



Paytime

## Are You Making Costly Hiring Mistakes?

Strategies and tools for recruiting and hiring best-fit employees

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It goes without saying that employers want to recruit and hire the best talent in their industry. They want to attract great candidates, move them smoothly through the application and onboarding process, and create a positive impression of their company right from the start. But what if your organization's internal processes aren't set up to support efficient and effective hiring? If HR lacks the support they need to effectively manage screening, hiring, administration, and reporting, they may end up making poor hiring decisions — decisions that could impact your organization's ability to execute and its bottom line.

The consequences of making a bad hire can be significant:

- According to a CareerBuilder survey, 75 percent of employers said they have hired the wrong person for a position, and of those who had a bad hire affect their business in the past year, one bad hire cost them nearly \$17,000, on average.<sup>1</sup>
- The Department of Labor estimates the price of a bad hire as 30 percent of the employee's first-year earnings.<sup>2</sup>
- SHRM found that replacing supervisory, technical, and management personnel can cost from 50 percent to several hundred percent of the person's salary. And the higher the employee's position and the longer they remain in that position, the more it will cost to replace them.<sup>3</sup>

### What is a bad hire?

Brandon Hall Group defines a bad hire as someone who negatively impacts organizational productivity, performance, retention, and culture.<sup>4</sup> While most organizations are intimately familiar with their cost-to-hire metrics — and the variables that influence this formula — many organizations overlook or underestimate the true cost impact of a bad hire. Brandon Hall Group identified three variables that are constant in calculating the cost of a bad hire: Compensation (salary for the job position), training (new-hire training and employee training fees), and cost to hire (traditional recruitment costs).<sup>5</sup> But the true cost of a bad hire can include additional variables such as missed business opportunities, loss of customers, weakened employer brand, loss of productivity, and, perhaps most important — but more difficult to measure — reduced employee engagement.

Today's HCM tools can help to reduce the risk and cost of a bad hire. With an automated, integrated HCM recruitment solution employers can more effectively staff their organizations with the best people for the job. The recruitment process is simplified through automated hiring tools and integrated reporting that enable employers to track applicants in a paperless environment while applicants apply, upload resumes, and answer prescreening questions online. Recruiters can screen, identify, hire, and onboard those candidates who are most likely to be productive — the best-fit employees who will perform better and stay on the job longer.

<sup>1</sup> CareerBuilder, *More Than 1 in 4 Employers Do Not Conduct Background Checks of All New Employees* (November 2016) <http://www.careerbuilder.com/share/aboutus/pressreleasesdetail.aspx?ed=12/31/2016&id=pr975&sd=11/17/2016>.

<sup>2</sup> Fred Yager, *The Cost of Bad Hiring Decisions Runs High*, <http://insights.dice.com/report/the-cost-of-bad-hiring-decisions/>.

<sup>3</sup> Ibid.

<sup>4</sup> Brandon Hall Group, *The True Cost of a Bad Hire* (August 2015), 5.

<sup>5</sup> Ibid, 13.

### The hiring challenge — for employers and applicants

In the current job market, talent is scarce and labor costs are on the rise. From an increasingly competitive global business landscape to changing workforce demographics that are exposing skills gaps, there is added pressure on employers to source top talent. With a limited pool of candidates, traditional recruiting channels and strategies may no longer yield the necessary talent.

HR leaders need new ways to attract top talent to their organizations. And not just any staff, but effective, reliable employees who will become assets for the company. Recruiters are busier than ever, but, all too often, they're dealing with piles of paper applications — most of which have been filled out incorrectly or are missing needed information. And what about referrals from current employees? These candidates are the most likely to be successful hires — and should be top priorities — but with no centralized system of record, recruiters can easily lose track of them. They spend so much time weeding through paper that they can't do what the company needs them to do: Find and hire the best people available.

#### How a Bad Hire Can Affect Your Business<sup>6</sup>

36%	Less productivity
33%	Compromised quality of work
31%	Employee morale negatively affected
30%	Lost time to recruit and train another worker
30%	Cost to recruit and train another worker
29%	Excessive time assisting bad hire

Beyond the challenges that disorganized hiring brings to your company's internal workings, it can also negatively affect how applicants and customers view your organization. The Talent Board found that more than half the candidates who find the application process difficult develop a negative impression of the company's products and services.<sup>7</sup> Savvy companies need to design the candidate experience to attract high-performing employees and make it easy for them to find the right job and apply quickly.

### The value of an automated hiring solution

Employers must think about hiring in new ways and work to leverage automated cloud-based technology and sourcing strategies that improve recruitment and hiring. More organizations are developing and reinforcing an authentic employer brand to attract talent that not only meets required skills, but also is a cultural fit. By identifying the right skills, competencies, and behaviors, you can ensure the best candidates are brought on board — and the bad hires are successfully avoided.

A technology solution that starts with job requisitions allows you to create a seamless, end-to-end recruitment and hiring process for your organization. Requisitions can be easily created in the solution, ensuring consistency. You can filter requisitions by various criteria, sort them by date, and access information regarding approvals and workflow status. When ready, requisitions can be automatically pushed to your organization's internal and external careers websites, as well as free and premium job boards, increasing exposure for your organization's job openings and reaching even more appropriate candidates.

<sup>6</sup> CareerBuilder.

<sup>7</sup> Deloitte, *Global Human Capital Trends 2016*, 68.

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## Improving the applicant experience

Job applicants today expect a simple, intuitive online experience: Create an online profile, search and apply for jobs, and upload their resume quickly and easily. On-screen confirmations and automatic emails let candidates know that their applications have been received without HR staff needing to get involved. And at any time throughout the application process, candidates can log in to the system to update their profiles and check the status of jobs. HCM tools also power configurable careers pages that enable organizations to reinforce employer brand efforts.

Organizations that have invested in optimizing the applicant experience report that the quality of their hires improved by more than 70 percent.<sup>8</sup> With an automated solution it is easier for applicants to search and select available jobs and quickly enter all necessary data into an application. Additional functionality lets job seekers auto-populate the application from external sources, such as a LinkedIn account. And configurability lets you adjust the application to meet the specific needs of individual roles within your organization. Employees who've experienced such a positive application process will become ambassadors for your organization's brand efforts, an effect that can be seen clearly on sites like Glassdoor.com.

And don't forget to include mobile in your efforts to improve the applicant experience. A survey found that 20 percent of job seekers would give up on an online application if they couldn't complete it on a mobile device. Although 70 percent of job seekers are interested in applying via smartphone, only about a quarter of large companies surveyed had optimized their hiring process for mobile devices.<sup>9</sup>

## Prescreening saves time and prevents complications

Allowing employers to evaluate applicants based on configurable prescreening questions delivers big benefits. These questions let recruiters quickly narrow the pool of available candidates by eliminating those who do not meet minimum skills and job requirements.

Resume parsing automates candidate screening by allowing recruiters to electronically gather, store, and organize the information contained in resumes and applications, which can include contact information, relevant skills, work history, and educational background. Information from the candidate's resume can automatically populate the job application, and search functionality enables recruiters to search resumes to identify candidates, reducing administrative drain and speeding processes.

Additional services integrated within a single paperless solution, such as Social Security number validation, background screening, E-Verify®, and more, flag potential issues and save recruiters time and resources that can be dedicated to identifying best-fit candidates. An integrated HCM solution allows your company to make hiring decisions based on data and insights about your current workforce. Using a recruiting heat map, HR leaders can see selected applicants on a map, allowing them to track applicant location in relation to a job requisition location. Even more important, heat mapping

<sup>8</sup> Brandon Hall Group, 10.

<sup>9</sup> Jibe, Inc., *Jibe survey shows a poor application experience deters one quarter of candidates* (September 2014), <https://www.jibe.com/news/recruitment-survey-reveals-significant-disconnect-between-job-seeker-expectations-and-reality/>.

80% of employee turnover is due to bad hiring decisions.<sup>10</sup>

displays rings around distance categories and calculates turnover rate percentages based on customer-defined distances. This kind of visibility assists hiring managers and recruiters in making strategic decisions regarding best candidates based on past turnover trends. HCM solutions continue to develop tools like this to assist recruiters in making hiring decisions.

### Getting interviews right

According to Brandon Hall Group, 69 percent of companies identified a broken interview process as having the greatest impact on the quality of a hire. Organizations that lack a standard interview process are five times as likely to make a bad hire.<sup>11</sup> Today's HR tools enable organizations to automate applicant correspondence through configurable emails, schedule interviews, and maintain notes, so that recruiters and hiring managers can focus on best-fit candidates throughout the interview process.

### The onboarding advantage

The faster you onboard new hires, the faster they become productive. Leading solutions accelerate the onboarding process so new hires get up to speed sooner, and also improve data quality, reduce administrative tasks and time, increase employee engagement and performance, and help your organization stay compliant. According to Brandon Hall Group, organizations with a strong onboarding process improve new hire retention by 82 percent and productivity by over 70 percent. Companies with weak onboarding programs lose the confidence of their candidates and are more likely to lose these individuals in the first year.<sup>12</sup>

With an automated hiring solution, all applicant data automatically flows into the new employee record, so there's no need to reenter information or risk having errors enter the system. New hires are immediately available to be added to the work schedule. Required skills and certifications are tracked in a single location for one source of truth. A configurable onboarding checklist provides task assignments that track each component of a configurable onboarding process — from beginning to end. You can have confidence that no steps are missed in the onboarding process and that the applicant is poised to make the transition from new hire to productive employee.

HR also sees considerable benefits from an integrated onboarding solution by putting processes like I-9 forms, benefits enrollment, electronic signatures on custom forms, assignment of corporate assets, and more online. By supporting a paperless HR environment and reducing tedious HR administrative tasks, HR can focus on people, not processes.

<sup>10</sup> Yager.

<sup>11</sup> Brandon Hall Group, 10.

<sup>12</sup> Ibid, 12.



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Recruiting and hiring successful candidates is a time-consuming, resource-heavy, expensive process, making effective onboarding critically important. Automation ensures not only that new hires receive a proper welcome and gradual integration, but also that departmental managers don't struggle. By mapping the employer's process and using the tools to track actions and generate notifications, you can keep everyone involved in the hiring process on task.

And when the inevitable bad hire does happen, an HCM solution can help, with a configurable workflow for your offboarding process to make sure that no steps are missed. Exiting employees are paid final pay accurately, the first time and on time. Open shifts are automatically triggered. And HR automatically receives vacancy notices. You can also track why new hires may leave after only a short time. With detailed turnover reports and at-a-glance visibility into employee data, HR leaders have strategic insight to guide any necessary changes within your organization.

### The value of a unified platform

Taking advantage of a common human capital management platform creates a streamlined and efficient process for finding, qualifying, and hiring applicants who will make a difference in your organization. Managers benefit from access to a single source for real-time employee data, allowing them to drive productivity, increase employee engagement, and make more informed business decisions.

The single employee record reduces reporting complexities and allows organizations to track traditional recruiting metrics, as well as longer-term success metrics that measure tenure and performance. Reporting from a single source with data that's updated in real time allows you to take action based on accurate information versus legacy-latent data that can easily lead to the wrong conclusions.

### Conclusion

In too many organizations, the recruiting process is broken, with inadequate processes in place for sourcing, tracking, and evaluating best-fit candidates. HR needs a way to better manage the company's openings, candidates, and reporting requirements in order to reduce the rate and cost of bad hires. An automated, integrated solution lets companies improve each step of the recruiting and hiring process and puts hiring professionals in the best position to hire a best-fit workforce.