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Turn passive job seekers into active ones

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Dr Cabot Jaffee, Chairman, Global Talent Metrics.

While the offshore growth story has seen Indian IT and ITeS companies hiring in a big way in the last few years, it has brought its own set of challenges, with 'talent' being one of the key issues.

"Innovative techniques will improve an organisation's cost per hire and retention rates," says Dr Cabot Jaffee, Chairman, Global Talent Metrics (www.globaltalentmetrics.com), US, a provider of HR products and services that help organisations combat human capital challenges, including talent acquisition, selection, engagement and retention.

During a recent interaction with *Business Line*, he spoke of how his company has created a system of matchmaking to help employers and employees have a long happy life together.

Interestingly, Dr Jaffee believes social networking can be one of the few tools that will help expand the talent reach of a company exponentially.

Currently, the US- and India-based Global Talent Metrics is dependent on the IT (information technology) and ITeS (IT enabled services) sector, with 80 per cent of its business coming from this industry. With focus now being on collecting additional data and perfecting its tools, the company is not too bullish on client acquisitions this year and expects a wide scale roll out next year.

In a subsequent email interview, Dr Jaffee shared his thoughts on the challenges relating to talent acquisition and retention and the possible solutions.

Excerpts from the interview:

In no other market worldwide would one find such a huge workforce and the related challenges...

Yes, India is indeed a unique market. While there is no 'one' best practice, it has been proven that companies with superior recruiting and selection systems financially outperform those with less effective programmes.

There are multiple ways of implementing a system that provides appropriate data on people, but without an accurate data of the skills, abilities and knowledge of the candidates, there is always a possibility of less effective decisions being made.

Have you seen any changes in the market dynamics in the IT and ITeS industry in terms of talent acquisition and retention over the last 12 months?

Even within IT and ITeS sector, there is a difference in the recruitment processes between freshers and experienced engineers. Companies are now beginning to realise that a candidate with 3-5 years' experience need not necessarily have the required skills to do the job. So they must use assessment at all levels to determine a skill-set fit. This is very similar to the trend in the US during the 'dotcom' explosion, and the bust which occurred eventually.

What I have observed is that the system for hiring freshers has not changed as much as those for hiring experienced people. It is often less expensive to retain the people they already have in place, rather than spend resources in finding a new and qualified individual.

Companies realise that only a fraction of the engineering graduates are employable from a skills perspective and that not all are a natural fit. And yet there is no option but to hire. Your views?

This has been a problem in many sectors and across countries. Ultimately, the solution is in placing more people into the pipeline that companies have, to choose among. Companies have to focus on new ways of becoming an employer of choice, turning passive job seekers into active job seekers.

How do companies achieve this — turning passive job seekers into active job seekers?

The majority of recruiting solutions today focus on sites and locations where prospects will go, to look for jobs. Those people can be classified as active job seekers. These sites include job boards, job-based communities and company career sites. So a company's reach to its candidates is typically limited to existing employees (for referrals), its recruiters' reach, and these sites.

Our STAR System capitalises on significant and additional sources for potential candidates. For example, the database of over six million individuals collected through iMint (rewards programme) and direct marketing activities includes many people not actively looking for work. As and when a company has a job opening, this database is marketed directly and opens the possibilities that some of these six million people might apply but, more importantly, provides them iMint points for finding someone that they can refer.

How essential is psychometric tools in hiring? There have been questions on its reliability. Your views...

Psychometric tools are proven to be over 8-10 times more effective than a simple interview and/or resume screen. Up to a certain extent, interviewers are able to analyse and measure certain traits that help predict job performance, but not nearly as good as at measuring the majority of what should be measured. Combine this with the fact that interviewers have very less time to spend with candidates and you will find that there is no better way than psychometric tools and tests. So, while no single tool is 100 per cent accurate, there is still no better way. Also, these assessments are very cost effective as they can be electronically delivered

What is the potential of social networking as a platform to attract talent?

I believe that it is one of the few tools that will help expand the talent reach of a company exponentially. Social networking combines certain benefits of employee referrals and expands the scope for talent search beyond a job board and therefore provides a company with more people to choose from. However, the company still needs to make sure these individuals are a good fit.

How many customers do you have in India? And plans...

We currently have six companies using our tools. Our target for this year is to add only another 6-10 clients, so we can continue to collect additional data and perfect our tools, before a wide scale rollout next year.

With tough competition in this space and options aplenty for corporates (direct ads, job sites, campus hiring and employee referrals), what are the key growth drivers for your business?

Our systems provide a unique and tangible benefit plus a ROI (return on investment) to companies. Each of the options listed above can certainly contribute to the solution, but are not enough on their own. Companies must add new ways of attracting and retaining talent because the current systems are not working to the level, companies require them to.

Can you give us specifics on these tangible benefits?

Few systems focus on both the quantity and quality of candidates as defined by those that will stay with the company for a greater period of time. Our STAR System provides benefits in many different ways and has multiple value propositions for a company versus just one.

One major benefit is a reduction in the cost per hire. For any company that currently uses agencies to fill jobs at 40 per cent CTC (cost to company), there will be significant savings for any candidate filled through the STAR System (approximately only 10 per cent CTC).

In addition, very few systems have a documented reduction in early attrition as a result of using a selection system. We have been able to show that the use of the STAR System reduces employee turnover by up to 60 per cent which has a considerable impact on the organisation's bottom line.

Can you quantify the ROI that companies can get?

Yes. We like to look at revenue and profit (decrease in costs) as two major bottom line measures. When we reduce employee turnover by 20 per cent for a company which hires 1,000 people in a year, that's a savings of 200 people they don't have to 'rehire'. At a cost of even Rs 20,000 per employee turnover, the savings are Rs 40 lakh.

Time to fill a position is a specific metric. For many positions, there is a revenue number associated with each person on the payroll. So if the time to fill a position is cut in half, the revenue doubles for the time that the positions would be empty otherwise.

For each person filled through a referral in our system versus through a staffing agency, there is a 25-35 per cent savings in the cost the company has to pay directly to the agency.

What are the challenges in companies accepting your system?

The first challenge is changing the mindset of the companies. By implementing a recruiting and selection system, organisational change must happen. With the changing supply and demands curves and changing customer expectations, companies that make a change will definitely be more successful financially over those that don't. Also, setting customer expectations is sometimes a challenge. There is no single magic wand that customers may be looking for. This is one of many systems and tools that companies will need in order to continue to grow.

What is your revenue model?

We charge on a licence basis. It is a flat annual fee for unlimited use of the system. There are multiple modules that can be added and the specific fees are determined by which actual tools are being used and size of the company.

Your investment so far in India, and the planned investment...

We have made an investment of over \$1 million in the Indian market in the last 24 months. It is anticipated that, over the next five years, another \$10 million will be invested.

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S. P. SRINIVASARANGAN

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