



Reduce Hiring Mistakes With The Right Metrics



Hiring the wrong person can be a very expensive mistake. Consider the wasted cost of recruiting, selecting, onboarding, and training that hire, not to mention the negative impact on co-workers and customers. Then think about having to start the hiring process again to find the right person.

Hiring mistakes are not uncommon; the latest IBM WorkTrends™ survey reveals on average 39 percent of recent hires would not be rehired.

In an attempt to reduce these costly mistakes, organizations have turned to statistics and metrics that assess the effectiveness of hiring processes. However, in the face of an overabundance of numbers, knowing which metrics are most important can be a real challenge. Fortunately, new analyses from the IBM Smarter Workforce Institute can provide some guidance.

Which metrics are most commonly used?

The first point to note is that one in ten HR leaders and hiring managers say their organization does not assess the effectiveness of their hiring process in any way. Not using metrics at all represents a potential missed opportunity to optimize hiring processes.

Of those organizations that are taking positive steps to evaluate their hiring processes, the most commonly used metrics focus on the quality of the candidate—six out of ten HR leaders and hiring managers reported using quality of hire (e.g., performance appraisal ratings, employee-organization fit, etc.). As shown in Figure 1.

Figure 1: Which metrics do organizations use to assess hiring process effectiveness?



Source: WorkTrends 2013/2014 HR leaders and hiring managers (n=6,202).

Note: Percents sum to greater than 100, because respondents could select more than one metric. Process adaptability refers to how easily the process can be modified to suit the changing needs of the organization.

Which metrics are more effective?

Knowing which metrics are commonly used is only part of the story—what really matters is which metrics are more effective. In fact, not all metrics lead to the best outcomes, as shown in Figure 2:

- **Quality metrics**—feedback from peers/coworkers, employee-organization fit, performance appraisal ratings, hiring manager feedback, time until maximum productivity, and leadership potential—are associated with fewer hiring mistakes (nearly 18 percentage points less).
- **Quantity metrics**—number of candidates, time to fill, cost of hire, and promotion speed—are associated with more hiring mistakes (up to 11 percentage points more).

Figure 2: Which Metrics Are Important?



Source: WorkTrends 2013/2014 HR leaders and hiring managers (n=6,202).

Note: $R^2 = .11$, $F(57, 6,144) = 12.83$, $p < .00$. Several control variables were also included in this model, including whether the respondent works in HR, home country, and industry. Numbers represent percentage points.

How to improve hiring process effectiveness

Given the insights from this research, organizations wanting to reduce hiring mistakes should consider the following:

- **Evaluate hiring processes with metrics.** Given that some organizations do not evaluate their hiring processes at all, there is a clear opportunity to measure and then reduce costly hiring mistakes.
- **Use the right metrics.** Organizations that prioritize quality over quantity seem to be realizing the most benefit, at least in terms of good hiring decisions. Organizations may want to re-prioritize the metrics they are currently using.
- **Mind your measures.** Given the importance of quality of hire and the frequent use of performance appraisals as a measure of quality of hire, HR leaders and hiring managers should strive to ensure these appraisals are as accurate and unbiased as possible. Inaccurate and biased performance ratings lessen the utility of this metric in evaluating the effectiveness of hiring processes.

Hiring mistakes can be costly, but it is possible to reduce those mistakes with careful use of the right metrics.

For more on hiring metrics, download the full IBM Smarter Workforce Institute white paper: *The secret to reducing hiring mistakes? It's in the metrics* at IBM Smarter Workforce Institute. [Click Here](#)

