



The McQuaig Institute®



2016 MCQUAIG GLOBAL TALENT RECRUITMENT REPORT

The Leadership Effect

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SECTION 1

INTRODUCTION

This is our 3rd year running the McQuaig Global Talent Recruitment Survey. Each year the results get more and more interesting as we hear from hundreds of HR professionals from around the world.

This year we wanted to have a look at the impact of leadership on talent recruitment. A lot has been written about the importance of effective leadership, and what that means. As part of this year's survey we asked some questions about

leadership. We asked about what makes a good leader and what companies were doing to help develop those leaders. And we asked how effective they felt their own leaders were.

As we break down the results, we'll be looking at the impact leaders are having by examining differences in key areas of the survey between companies whose respondents said they have effective leaders and those who said they have ineffective leaders.

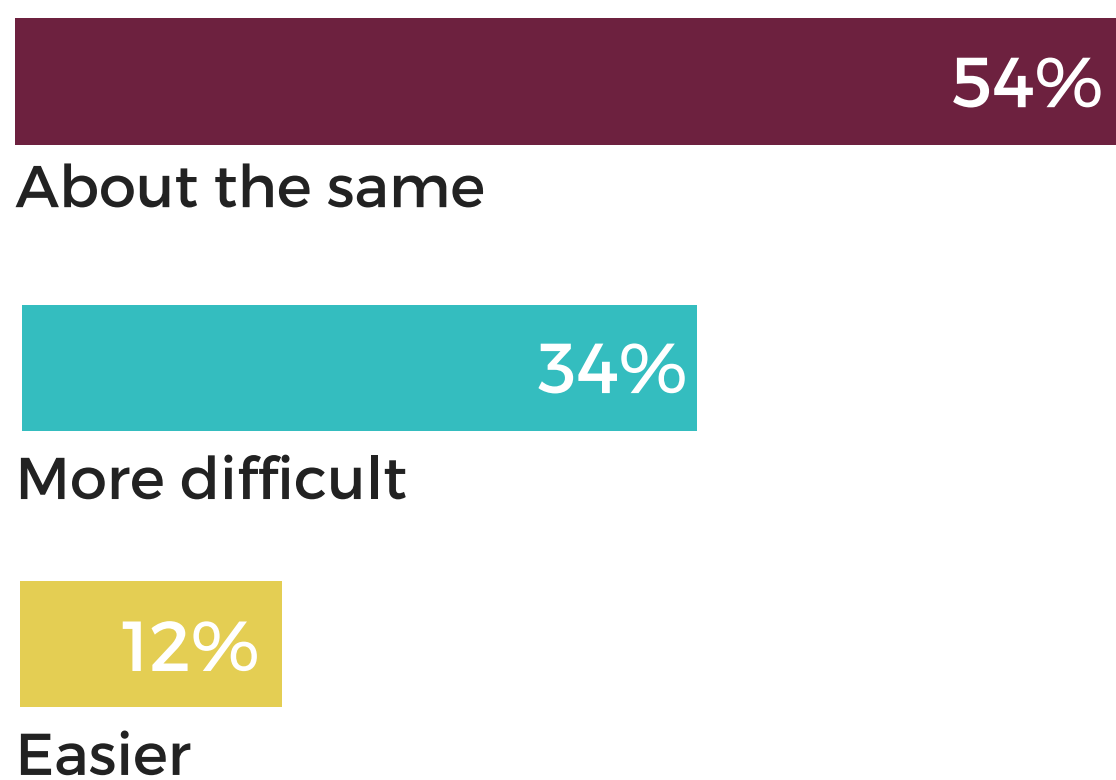


SECTION 2

THE STATE OF TALENT RECRUITMENT

We'll begin with a look at key trends in the broader talent recruitment market and what our respondents had to say about what they're going through. Where possible, we've also provided regional breakdowns to show global differences.

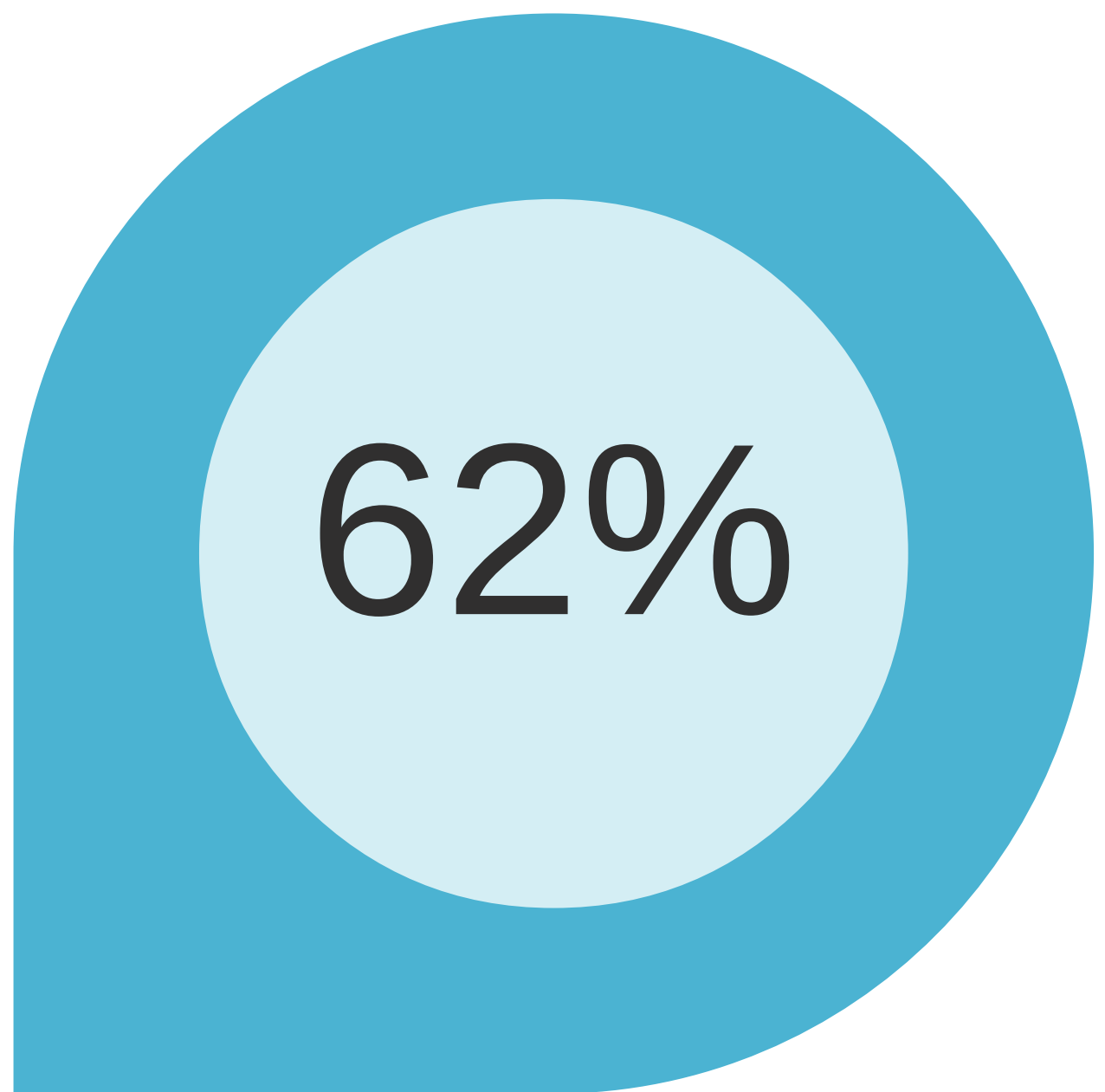
Q: How difficult is it to fill openings compared to last year?



Q: It's hard to find a cultural fit



Agree



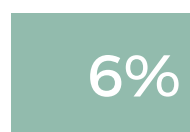
Q: Why do new hires fail?



Attitude and personality not suited to the role



Lack of skills



Conflict with manager



Conflict with team members/colleagues



Other

When candidates fail, it's usually not because they didn't have the skills to do the job (20%). The overwhelming reason for a failed hire is that the hire's personality was not suited to the role or company (53%). An additional 10% of failure are due to conflicts with team members or managers. These findings were consistent across geographies.

Here's a look at what our respondents are doing to address the challenges they're having in attracting talent.



The number one step companies are taking to address challenges in attracting talent is to redefine the job criteria to include candidates who don't have the desired skills, but do have the potential to be trained for them; 56% of HR professionals said they're doing this. That's an increase of nearly 10% over 2015. Investing in training existing employees fell to the number two spot, with 53% saying that's how they're combatting the talent shortage.

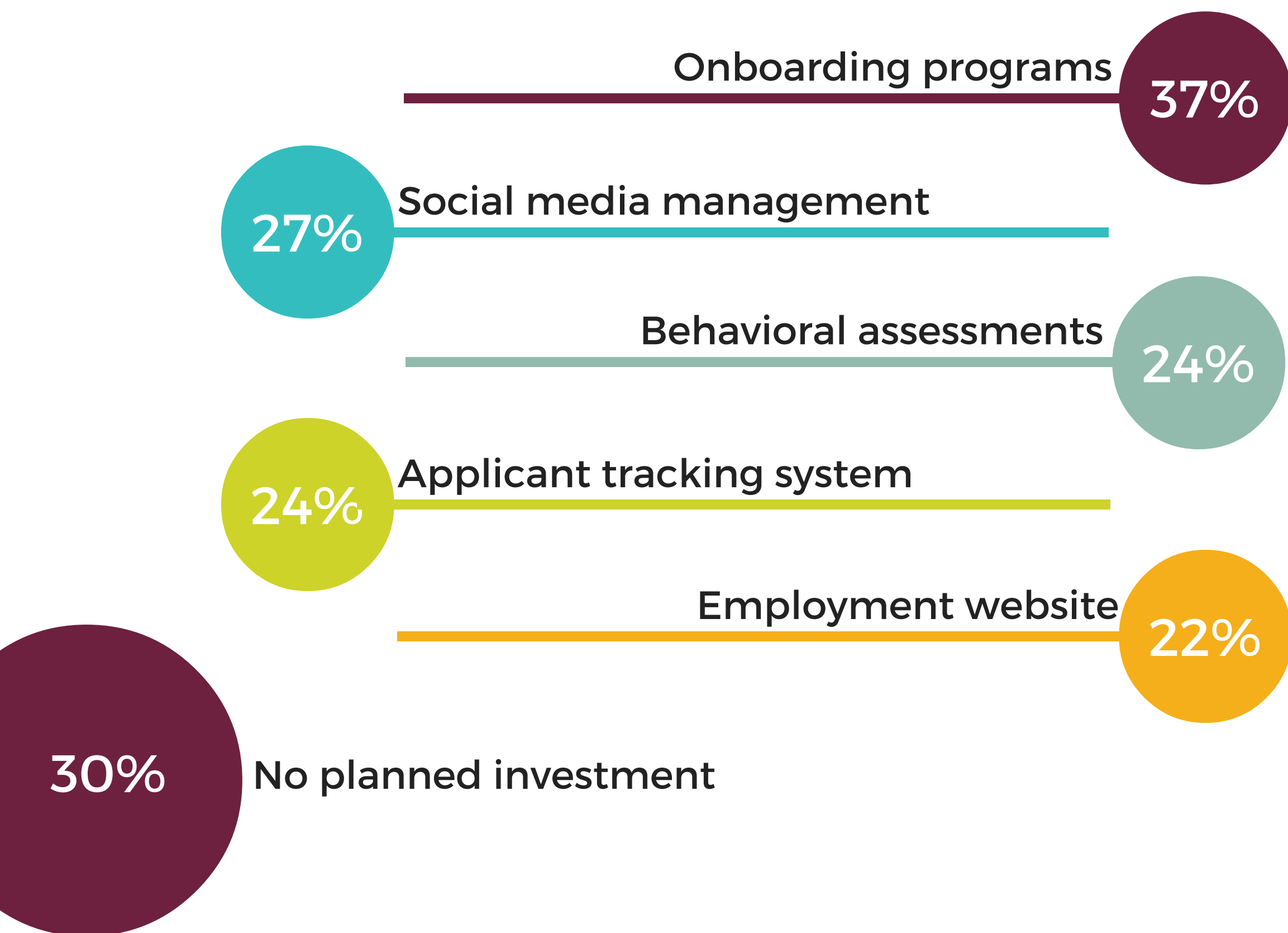
In North America, investing in training new employees fell even further to spot number three and trying new or untried recruiting practices rose to second place.

We also noticed more North American companies are engaged in social recruiting and this could be a reflection of that.

In the UK/Europe, investing in training existing employees has a commanding lead with 64% saying they are using this approach. Recruiting outside your industry was number two (47%) for this region.

Meanwhile, those in Australia and New Zealand were least likely to be increasing starting compensation to lure candidates. Just 15% identified this as a strategy.

Top Five Planned Investments (Recruiting Systems/Processes)



When it comes to making investments to address talent acquisition challenges onboarding programs was the top response for the third year in a row.

Onboarding programs can help with recruitment indirectly, in that they can improve a company's reputation, but they are primarily a tool to increase retention and productivity. The focus on onboarding could be a sign that companies are battling the talent shortage by trying to reduce turnover first and foremost. This would align with the result noted earlier: investing in training existing employees as a strategy to address the talent shortage.

Social media was another big area for planned investment as companies look to attract those passive candidates through online engagement. But the number two response was no investment at all; 30% are playing the hand they've got rather than looking for another solution to solve their challenges.

Onboarding is the top planned HR investment for 2016,
@mcquaigsolution report
[Click to tweet](#)

For tips on onboarding check out [The Ultimate Guide to Effective Employee Onboarding](#)



SECTION 3

LEADERSHIP & TALENT RECRUITMENT

Leadership has a huge effect on every aspect of a company's operations and recruitment is no exception. A-level talent want to work at companies with strong leaders. Leaders also have a huge impact on the employer brand. Company brands, in general, are often a direct reflection of the CEO.

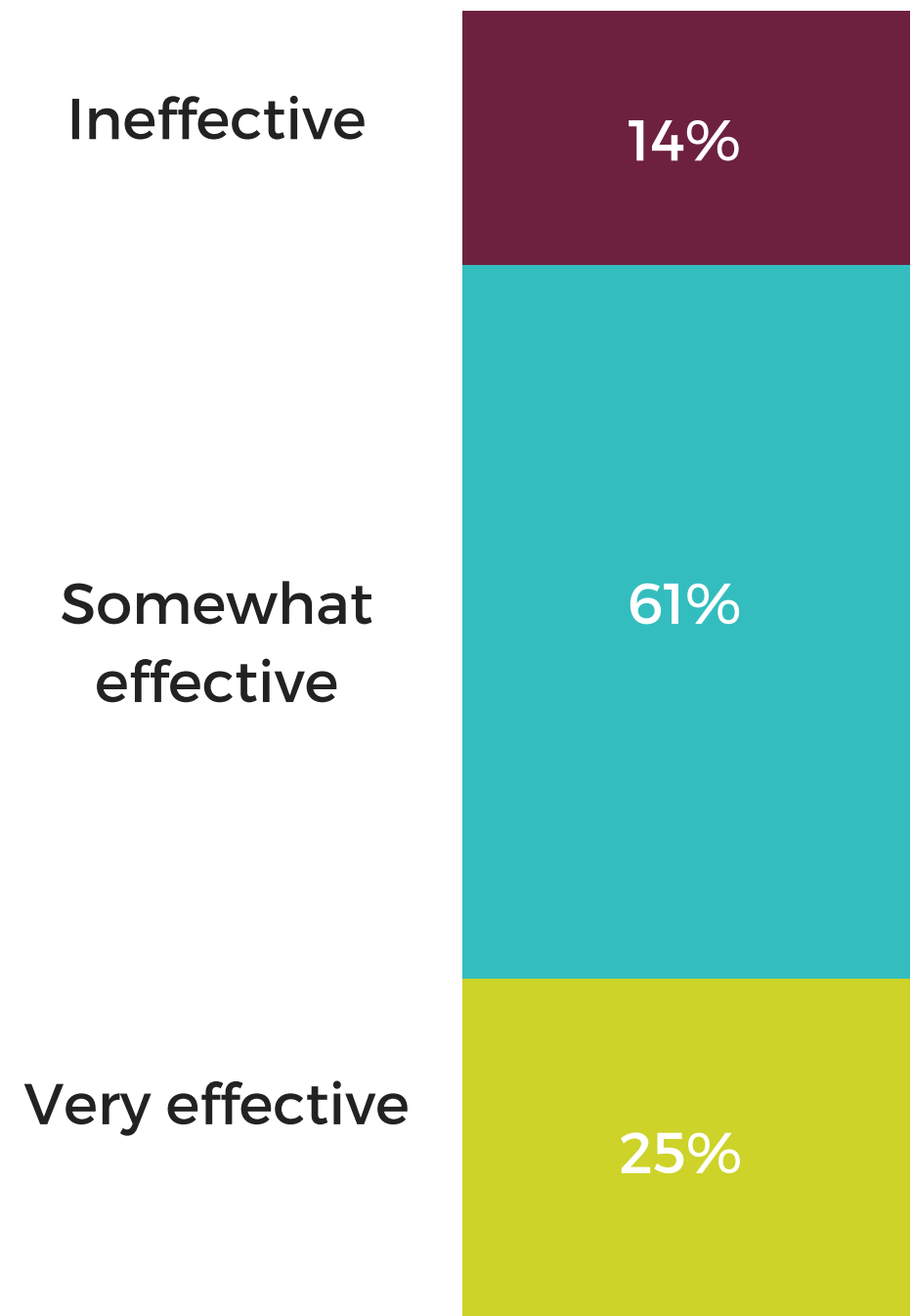
In the following sections, we'll be looking at how our results differed in

companies with strong leaders versus those with weaker leaders. Some of the differences are eye-opening and emphasize the importance for companies to take a long, hard look at their approach to leadership development. But first, let's look at what our HR respondents had to say about leadership at their companies and in general.

OUR LEADERSHIP IS ... NOT BAD

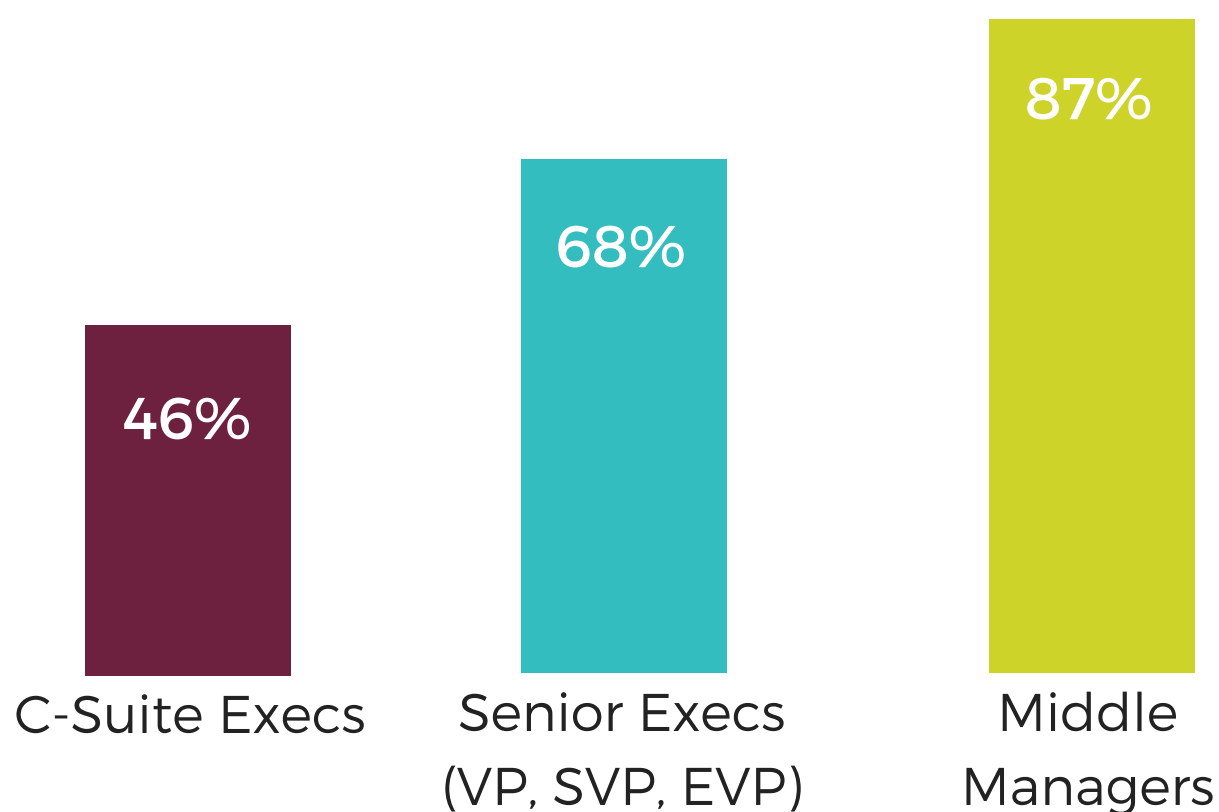
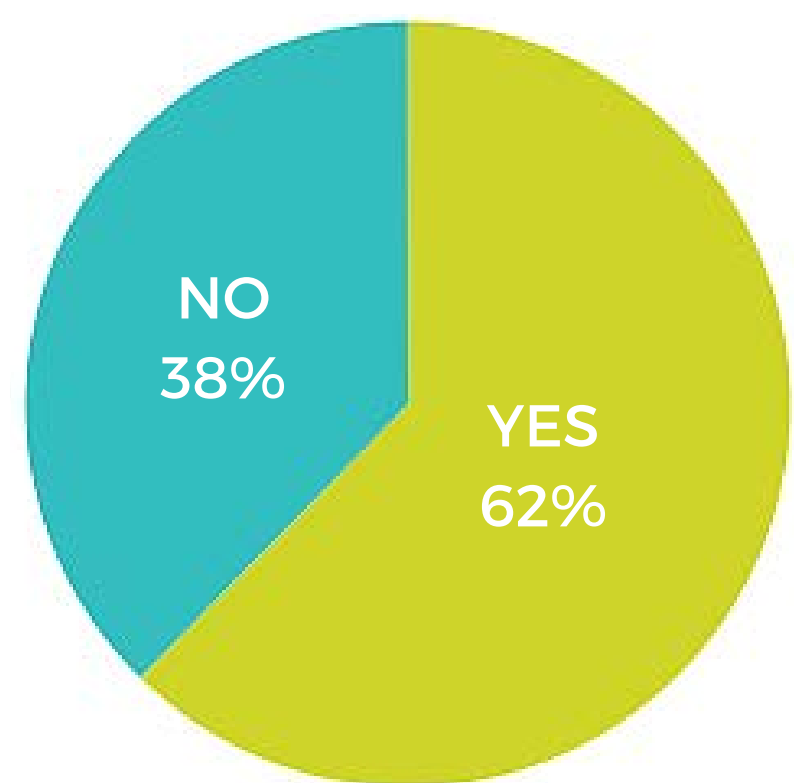
That’s not exactly a glowing recommendation, but that’s what the research tells us most HR professionals think about their leaders. Just 25% rated their leaders as “very effective”, while the majority (61%) felt they were only “somewhat effective” and 14% felt their leaders were ineffective.

That translates to 75% of people in leadership roles who are merely adequate, or worse. If we know from other research that 2/3 of employees who quit are leaving their boss and not the company or role, that’s making it very difficult to hang onto good people.



LEADERSHIP DEVELOPMENT

Q: Does your company provide new leaders with leadership training?



Q: Which levels are provided leadership training?

If we're putting ill-equipped people into leadership roles, as the numbers suggest, then we need to train them so they can perform in the job, but that doesn't appear to be happening for a lot of companies.

Nearly 40% of respondents said their company has no leadership training program. We asked Mark C. Crowley, leadership consultant, speaker, and the author of *Lead From The Heart: Transformational Leadership For The 21st Century*, to weigh in on these results.

"Not investing in leadership development also has to translate into significant organizational performance limitations throughout these companies," Crowley said.

"If only 25% of leaders are exceptional, then the selection process for managerial roles also has to be weak. 75% of people they put into managerial roles are merely adequate — or more likely doing harm."

Of the 62% of companies that do offer leadership training, most of that is targeted at new managers, with less than half of those providing training (or about 30% of all companies) offering it to the C-Suite executives.

"How can a CEO succeed without growing & evolving?" asked Crowley. "If CEOs get stale in their thinking, they'll be unable to recognize the potential threats their companies face."

“If only 25% of leaders are exceptional, then the selection process for managerial roles also has to be weak.”

- Mark C. Crowley

[Click to tweet](#)

According to our survey it seems that good leadership is a result of systemic planning, not a chance occurrence. Later in the report, we look at the differences between those companies whose respondents said they have effective leaders and those who have ineffective leaders, but let's take a quick look at how things look with respect to leadership training.

In companies where the leaders are "very effective" 79% of new leaders receive leadership training. That's true of just 38% of companies with ineffective leaders.

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The strong leader group is even more likely to provide managers with interview training (53%) than their ineffective counterparts (13%), making it much more likely that they'll make better hiring decisions.

If your managers are getting leadership training, which makes them better managers, and interview training so they can spot and hire better employees, you can expect to see better retention, better company results and succession management has got to be easier and more effective.

SUCCESSION MANAGEMENT

With so many companies not providing their leaders with training, maybe it should come as no surprise that even fewer have programs in place to fill their leadership gaps. Nearly half (49%) of those polled said they have no formal succession management program in place. The UK/Europe has the highest percentage with a program, 59% saying yes, and Australia/New Zealand the lowest with just 42% having a program in place.

Do you have a succession management program?



51%



49%

That means that many of them will be forced to either fill the role with an ineffective leader from inside, who will get no training, or look for an external hire. From research others have done, we know that external executive hires tend to cost more and be less effective than internal promotions.

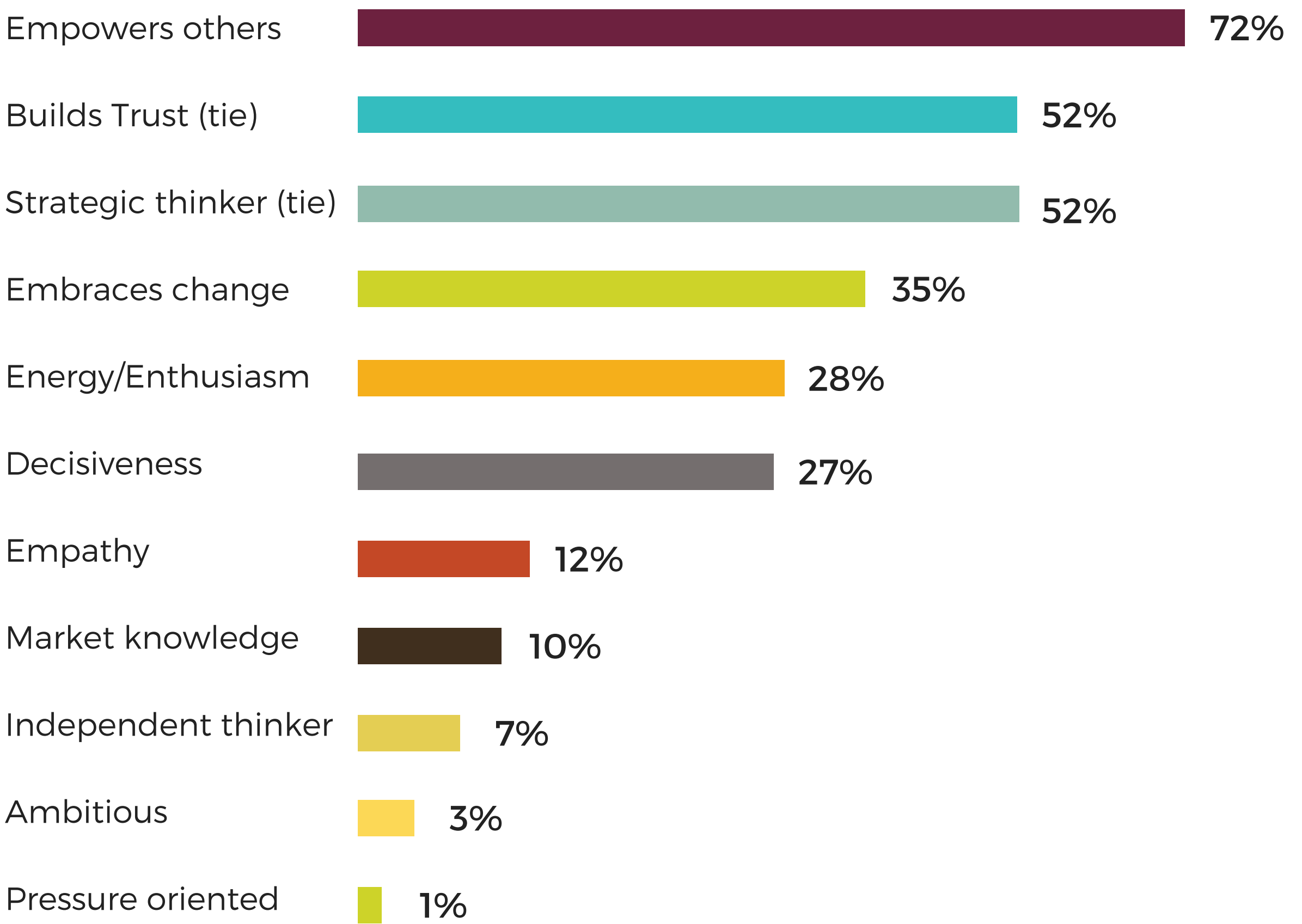
This is worrisome for many reasons. Leadership as a profession suffers, company results suffer, good employees will leave and attracting new ones will be increasingly difficult. On the other hand, those who have effective leadership, training and succession management programs in place, will be positioned to hang onto their top talent and be a magnet for top performers from

other companies.

Not surprisingly, our group who rated their leaders as “very effective” are much more likely to have a succession management program (73%) than the total sample (51%) and the ineffective leader group (38%).

THE TRAITS OF AN EFFECTIVE LEADER

While not all of our respondents believe their leadership is great, most have an opinion of what makes a great leader. When asked to tell us the most important traits here’s what they said:



The top three regionally:

North America

- Empowers others (69%)
- Strategic thinker (59%)
- Builds Trust (44%)

UK/Europe

- Empowers others (63%)
- Strategic thinker (51%)
- Energy/enthusiasm (45%)

Australia/New Zealand

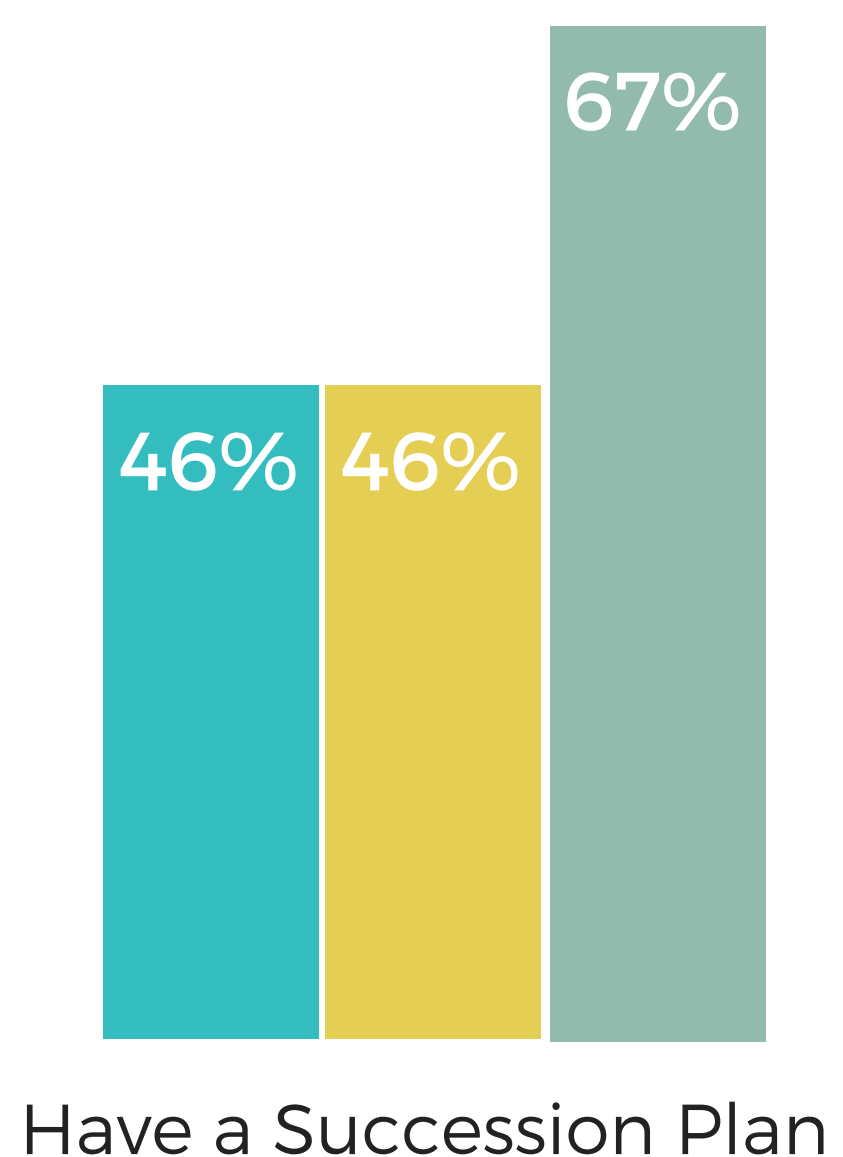
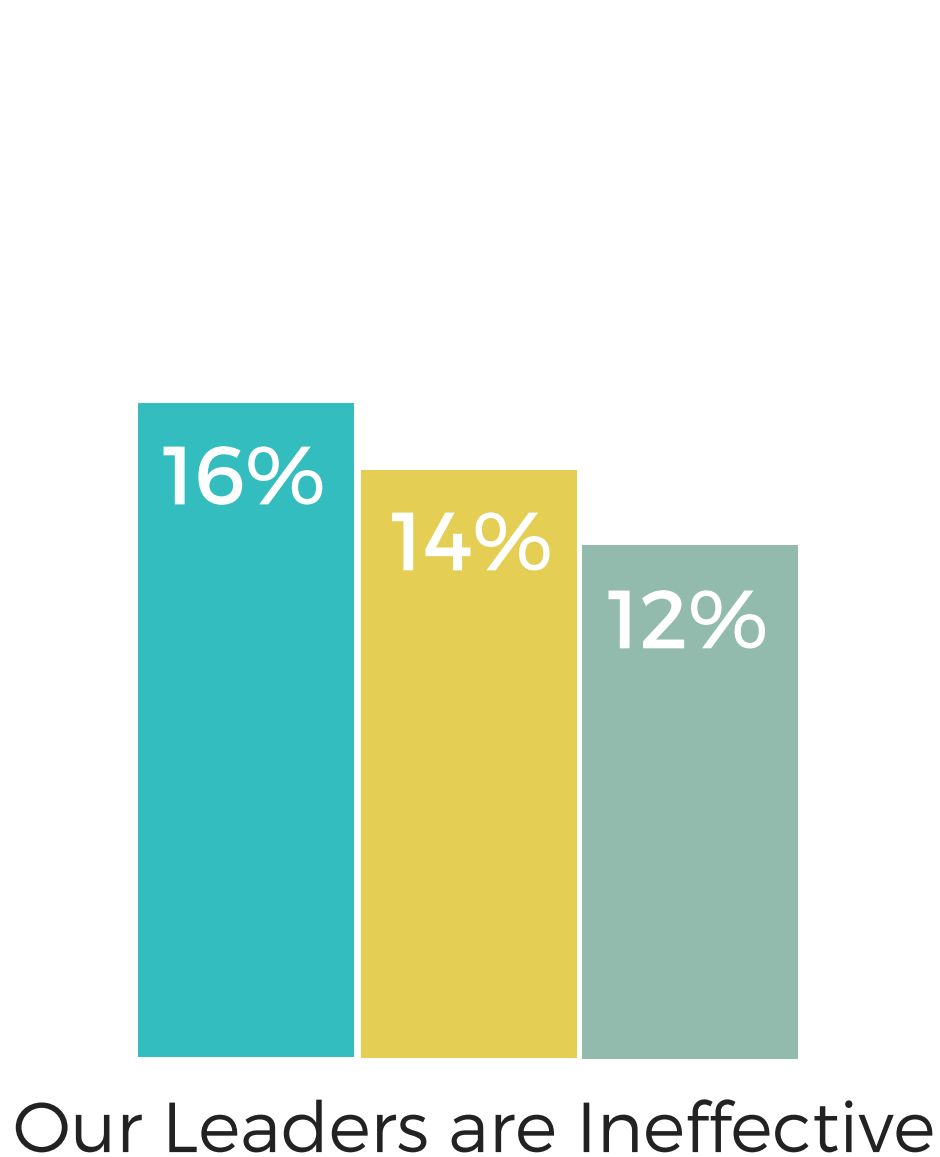
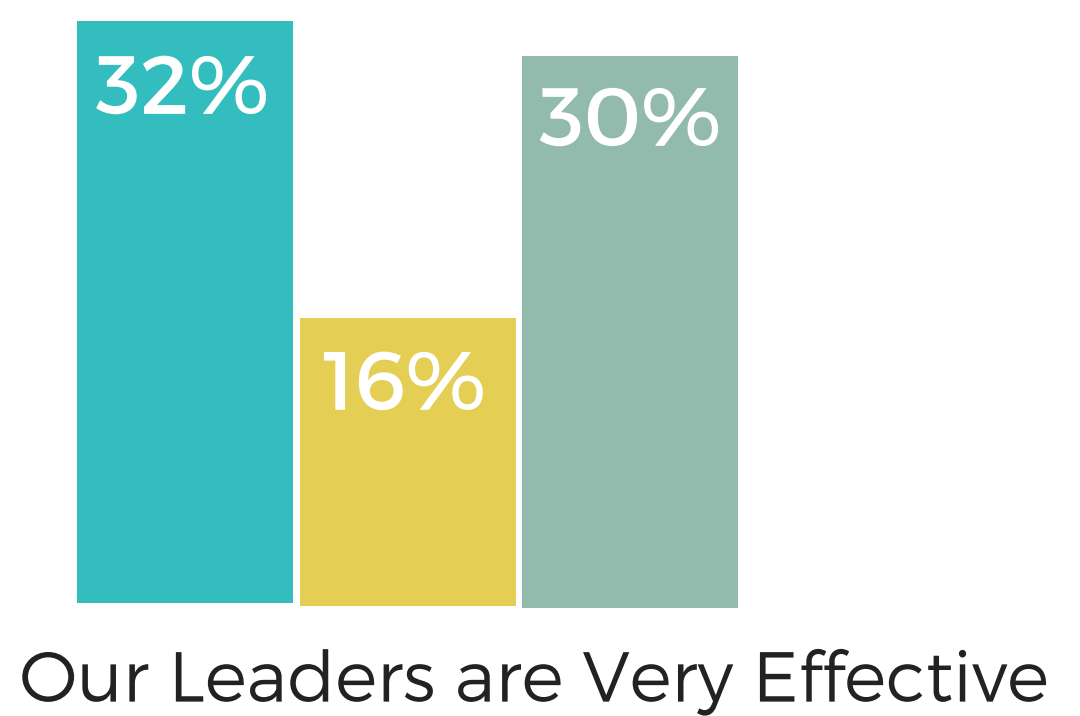
- Empowers others (81%)
- Builds Trust (54%)
- Strategic thinker (45%)

“That “trust” comes in at just 52% is disconcerting,” said Crowley. “To me that’s foundational. And leadership can’t just be responsible for implementing change; leaders must initiate change.

“So who’d have the courage to take risky steps in their business unit when no one in their company has made being a change agent a priority?”

WHO HAS THE BEST LEADERS?

Does the size of company have anything to do with the perceived effectiveness of its leaders? What about the presence of a succession management plan or leadership training? Here's what the numbers tell us when we break things down by size of company:





SECTION 4

RECRUITING CHANNELS

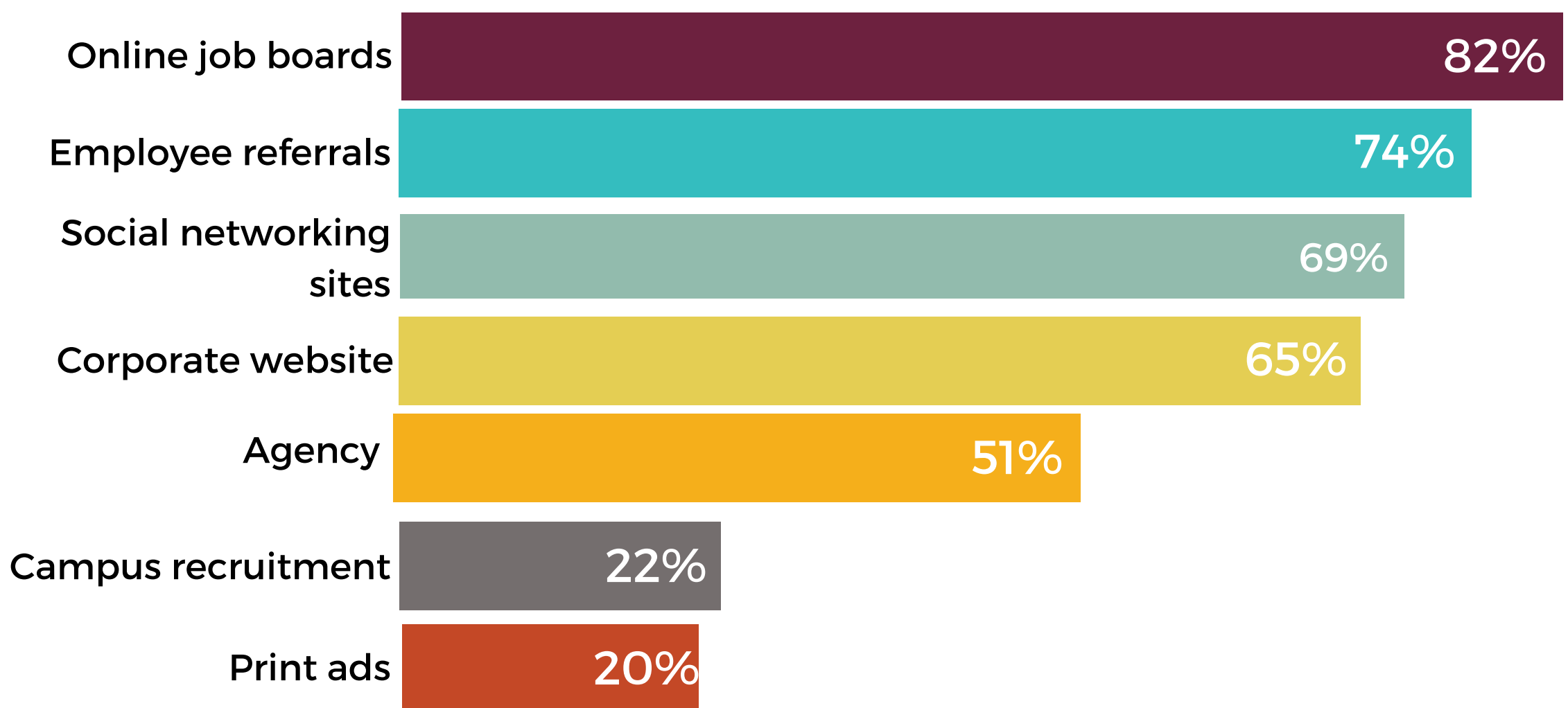
When we look at the channels that companies are using to source talent, and which channels are providing the best candidates, there are a couple of interesting changes from last year.

Employee referrals and online job boards switched positions from last year.

Online job boards rose slightly to 82% to claim top spot, while employee referrals dropped seven points to 74%, now sitting at number two.

On the next page you can see a chart of all the channels and the percentage of our respondents who are actively using those channels as a source of candidates.

Q: Which channels are you using to source candidates?



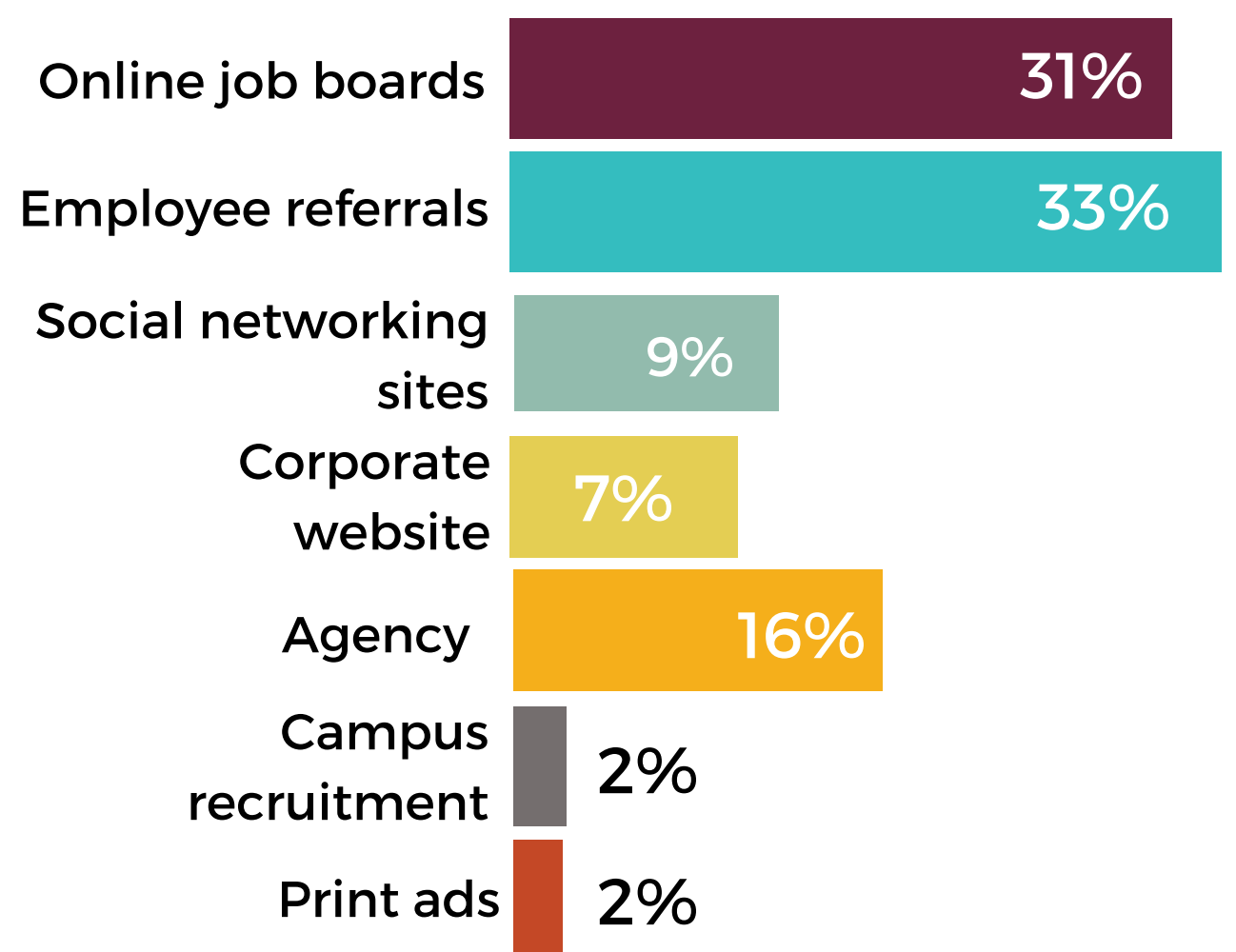
North Americans are the biggest users of social recruiting, with 78% citing social networking sites as a channel vs. 69% globally.

Online job boards and employee referrals are delivering the best candidates: McQuaig survey [Click to tweet](#)

HIGH QUALITY CANDIDATES

When we look at which channels are providing the highest quality of candidates, employee referrals remained the top pick, with 33% saying this was where they got their best candidates. Online job boards, however, made a huge jump year-over-year, nearly doubling, to 31%. Our survey doesn't provide insights into why this may be the case; however, we did reach out to a couple of experts for their thoughts.

Q: Which channels provide the highest quality candidates?



“This does not surprise me,” said Andrew LaCivita, Founder & CEO of Milewalk, an executive search company based in Chicago, IL. “Understand that organizations generally use job boards to fill the lower-level positions. While this is historically true, it’s especially important to note in today’s employment market because employers have made it much more difficult for other organizations to lure away their senior-level talent. We’re seeing this across the positions we recruit.”

"Executive search firms and internal corporate recruitment units are therefore having a much tougher time recruiting those specialty-skilled and senior positions. So, it stands to reason that, when compared across other recruitment channels, job boards quality - and likely quantity - appears higher."

THE LEADERSHIP EFFECT

Now we’ll take a deeper look at the impact leadership has on this area of talent recruitment by looking at the difference in responses between the 25% who rated their leaders as “very effective” and the 13% who said their leaders were ineffective. Companies with effective leaders are more likely to be using all channels. Their usage is significantly higher in social recruiting (81% vs. 62%).

Paul Wolfe, SVP of Human Resources at Indeed, an online job site, pointed to a change in job seeker behavior as one possible explanation for the change.

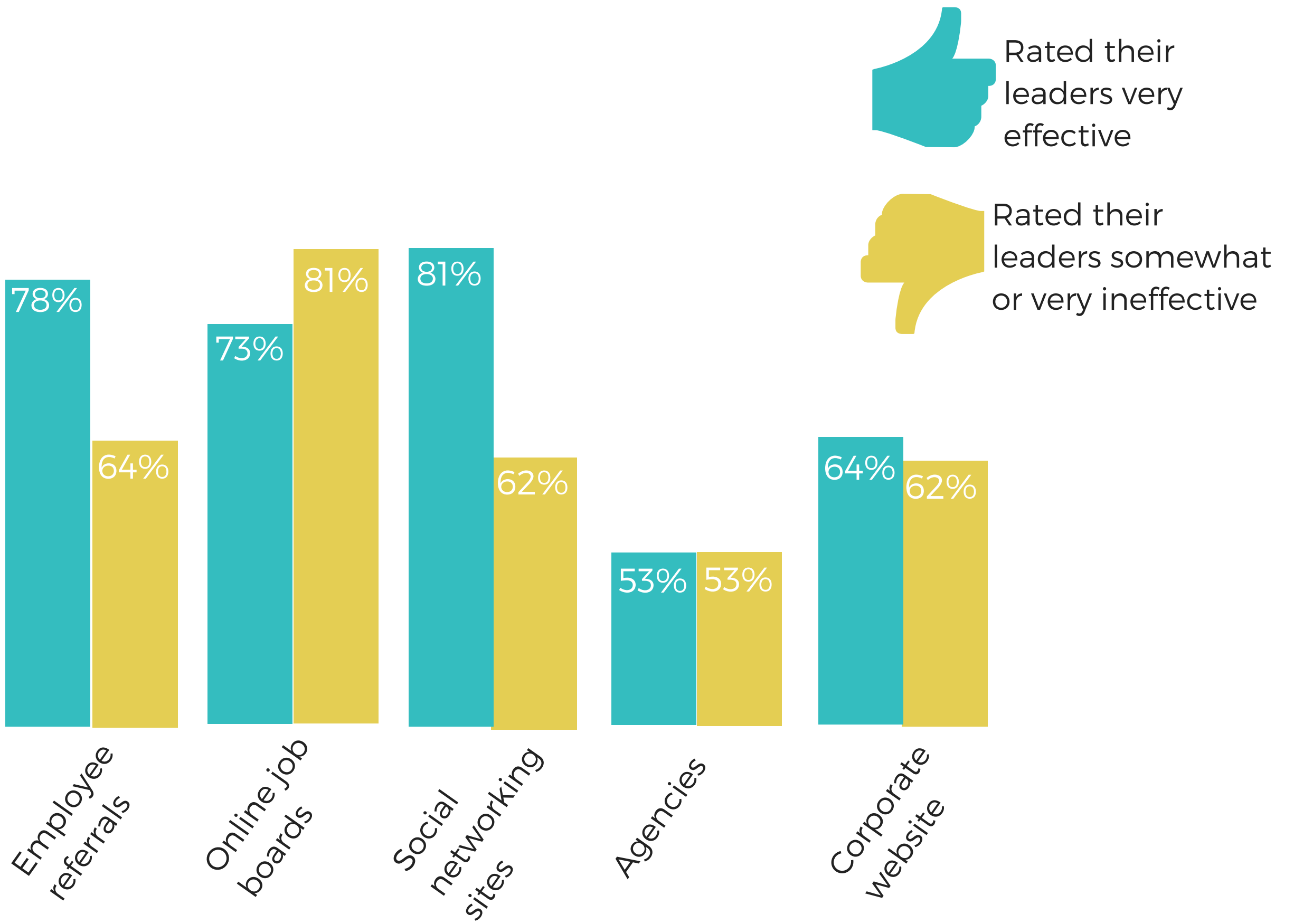
"The strengthened economy means that people are being proactive about job search and are considering new roles more frequently, and job sites are the most efficient and effective way for people to look for new opportunities." said Wolfe. "Employers are taking notice of the shifting behaviors and are finding great fits for their roles through job sites and relying less on traditional means like staffing agencies or referrals."

Indeed's own research shows that 44% of adults subscribe to job alerts.

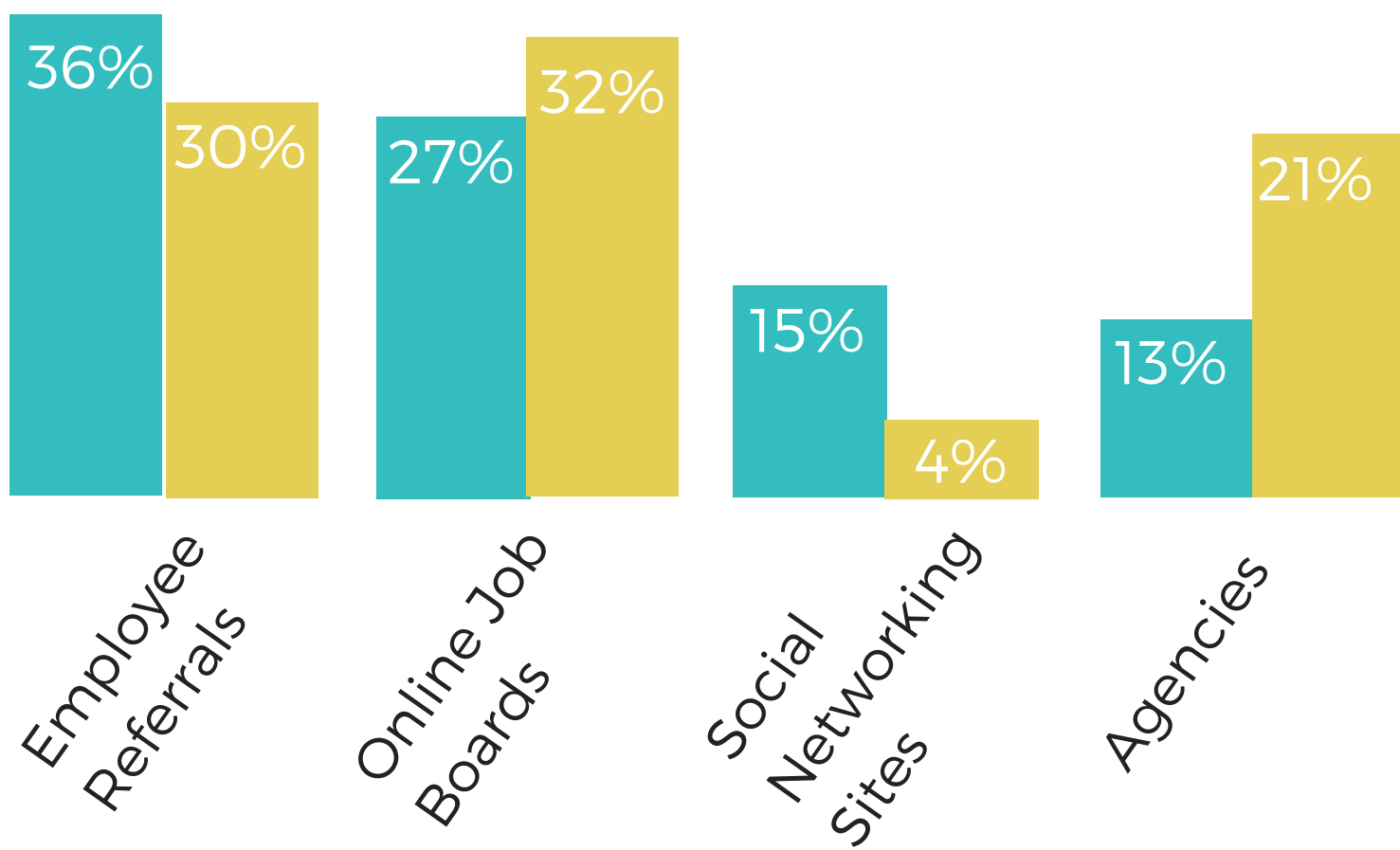
This makes sense. If you have a leader you can put on a pedestal to present to the world, it makes employer branding that much easier, and social media is a powerful channel for that. More engaged leaders are also more likely to be active in these channels themselves, creating even greater opportunities for engaging with candidates and generating awareness.

The following charts illustrate the difference in responses of these two groups.

Q: Which channels are you using to source candidates?



Which channels provide the highest quality candidates?



Companies with effective leaders get better candidates through employee referrals, social media:
 McQuaig survey
[Click to tweet](#)



SECTION 5

SOCIAL RECRUITING

In this year's survey 30% of respondents said they're not using social media as a recruitment strategy, this is up about 5% from last year. As noted earlier, social media usage is highest in the US and Canada, with 78% of people in those countries using it as part of their recruiting strategy. The least active region for social recruitment was Australia, with just 57% saying they used this channel, with the UK/Europe in between at 69%.

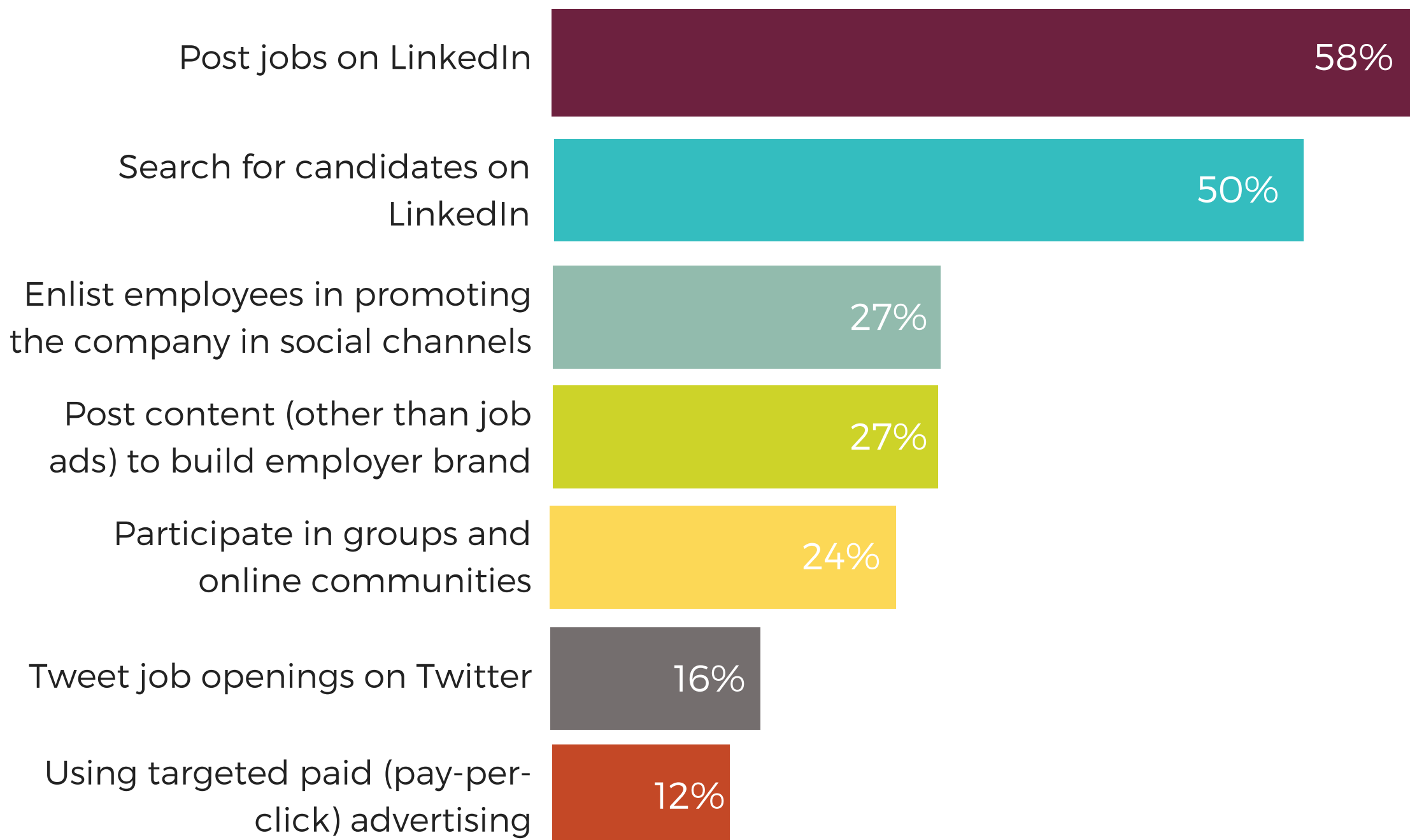
Not surprisingly, large businesses are most likely to be using social media (80%) and small businesses least likely (64%).

On the next page you can see a chart breaking out how companies are using social media in their recruiting efforts.

North America highest users of #socialrecruiting (78%); Australia the lowest (57%): McQuaig survey

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Q: How companies are using social media



More than a quarter (27%) have adopted a content marketing approach and are posting content other than job ads as a way to build employer brand. This will become an increasingly important way to use social media for recruiting as companies look to engage with passive, A-level candidates.

Remember Andrew LaCivita's comments from earlier in the book; higher-level roles are becoming increasingly difficult to find quality candidates for.

Companies will need to find ways to build awareness and engage with these individuals in order to have a chance of them considering an opportunity.

The McQuaig Institute has gone as far as creating a template for our customers to help them create an [Employee Persona](#), which is a key step in developing an effective strategy for engaging candidates online in this way.

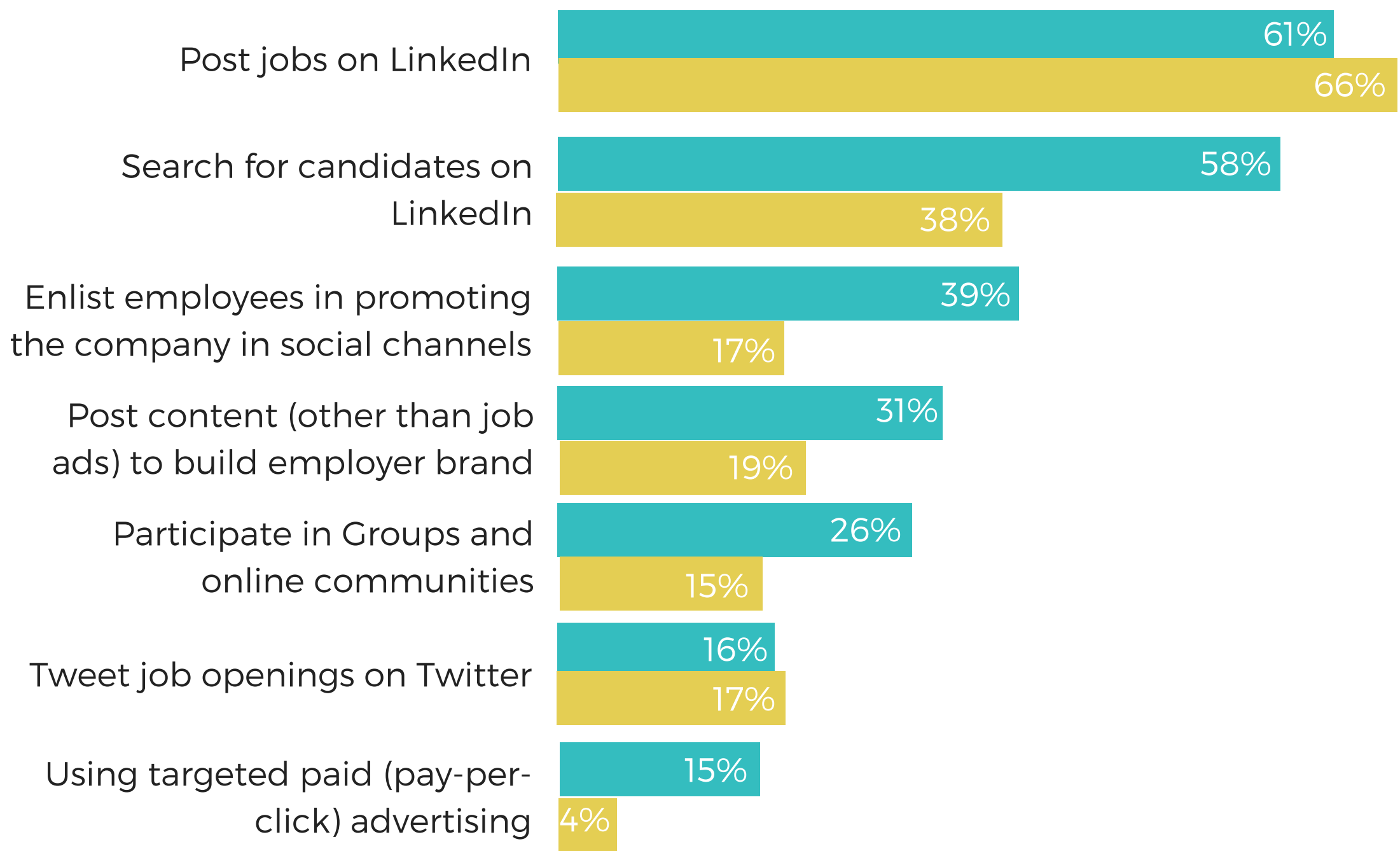
THE LEADERSHIP EFFECT

As we mentioned in the last section, social media usage was much higher in companies with effective leaders. Social recruiting is most effective as a long-term strategy to engage passive candidates and build your employer brand with top performers.

That is much easier to pursue when you have leaders who are engaged and admired, and that's why these numbers don't surprise us.

Those with effective leaders are more likely to use a content marketing approach and post content to build employer brand than the total sample, and much more likely than their counterparts with ineffective leaders. They're also more likely to enlist employees to promote the company in their own social channels, expanding their network and raising awareness of the employer brand.

How companies are using social media



Rated their leaders very effective



Rated their leaders somewhat or very ineffective

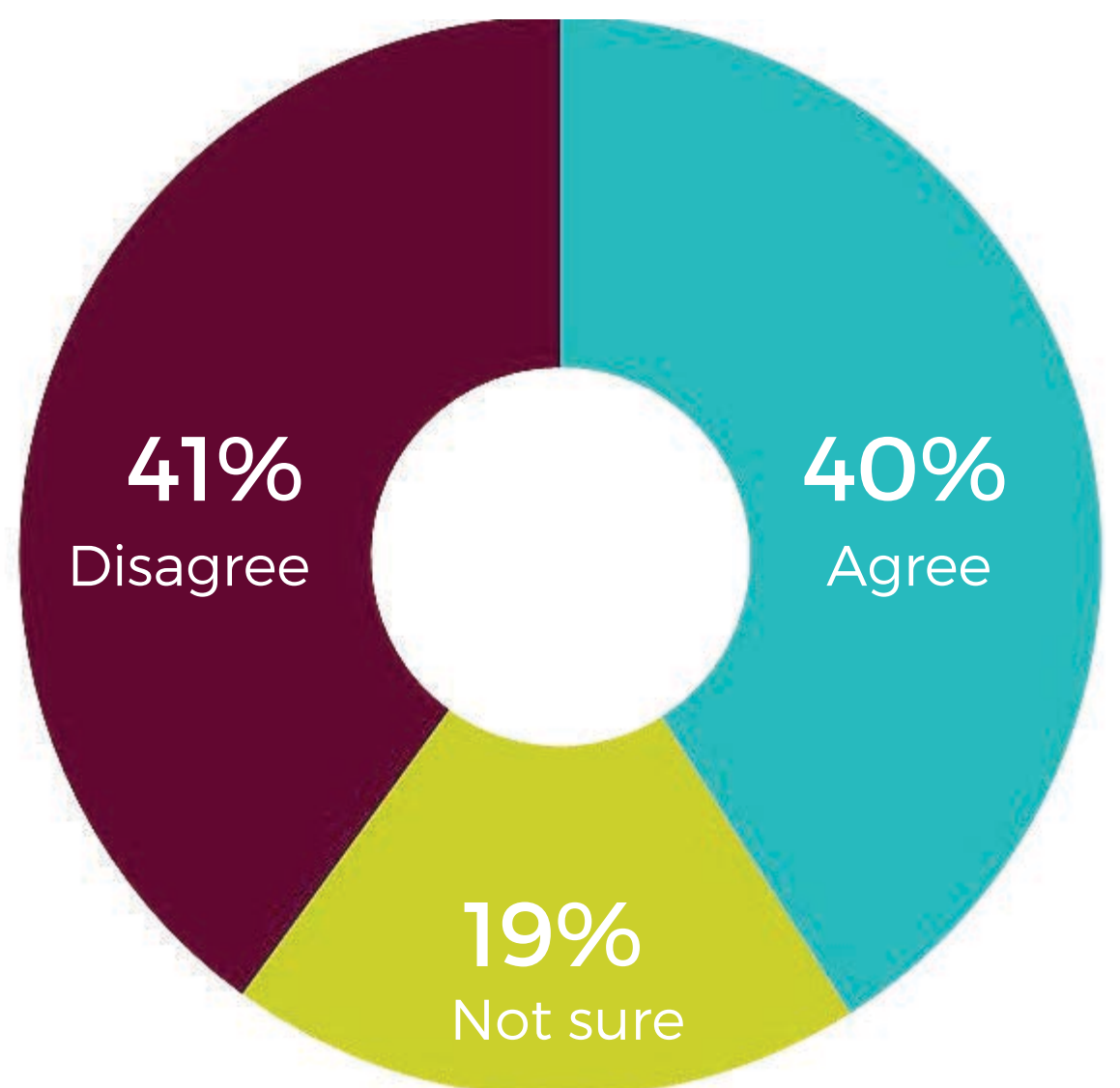


SECTION 6

HIRING MANAGERS & THE INTERVIEW

Only 40% of our respondents say their hiring managers are excellent interviewers and less than half (42%) say their hiring managers have had interview training. That's down 10% from last year, so even fewer are getting the support they need to make the right hiring decisions.

Our hiring managers are excellent interviewers



The interview accounts for 72% of the hiring decision, according to our survey. That is a lot of weight to put on one interaction. Especially when you consider the people conducting those interviews usually have no formal training in how to do it properly. Interestingly, though, 63% still say their hiring managers have the skills to assess candidates. That leaves us scratching our heads a bit. If the interview accounts for 72% of the hiring decision, and most managers aren't good at it, and have had no training, how can they be good at assessing candidates?

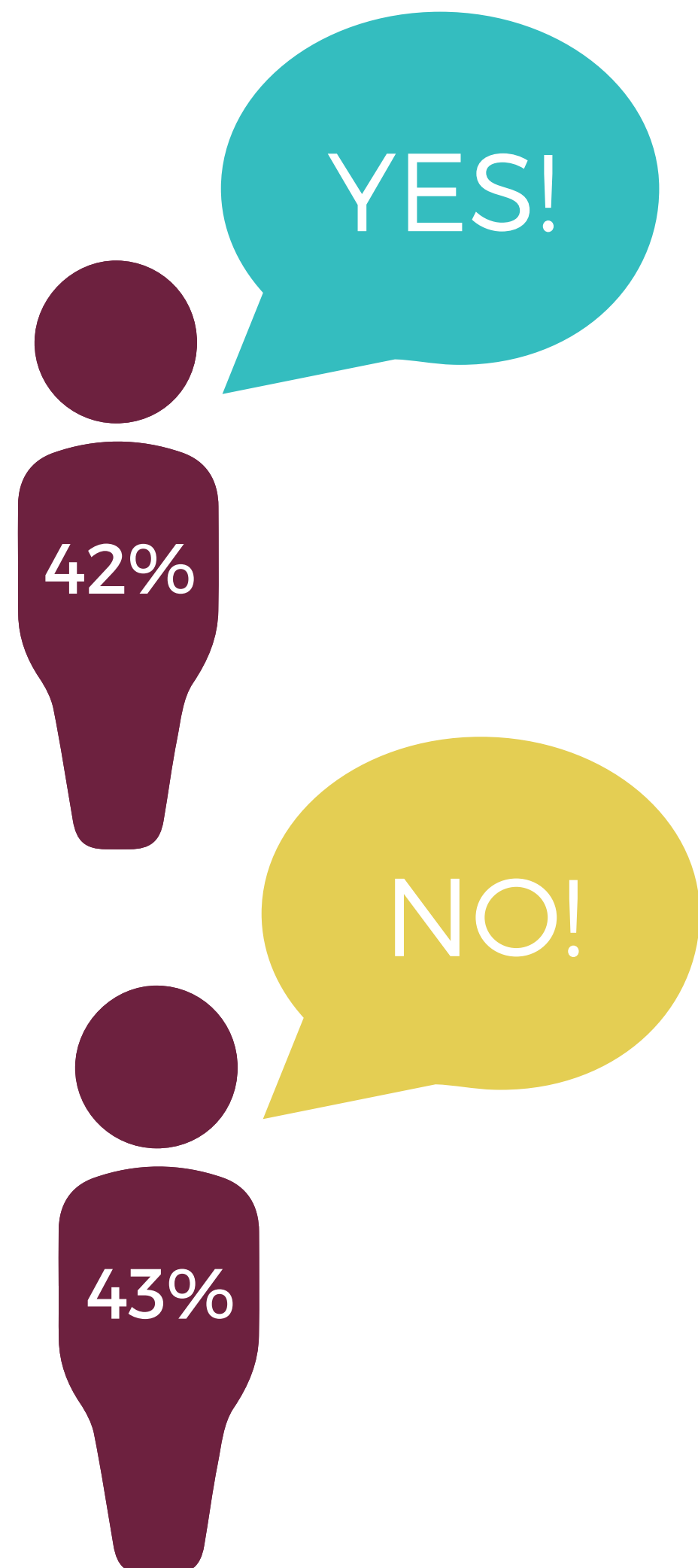
It may be that hiring managers at these companies are putting a lot of stake in candidate experience, first impressions, and gut instinct. All of which research has shown are ineffective predictors of future performance. It's then likely that these companies are less-than-satisfied with their quality of hire and retention rates.

THE LEADERSHIP EFFECT

What difference does having an effective leader have on your hiring managers and the interview process? It turns out a lot.

It seems good leaders beget good leaders, and bad beget bad. To the question of whether their managers are excellent interviewers, 66% of those with very effective leaders said yes. Just 16% of those with

Q: Have your hiring managers had interview training?



ineffective leaders felt this way.

More than half (52%) of companies with effective leaders provide interview training to their managers, versus just 19% of the ineffective leaders group. And 82% of the strong leaders group felt their managers were equipped to assess candidates, versus 30% of the ineffective leader group.



One final, interesting stat on hiring managers is that 53% of HR professionals with very effective leaders felt their hiring managers were engaged in the recruiting process. That may not seem like a lot, but it's miles ahead of the 33% of the total sample and the 13% for the group with ineffective leaders. This is notable because lack of hiring manager engagement is consistently one of the biggest challenges HR professionals cite in effectively recruiting.

52% of companies with effective leaders provide interview training vs. 33% of others: McQuaig survey
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FINAL THOUGHTS

When we look at these results as a whole, they seem to be telling us two things: having effective leaders has a meaningful impact on the ability to attract and retain talent; and the majority of HR professionals don't feel their leaders are much more than adequate.

Does having an effective recruiting process lead to better leadership? Or does having better leadership equal more effective recruiting? Our results don't allow us to conclusively say if there is a cause and effect link either way, but our experience working with organizations around the globe for 50 years points to a cyclical relationship.

The fact that only 25% of HR professionals in our survey said their leaders are very effective worries us. Comments made by Mark C. Crowley in our chapter on leadership ring in our ears. If leadership is sub-par, that has to affect results, productivity, and culture. And if 75% of leaders are merely adequate, or worse, the selection process for managers must be broken.

One thing we do know for certain is the path to fixing the problem lies in hiring the right people and developing them the right way;

preparing them to fill current and future leadership roles. To do that, you have to know what your company needs in a leader and what's required to succeed in those roles; how to assess for those traits in internal and external candidates; and how to develop people to succeed.

Succession management, leadership development, and hiring practices are the paths to fixing this crisis (yes, we'd call it a crisis). Underlying all of this, though, is understanding people.

Our survey results confirm that skills are not the problem. When people fail, it's due to character and personality misalignment. Take the time to identify the qualities you need in a leader. Define the personality and behavioral traits that will equip them for success. Use effective interviewing techniques and insights from assessments to identify those natural behaviors in candidates and employees. And then customize your development plans to build on the natural strengths you know you need.

It's a simple, three-step process that we've seen succeed again and again.

METHODOLOGY

Survey Sample

Our survey was completed by 438 human resources professionals from around the globe.

Regions

- North America 47%
- Australia/New Zealand 30%
- Europe/UK 15%
- Middle East 4%
- Other 4%

Company Size (# of Employees)

- < 100 33%
- 100 – 499 30%
- 500 – 4999 28%
- 5000+ 9%

Respondent Level of Responsibility

- VP level or above 23%
- Director 18%
- Manager 40%
- Other 19%

Survey Administration

- Survey in field from February 1, 2016 to February 25, 2016
- Email contacts with three follow-up reminders; social media promotion

THE MCQUAIG INSTITUTE

The McQuaig Institute offers a simple, accurate web-based talent assessment system and ongoing support that empowers employers to hire, retain and develop the right people. The McQuaig System delivers reduced turnover and increased productivity through more efficient teams and more engaged employees. Through customized implementation, McQuaig will ensure a well-defined process that delivers the most value to your company.

See for yourself. [Request a free trial.](#)

What is McQuaig?

Easy to use, web-based behavioral assessments that help you hire and retain the right people.

[Get a Demo](#)

[Video Overview](#)



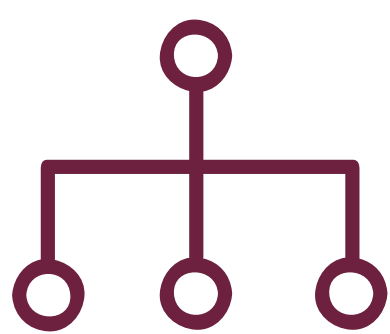
Assessing Candidates

Imagine knowing how they'll perform before you make the offer. Find the right fit.



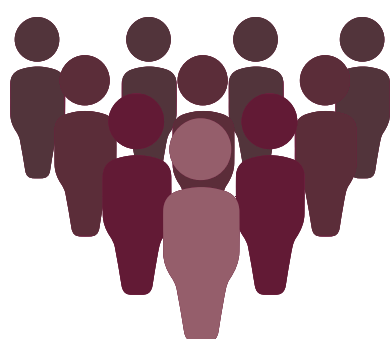
Coaching & Development

Create customized development plans targeting employees' natural strengths and personality



Leadership Development

Find your future leaders and develop them the right way with a 3-step process.



Team Building

Build high-performing teams and fix dysfunctional ones by understanding everyone's natural temperament



Employee Onboarding

Better onboarding means higher productivity and lower turnover. Make your program work for every individual.



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WWW.MCQUAIG.COM