaders are clear on the nature of the job challenge and also are transparent enough to provide the necessary information to the candidates so that he knows what he is signing for.

B.   Identifying the Cultural Fit

Culture is one single parameter that researchers have been unanimous in agreeing to in terms of the chances of the success an individual will have when he takes up the role in a new organization. The respondents also regard this parameter with a very high respect. More than three fourth organizations surveyed have said that culture compatibility is important, the leadership team is well aware of the culture and the cultural challenges their organization has.

It is indeed important for both the employer and the employee to understand each others culture so that the chances of success are better. One of the ways in which we can understand this is to allow the candidate to experience the same before she comes on board. In addition it would also go a long way if the identified candidate knows who would be his future pears. We checked with the respondents if their organizations offered any such avenues. The response was not so encouraging. Only 5% of the organizations have a practice of allowing a future employee

to have a look at the organization before he comes on board, while an overwhelmingly 45% of the organizations have denied of having such practice. Interestingly in our experience of more than a decade in senior level hiring, we have not come across a single case wherein our selected candidates has experienced the way before he comes on board.

However there have been instances especially in the Europeans and US organizations where the name of the candidate is informed to the organization well in advance, however the reversal meaning the candidate knowing people he would be working with has rarely happened and mostly informally. The survey also corroborates this with only 15% of the respondents claiming that it is followed every time they do a leadership search and 20% saying that they employ this quite often.

C. Importance of the Right Job Description

Job description is like the foundation of a search. It gives the basis to evaluate a candidate and must be drafted very carefully. Job description is the first point of interaction between the candidate and the organization and crates an impression about the organization in the mind of the prospective candidates Our experience shows that job description has played an important role in getting a candidate interested in the role, getting him to the table. In our study we have given due focus to this vital like in the selection process.

85% of the organizations make a job description for every senior level hiring they do and in almost all the cases the hiring panel has a complete idea about the company's need for the position. Additionally in 75% of the cases the JD has in detail roles and responsibilities, and 25% of respondents have claimed that it often has. But what about the quality of the job description? Only 15% of the respondents have expressed that current employees holding position/s similar to be filled in contribute in the Job Description and 65% of the cases the JD is not given a second look even if the hiring goes wrong.

D. Interview Process

Interviewing in our opinion is probably the longest surviving tool of selection in any formats, given the circumstances that it has shown little of no evidence of guaranteed success in hiring. Interview has been a subject of research and over the decades there has been a lot of research right from the necessity of an interview to the way an interview should be conducted. In their book, Strategic Interviewing, as the title of the book suggests, deliberates on the use of this approach along with the behavioural interview approach to make the hiring more effective. They claim that "Interviewers need to know what they are asking a question in an interview, what it measures and what it will predict about the candidate's ability to do the job".

It must be made clear once again that our study does not deal in the approach used in carrying out a particular

parameter. Our study deals with assessing only the steps that are incorporated in the hiring process. Naturally the first question we asked the respondents was, if the interviews are conducted for leadership hiring. To our surprise as many as 15% of the respondents claimed that the interview are rarely or occasionally conducted. It means that the hiring even at a strategic senior level happens through referencing. One needs to conduct a research which compares this hiring vis-vis hiring through the traditional interviewing process.

However once an organization decided to utilise interview as one of the selection tools, the interview process is more often than not is implemented with a lot of seriousness. Interviewers do come prepared with specific questions and they take notes during interview for cross comparison or future reference. However are these people well qualified to conduct the interviews? , or is it merely by experience? Are they aware of the kind of answers they are expecting? The study reveals that in only 5% of the cases the interviewers (including people from other functions) are trained for the job, while none of the organizations claim that the expected answers to the questions are also thought of.

E. Psychometric Testing

Psychometric testing has been gaining importance over the last couple of decades and play a significant role in the selection process. Our personal experience suggests that these tests are looked from a perspective of knowledge about the inside of a candidate rather than finalising selection of the candidate. Unless and until the results shows an extremism in a parameter, never have we observed a candidate getting rejected after a psychometric test.

As many as 65% of the respondents agreed that they use this tool, with 45% saying that it is always used in the selection process. Interesting though, there are 35% of the respondents who claim that the test is never conducted for the selection process. This means that there is either a firm YES or a firm NO, no grey area in terms of using this tool.

Further in 50% of the organizations, the human resource professionals are trained to read and interpret the results.

F. Evaluation of Hiring Process

Over the years processes and systems get developed in organizations. It is important that the professionals developing and using these processes also give time in assessing the process rather than waiting for an eventuality.

We asked the respondents if the selection process was evaluated in their organization? While 30% of them claim that it is a standard practice to have it evaluated, 50% of the organizations it is occasionally, rarely or never done. In as many as 50% of the cases the SELECTION RATE (Number of Hires / Number of interviews) is NOT monitored to know the effectiveness of pre-interview screening process.

While the sales and marketing spends a lot of time in analysing the competition, does the HR function also

compare its selection process with the competition or equivalent organizations? Interestingly more than one third respondents follow this practice either always or often. This augurs well for the recruitment process in general to develop further and achieve its goal of "HIRING RIGHT".

From the cost perspective the organizations are very careful. In as many as 65% of the cases the cost per hire is tracked but then in 15% of the cases it is rarely done. However none of the organizations have claimed that it is NEVER done. Further 85% of the cases, quality of hire is given a preference over the speed to hire. The organizations want to spend time to make a good selection rather than experiencing mis-hire. This again explains that close to 90% of the organizations, leadership team is aware of the enormous cost of mis-hiring.

CONCLUSION

Leadership hiring is considered to be very significant and is approached as an important strategic decision. Leadership hiring is at times confirmed by the board / executive council and a lateral hiring process is initialled only after giving a due consideration to the current talent availability in the organization. Organizations also believe that the Talent Resourcing Process, if well defined and well executed, is a definite competitive advantage. Organizations also are to a great extent aware of the quantum of damage a mis-hire can do to the organization. The selection process is in place but there have been instances, more often than not when the prescribed link in the process is not adhered to.

The leader of an organization does play a noteworthy role in the lateral hiring process. And why not, it is ultimately the people who make the difference. Leaders are principally clear on the nature of the job challenge while hiring senior management and they more often than not provide information to candidates so that the candidate understands what she /he is signing for.

The two factors which really are the gaps in otherwise robust hiring process, is the imparting of skills and evaluation of the process. Predominantly the organizations do not seem to be putting efforts in improving the process as a whole or strengthening a particular link in the process.

While the head of the organization drive the strategic hiring process, in very few cases they actually invest time in honing their hiring skills, more so the interviewing skills. Even at the senior management level there is a limited effort in imparting skills for scientific assessment by them. While generally people know what to ask, there has been little evidence which suggests that people actually know what a good answer is. Organizations are also not much inclined to give a second look to the process. While the cost of recruitment is tracked, which obviously is important, tracking of the performance of the hired candidates and linking it to the selection process is rarely prevalent.
Overall it can be concluded that while the path to hire is specified, its effectiveness is not measured. While the intent to hire the right person is there, however the organizations are not very clear on the best practices that can be employed to make their hiring more effective.

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