How Hiring Analytics Can Minimize the Cost of a Bad Hire

March 1, 2018

Executive Overview

Employees are a business' most valuable asset, but they can also be the greatest liability. The cost of just one bad hire can be substantial to both the bottom line and top line of a business.

Some of the costs are direct, such as lost productivity and revenue. Yet, indirect costs may be more substantial in the long-term. ***More than a quarter of surveyed employers state a single bad hire ultimately cost more than $50,000[1].***

Currently, hiring managers take a passive rather than proactive approach to measuring quality of hire. The YOUR6 hiring analytics platform addresses this critical shortcoming by giving HR professionals predictive tools for identifying best fit applicants during the hiring process.
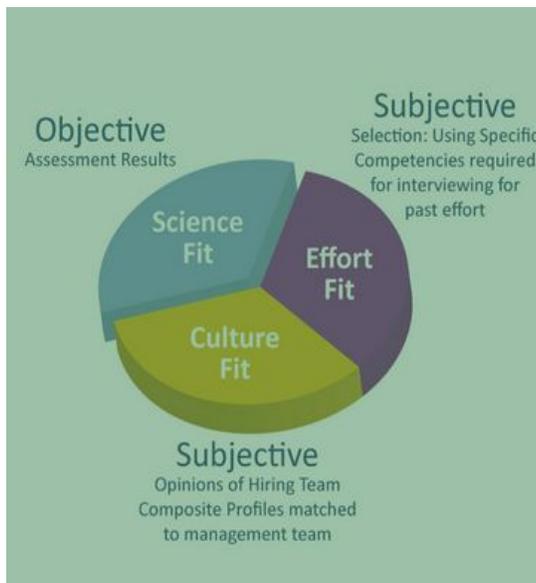
Data & Analysis

Traditional candidate recruiting, screening and interviewing methods fall short in identifying applicants who are the best fit and most qualified, as well as validating that they'll perform well within a certain corporate culture, team or role.

The key issue with a bad hire isn't limited to lost productivity connected to their job role. A hire who struggles to meet the job requirements or fails to work well with others causes a ripple effect throughout the workplace.

The SHRM 2016 National Study of the Changing Workforce shows there are seven key components that contribute to an effective workplace where job satisfaction, engagement and retention is high[2]. Co-worker support was one of the seven components highlighted in the study.

Top line factors such as teamwork, cohesiveness, employee morale and commitment all bear the burden of a bad hire. In effective workplaces, employees are twice as likely to be engaged and remain with the company. SHRM found the retention rate at highly effective workplaces is 77%, and just 30% at less effective workplaces.

Therefore, who is hired has a bearing on the productivity and retention of other employees, which can prove to be costly. A 2017 CareerBuilder survey found that the loss of a good employee costs a company an additional $30,000[3].

Furthermore, additional resources are needed to develop employees who aren't fully equipped for their job role or for effectively working within the team. If the bad hire has to be replaced, the cost of recruiting, hiring, onboarding and training is doubled. Other related costs included lost customers, missed sales opportunities and weakened brand.

A LinkedIn Talent Solutions study found 29% of small business leaders believe improving the quality of hires is a top priority[4]. However, businesses primarily gauge quality of hire using methodologies such performance reviews and retention rate, that are only measurable long

after the position has been filled. As a result, less than 33% of small businesses felt confident they were measuring quality of hire effectively.

RESULTS

Traditionally, hiring managers have relied on resumes and interviews to qualify job applicants. These methods allow bias to enter the process, and hiring managers must rely on applicants to accurately state their qualifications.

After years of processing millions of job applications, YOUR6 has created a hiring analytics platform that has proven to be a better solution for measuring hiring quality, and it can do so before an applicant is selected. Using artificial intelligence (AI) and a proprietary predictive algorithm, YOUR6 is able to accurately rank job candidates based on who will perform best working within the job role at a specific company.

The YOUR6 hiring analytics solution was proven to be 99% accurate in a recent analysis of new hires at a federal veterans organization. YOUR6 was able to match the internal ranking of new hires a year after they began working. This was accomplished by analyzing the requirements of the position, conducting in-depth assessments, skill mapping, natural language processing and factoring in corporate values.

This same technology can be used at the forefront to uncover the job applicant that has the best skill set, work ethic and attitude for the position. Taking corporate culture into account helps to mitigate the potential of a bad hire that doesn't work well with other employees, lowers the work standard and makes others less engaged.

Proven 99% accurate at selecting the best job candidate.

Key Takeaways

Businesses must do all they can to circumvent costly bad hires. Doing so requires spending the time to recruit qualified candidates, clearly defining the parameters of the job and putting tools in place to properly assess the quality of candidates.

Hiring managers need tools that are less passive and more predictive in order to recognize all pertinent strengths and weaknesses before hiring a new employee. An AI solution such as the YOUR6 hiring analytics platform is designed to measure a variety of factors to reveal what applicants will do, not just what they can do. The insights gained allow hiring managers to make more informed decisions and reduce the potential of a bad hire.

Improving the Quality of Hires With Predictive Analytics

YOUR6 has taken the human error and subjective judgement out of hiring. When our predictive hiring analytics are applied, managers can be confident that the person they hire has the necessary skills, the right attitude and will work well with others.

The YOUR6 hiring analytics platform utilizes AI, machine learning and normative assessments rather than resumes, which rarely provide a complete and perfectly accurate depiction. Inherent traits, learned behaviors, core competencies and hard skills are analyzed to generate a smart chart ranking system using a FIT score. It's a clear guideline for determining which candidate will contribute the most towards creating a highly effective workplace.

With advanced hiring analytics technology, hiring managers can limit the liability and cost that comes with hiring the wrong individual. Because the YOUR6 hiring analytics platform is capable of analyzing dozens of applicants in a matter of hours, HR departments also benefit from an expedited hiring process that puts the right hire in place more quickly.

1. CareerBuilder / Harris Interactive [November 2012 Employer Survey](#).
2. SHRM's Effective Workplace Index: Creating a Workplace That Works for Employees and Employers.
3. CareerBuilder / Harris Interactive [November 2017 Employer/Employee Survey](#).
4. LinkedIn Talent Solutions Global Recruiting Trends 2016.