

Assessing and Hiring the Best Candidates for Performance and Retention

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Oil and gas companies are doing a lot of things right these days, but when it comes to looking for new workers, they keep making some of the same old mistakes. So says Denise Mannix, a leading thinker in the Human Capital arena and most recently, Weatherford International's Global Director of Organizational Development & Human Resources, who gave a presentation at the Workforce NEXT Workforce Acquisition and Management Strategies in Oil and Gas event on July 24 in Houston.

Energy company hiring officials need to see things in a new way and "start thinking outside the square about how to bring in new workers, given that we know we don't have the numbers we need over the next 10 or 15 years in oil and gas" to replace all those who will be leaving the industry, Mannix said. In her presentation, which she said was intended to be "provocative," Mannix said that one of the fundamental mistakes that energy industry recruiters make is to look at recruiting in the wrong way.

"I think we're doing talent acquisition a great disservice, because we really need to start thinking about talent acquisition, talent development and talent management as part of the same continuum. Too often in business, they are [kept separate], and we're making it hard to plan for the future if we tend to keep thinking of acquisition as recruitment."

Mannix has the data to back her up. As many as 46 percent of new hires fail within the first 18 months, and of that group, 89 percent fail because of attitudinal reasons, and not because of a lack of skill, according to a Forbes study of 20,000 new hires, she said. However, traditional hiring methods, which often rely on factors like which candidate is most similar to the interviewer, do not pick up on issues that have been present in the interviewee's work history, Mannix said.

"We know this stuff. It's a little like Einstein's theory of insanity. We keep doing the same thing over and over, expecting to get a different result. When everything around us is changing, we have to start changing ourselves."

Some of the fault lies with companies who fail to check references; as many as 28 percent of organizations skip this step, according to an Aberdeen study, and in 80 percent of cases when it is done, vital information is missed, Mannix said.

Does hiring top performers really make a difference? It does, according to Mannix, who said that they can result in a 40 percent increase in production in operations roles, according to a McKinsey study, Mannix said.

Employee retention is another issue Mannix discussed. It is no secret that companies spend a substantial amount of money hiring and training new workers. However, Millennials – the generation born between the early 1980s and the early 2000s – often move on in less than two years from the time of hire.

One of the major reasons why employees fail is because of issues they have with their managers. So, workers are hired, get trained, then leave soon after, creating another opening that needs to be filled. “People join a company, but they leave a manager,” she said. “We know that one of the key reasons why people fail is that they lack the requisite soft skills. And oil and gas is full of those kinds of people. If we did a better job of understanding who we’re hiring, we could do better at managing them, and we’d do better at developing them, and we would do better at deciding if we have the time to invest in them before they create pay-offs for the organization.”

The future performance of any candidate is always what the hiring company wants to know. However, while past performance is the best predictor of future performance, companies often fail to check out the individual's past performance, Mannix said.

“When we fail to do reference checking, or when we do minimal records checking, or poor background checking, we don’t get a picture of what the past performance of that individual looks like.”

Part of the problem with the hiring process is that when hiring authorities within energy companies make hiring decisions, “they generally think globally but act locally,” Mannix said.

While there is always some uncertainty in the hiring process, the secret to general success in recruiting the right workers for the job is qualitative data, Mannix said. This is in contrast to the typical hiring matrix often used by energy companies, which fails to portray the data needed to get the best workers in the workplace.

THE TRADITIONAL APPROACH TO HIRING

A traditional human resources perspective is to think in terms of recruitment, rather than talent acquisition. Oil and gas companies generally have a traditional approach to hiring new workers, and human resources personnel in the industry look for degreed individuals to fill most industry jobs. Many of these jobs also require previous experience within the industry. However, in many cases, a worker does not need a university degree to do some industry jobs well, Mannix noted. Nor, in many cases, do they need previous energy experience to do the job.

Still, the oil and gas sector generally prefers those with oil and gas experience over candidates from outside the sector, even when the fresh perspectives of candidates from other industries could add to their value, Mannix noted.

In jobs that do require higher education, the industry could also be more open to where applicants got their degrees. Often, hiring officials look for home-grown workers from colleges and universities that are local, or at least familiar. However, a local degree, or even a degree from a prestigious university, is no guarantee of a good education, Mannix noted. And neither is an education in the United States always the best. For example, research by the Program for International Assessment, coordinated by the Organization for Economic Cooperation and Development (OECD), showed that high school students in the United States were only 29th in a ranking of mathematics literacy, 19th in reading literacy, and 22nd in science literacy among 65 countries and educational systems, including all the 34 OECD countries.

THE SECRET TO SUCCESSFUL HIRING

A better way to hire, Mannix said, is to use enhanced data gathering to obtain qualitative data about the candidates being considered to build a more complete picture of the candidates.

The Society for Industrial and Organizational Psychology suggests that there are various types of employment tests that can be used as pre-hire assessments, Mannix said. Some of these tests measure emotional intelligence, while others look at the candidate's background in a variety of categories.

These tests produce the qualitative data needed to determine the best candidates for the job. They make the hiring process more objective, and less based on emotional, or other factors.

"We tend to gather information from a candidate's perspective, and they aren't always the best people to be telling interviewers about themselves," she said.

To assess a candidate's emotional intelligence, Mannix uses tools such as the Mayer-Salovey-Caruso Emotional Intelligence Test and suggests using the Global Mindset Inventory, which helps determine an individual's global orientation. Both tools are useful in better evaluating a candidate, Mannix said.

The third tool that Mannix uses is the SkillSurvey Pre-Hire 360 assessment.

"I think it really carries some weight. I actually introduced it at Weatherford, it's now used across the company, and it's a very, very good tool. It is a true pre-hire 360, as opposed to just referencing checking, although you can use it for that, too. It has psychometric integrity. To have psychometric integrity, it has to have reliability and validity. It also has to have compliance with the legal system, and it does. It can be and has been verified legally and by legal departments in organizations. It is compliant, as it does not allow for adverse impact or bias."

SkillSurvey's Pre-Hire 360 assessment is fast – it is typically completed within three days or less, Mannix said – and results in more active participation from the references than when the hiring company contacts them to inquire about a candidate. The Pre-Hire 360 is also job-specific.

Using tools to provide qualitative data results in a more complete and accurate picture of the applicant, Mannix said, and that increases the likelihood that the hiring company and the new hire will be a better match.

“What I’ve found is that using these tools has given me a rounded picture that I could give to the hiring manager. It became a powerful way to present candidates before they got interviewed.”

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