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For over 40 years, DDI has helped the most successful companies around the world close the gap between where their businesses need to go and the talent required to take them there.
Our areas of expertise span every level, from individual contributors to the executive suite:
•  Success Profile Management
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•  Succession Management
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Global Selection Forecast 2012
Jazmine Boatman, Ph.D., and Scott Erker, Ph.D.
Knowledge is power.

To KNOW MORE about DDI’s Global Selection Forecast 2012, please visit www.ddiworld.com/gsf2012
ABOUT THE STUDY

DDI’s Global Selection Forecast 2012 is part of a continuing series of trend research by DDI’s Center for Applied Behavioral Research (CABER). It was designed to inform and advise talent management professionals about the current state of hiring and selection strategies of organizations worldwide. More than 250 staffing directors and over 2,000 new hires from 28 countries provided perspectives on their organization’s selection processes. Staffing directors provided insights into what selection systems look like today; new hires provided an unprecedented view of how those systems are perceived as well as their post-hiring experiences. This is the third Selection Forecast DDI has conducted since 1999.

DDI distributed surveys to staffing directors and new hires between December 2011 and March 2012. Each organization was encouraged, but not required, to have 30 new hires participate to produce a better perspective on their own hiring practices. Organizations of all sizes participated, with the majority being multinational, for-profit organizations spanning 33 industries. See the Appendix for lists of participating industries and countries.

ABOUT DDI

For more than 40 years, DDI has helped the most successful companies around the world close the gap between where their businesses need to go and the talent required to take them there. Our areas of expertise span every level, from individual contributors to the executive suite:

1. Success Profile Management—Our process will identify quickly and accurately what success looks like for all of your critical roles.

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4. Succession Management—Our consulting services and tools will ensure a steady supply of ready-now leaders who will meet your business needs today and tomorrow.

5. Performance Management—DDI’s comprehensive approach to performance management enables the execution of business strategy by creating alignment, accountability, and focus.

DDI’s approach to talent management starts by ensuring a close connection of our solutions to your business strategies and ends only when we produce the results you require.

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Oracle’s Human Capital Management (HCM) applications are a complete and integrated suite—from core HR transactions and workforce service automation to complete enterprise talent management, including many best-in-breed capabilities unique in the industry. Oracle’s global, web-based, single-system architecture is designed for organizations of every size, industry, and region. And only Oracle HCM comes with complete, integrated business intelligence, compliance, and security with your choice of deployment options. Oracle is the HCM solution of choice for more than 14,000 customers in over 140 countries, including 8 of the top 10 Fortune 500 companies and 30 of the top 40 innovative companies.
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EXECUTIVE SUMMARY

KEY FINDINGS

1. “GROWING YOUR OWN LEADERS” WORKS  
   (pages 12–13)

When selecting talent for leadership positions, hiring externally is more expensive and can backfire. Promoting talent from within is the most reliable way to ensure that organizations put the right people in critical leadership roles. Conversely, we found that organizations were more successful at identifying the right person for the job when hiring externally for non-leadership roles.

2. NEW HIRES DON’T KNOW ENOUGH ABOUT THE JOB  
   (pages 34–35)

New hires feel a disconnect between what they learned about the job in the hiring process and the actual job. Only half of new hires are confident they made the right decision in accepting their job offer. Data show that providing new hires with a realistic preview of what they can expect day-to-day will give them information they need to be more confident in their employment decision, more engaged, and less likely to look for another job soon after they are hired.

3. HIRING MANAGERS DON’T KNOW ENOUGH ABOUT WHO THEY ARE HIRING  
   (pages 20–21)

Hiring the best involves knowing what it takes to be successful in a particular job, and then making sure that who you hire has what it takes to succeed. However, many organizations do not thoroughly define what’s needed to be successful in the job, nor are they using the right mix or number of assessments to know more about candidates. This gap means hiring managers rely too much on their own judgment when making hiring decisions, resulting in hiring failures.

4. ORGANIZATIONS OUTSIDE THE UNITED STATES KNOW MORE AND GUESS LESS ABOUT JOB CANDIDATES  
   (pages 28–29)

Talent acquisition professionals in non-U.S. countries tend to use a greater number of selection tools than those in the U.S., and they plan to add even more in the future. It’s no surprise that, overall, they rate their selection systems higher in nearly every category than did their American counterparts.
5. LEVERAGING SELECTION DATA AFTER HIRING IS CRITICAL FOR SUCCESS (pages 34–35)

Organizations that make evidence-based hiring decisions gather a tremendous amount of data to improve workforce performance and to have a significant impact on the business. Unfortunately, they are not consistently using this information during the selection process for greater purposes, such as providing individualized development and workforce training, identifying gaps in the workforce, improving on-boarding programs, or evaluating the selection system’s effectiveness.

KEYS TO SUCCESS

1. Do your homework and know what you’re looking for when you hire.

2. Ensure that your selection system is meeting all of your requirements.
   (High-quality hires + legal defensibility + efficiency + brand representation + integration)

3. Use a variety of tools to arm hiring managers with the information they need to identify the best person for the job.

4. Provide candidates with the information they need to make the right decisions about whether to accept the offer.
   (Hint: Realistic job previews will go a long way toward achieving this objective.)

5. Leverage data gathered during the selection process for both micro and macro purposes.
The key to making better hiring decisions is knowing more—and guessing less—about who you hire.

INTRODUCTION

We were slated to conduct a study in 2009, but needless to say, employee selection wasn’t a concern for organizations at the onset of the global recession. Organizations were more focused on keeping their businesses viable during the downturn. Three years later, organizations have learned some valuable lessons. Those that survived realized what the true core of their business is, what sets them apart from the competition, how to stay relevant, and what they can do without. What we have learned is that, although much has changed in the business world, one essential truth has remained the same: Organizations have no more important decision to make than who they hire. Furthermore, the premise behind this truth turns out to be evergreen: The key to making better hiring decisions is knowing more—and guessing less—about the people being hired.

The talk about how the recession has contributed to an increased competition for talent and economic volatility has been unending. But our data show that the war for talent was raging before the recession and has continued to this day (see Figure 1). What sets today apart from 2007 is that hiring decisions have never carried more weight. Aberdeen’s latest assessment report (Lombardi, 2012) found that the key pressures on organizations’ selection strategies are the lack of objective data for hiring and promotion and a pressing need for higher quality talent to achieve their new (and loftier) growth goals. Organizations are critically dependent on high-caliber talent to take their business to new heights, relying more than ever on talent with special skills to differentiate themselves from their competitors. This desperate need for top talent is confirmed by

![Figure 1: The War for Talent Continues](image-url)
Korn/Ferry Institute’s latest executive survey (2012), which notes that 73 percent of executives reported that a lack of internal talent has led their organizations to postpone or abandon objectives during the past two years.

“Our selection strategy is one of the most critical business processes in place today. Our talent’s capabilities is the only thing that sets us apart from the competition.”
—Staffing Director, U.S., Industrial Manufacturing

“Being in a niche business like ours, we need to recruit the right candidates at every level to retain our market leadership.”
—Staffing Director, India, Financial Services

“Selecting best-fit candidates based on both their current capabilities and potential to move up to higher level roles impact the capability of the business to achieve its KPIs.”
—Staffing Director, Philippines, Insurance

“Getting the right people at the right time into the right jobs is KEY to success at any company.”
—Staffing Director, U.K., Metals and Mining

As talent advocates have said for years: Talent is the linchpin for organizational success and sustainability. And the cost of making poor hiring decisions has never been more consequential: According to a Bersin & Associates research bulletin (O’Leonard, 2012), the cost of a new hire in the United States is, on average, $3,479. This varies by industry, with manufacturing having the most costly hires ($6,443) and health care the least costly ($2,127). But the cost to organizations of poor selection goes well beyond those costs incurred in hiring. A 2009 Corporate Executive Board study found the total cost of poor selection (i.e., turnover costs + performance loss) was $28.5 million (assuming 2,500 new hires per year, with an average salary of $75,000). The math doesn’t lie: If your business relies on talent to compete, then talent decisions have critical bottom-line consequences.

Today’s hunt for human capital has additional challenges. As a testament to the endlessly changing nature of work (Howard, 1995), today’s organizations are set on achieving more with less. Simple tasks are being routinized so that organizations can focus their resources on the expert talent that will help them work smarter. Yet, during a time when key talent is desperately needed, there seems to be a global shortage of higher-level critical skills, particularly
leadership skills, in the labor pool. This talent shortage occurs in the midst of a market that is saturated with job seekers who are savvier than ever, well coached, and well informed about how to land the job they want. As a result, organizations are discovering that they are swimming in a sea of employment possibilities and that they need better methods to identify who will best fill their critical talent gaps. Thus, the challenge looming ahead for staffing directors and their business partners in the coming years is not just how to get high-quality candidates to line up outside their door, but how to zero in on the ones that they want to step through.

Unfortunately, this year’s study found that, although selecting employees is something organizations have been doing for a long time and is arguably the most formalized HR system, organizations still have many opportunities to improve in this area. Most have neglected two time-tested keys to success when selecting employees: Knowing who they need and using the right tools to find them.

To tackle this business-threatening talent acquisition challenge, you should be asking yourself a few key questions as you begin to plan a strategy to propel your business out in front of its competition:

• Is the strength and readiness of our workforce ready to drive the business to new heights?

• Do we know where our gaps are and what we’re looking for?

• What qualities are most critical for our new employees to have?

• Do we have accurate information about how our candidates stack up against job requirements?

• Are our assessments contributing effectively to the selection process?

• Is our selection system doing its job?

Perhaps you answered “No,” “I don’t know,” or even “How do I know?” to any of these questions. If so, we hope that the remainder of this report will prove to be informative and insightful as you make evidence-based talent decisions that will ensure your organization reaches its objectives today and into the future.
PART I: YOUR SELECTION SYSTEM TODAY

TALENT ACQUISITION PRIORITIES

Expectations for employees and organizations are soaring. In our survey 62 percent of staffing directors say they expect hiring volume to increase in the coming year, particularly at the professional level. Yet, less than 1 in 5 organizations claim to have a talent acquisition strategy designed to beat their competition. That is not encouraging news. Still, organizations seem to be aware of the gravity of this problem, which is reassuring. Three out of every five staffing directors are experiencing increasing pressure regarding their selection strategies as well as executive-level scrutiny, suggesting that talent acquisition is a key focus in many organizations. In fact, The Conference Board’s CEO Challenges study (Mitchell et al, 2012) revealed that human capital is a top priority for hundreds of CEOs around the world, second only to innovation. To dig deeper, we surveyed more than 250 staffing directors to better understand organizations’ priorities regarding their talent acquisition systems, and we learned a lot (see Figure 2).

FIGURE 2 CURRENT TOP PRIORITIES FOR STAFFING DIRECTORS
Staffing directors’ top concern is bringing in high-quality talent. They also realize they can’t simply fill positions with people who meet only today’s needs; rather, they need to select new employees with the future in mind. Once they find the right people with the right qualities to drive the business, making sure those efforts aren’t wasted if the recent hires leave the organization becomes their next concern. They must do all of this while ensuring that HR (as a cost center) plays by the same rules as every other business unit.

Far down their list of priorities is globalization. Only 9 percent consider it a leading priority, related to the fact that only 1 in 3 staffing directors currently manage selection on a global scale. Legal defensibility also is not a high priority, probably because much effort has already been put into ensuring that selection practices are legally defensible. In short, staffing directors are focused on the fundamental imperatives: bringing in the best talent, growing them, and keeping them.

**SELECTION STRATEGIES: STILL EVOLVING**

How are today’s selection systems stacking up? Do they meet expectations? When we asked staffing directors to rate the effectiveness of their selection systems, almost 3 out of every 4 (72 percent) rated them as effective or very effective. This was surprising given that only 19 percent of staffing directors reported having a talent acquisition strategy that is ahead of the curve. This raises the question: What do these organizations consider to be “effective”? Is an effective system one that merely keeps up with others? Will building a modest system be enough to ensure that an organization stays ahead of its competition? Regardless of how organizations define effectiveness, progress seems to have plateaued (Figure 3). In fact, the percentage of organizations that rate their system as ineffective has increased (albeit marginally) since 2005.
As it turns out, organizations rate their selection systems so optimistically because their criteria for effectiveness are lacking. Currently, most organizations use process efficiency metrics (e.g., time to fill) followed by lack of turnover and hiring manager satisfaction as their main criteria for success (see Figure 4). In other words, if employees are staying and their hiring managers are satisfied, then organizations are satisfied. But are those the best standards against which selection systems should be measured? They may be some of the more accessible metrics, but they don’t answer some key questions: Are new hires of a better quality (staffing directors’ number one priority, as shown on Figure 2)? Are they likely to grow and move up in the organization (their next priority)? Less than half of staffing directors look to new-hire performance as a measure of their selection systems, and less than a third consider the promotability of new hires.

Regrettably, most organizations cannot answer some of the most critical questions about their systems and processes. Organizations need to push past the plateau they have been experiencing and get realistic and strategic about their selection practices. The majority may rate their overall systems as effective, but the bar for what is effective isn’t where it needs to be. Process efficiency and hiring manager satisfaction are important, but how effective can a system be when it fails to consistently hire better performers?

![FIGURE 3 EFFECTIVENESS OF SELECTION PRACTICES](image-url)
The actual process for making a hiring decision is less effective than a coin toss.

INTERNAL AND EXTERNAL HIRING

When asked specifically about the effectiveness of internal and external hiring, less than half of staffing directors rated either highly (45 percent rated internal hiring effectiveness as high or very high; 48 percent for external hiring). These ratings are much lower than the 72 percent that rated their selection systems as effective, suggesting that the effort put into other aspects of the selection system, such as finding candidates (sourcing) and attracting them (recruitment), might be driving up overall selection effectiveness ratings. Meanwhile, the actual process for making a hiring decision is less effective than a coin toss.

As for internal hiring (i.e., promotion) versus external hiring, many organizations have committed themselves to growing from within, as evidenced by an increasing investment in learning and development and career pathing. The “grow your own leaders” approach is intuitive, but our study demonstrates what most of us already know to be true. When we looked at organizations that were more successful in identifying the right people for the job, we saw this trend: The higher the level of the position in the organization, the less hiring was done from the outside.

Regarding leadership positions, organizations better at hiring tended to promote internally and hire less from the outside (see Figure 5).
Hiring from within has important implications for the efficiency of organizational resources (e.g., lower recruitment costs, faster ramp-up time). A recent study from the University of Pennsylvania’s Wharton School (Bidwell, 2011) demonstrated that external hires cost 18–20 percent more and performed worse on the job. Promoting also sends a message that the organization strongly believes in development. This hiring approach could translate into more engaged employees willing to stay with the organization for the growth opportunities it offers. Also, a major role of management is to support strategy and meet organizational goals—tasks well suited for people in the organization who already are familiar with its complicated inner workings.

On the other hand, for a nonmanagement position, hiring externally is the more viable option: It brings in new talent early while providing the time needed to groom them into future leaders. This mounting evidence confirms that the “grow your own leaders” approach is highly effective for filling leadership positions. It also underscores the importance of effective selection processes at all levels—because an organization never knows when it might be hiring its next CEO.

“This done properly, a well-executed selection strategy literally shapes a business through its people—arguably the biggest factor of success for almost any business!”

—Staffing Director, Australia, Banking
SELECTION SYSTEMS IN ONE WORD

STAFFING DIRECTORS

When staffing directors and new hires were asked to describe their selection systems, both groups provided invaluable insight into what they believe is working and, perhaps more importantly, what is not. We discovered that organizations have been neglecting important aspects of their selection systems. Only half of staffing directors rate their systems as effective, and even fewer view them as aligned, objective, flexible, efficient, or integrated.

How effective can a system be if it’s not selecting the right people?

<table>
<thead>
<tr>
<th></th>
<th>% of staffing directors rating as high/very high</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal</td>
<td>66%</td>
</tr>
<tr>
<td>Supported</td>
<td>50%</td>
</tr>
<tr>
<td>Effective (identifying the right people)</td>
<td>50%</td>
</tr>
<tr>
<td>Aligned</td>
<td>48%</td>
</tr>
<tr>
<td>Objective</td>
<td>46%</td>
</tr>
<tr>
<td>Representative (of brand)</td>
<td>43%</td>
</tr>
<tr>
<td>Flexible</td>
<td>42%</td>
</tr>
<tr>
<td>Efficient</td>
<td>36%</td>
</tr>
<tr>
<td>Integrated</td>
<td>25%</td>
</tr>
</tbody>
</table>

LEGAL

The majority of staffing directors rate their selection systems as legally defensible, which is good news, especially in the U.S., where legal defensibility is a court-ordered prerequisite. Nearly 7 out of 10 staffing directors report that legal risks have been an important concern for them, suggesting that they have focused on this area in recent years. Simply abiding by legal standards may ensure fewer lawsuits, but it does not ensure that organizations are creating selection systems that enable them to achieve their goals.

EFFECTIVE

To our dismay, only half of staffing directors report that their system effectively identifies the right people for the job (in our opinion, the truest measure of success). Given that the top priority of staffing directors is bringing in high-quality talent, how effective can a system be if it’s not selecting the right people?
OBJECTIVE

Related to having a legally defensible system is having one that objectively evaluates talent. Organizations need unbiased, systematic methods for evaluating job candidates to ensure an effective hiring decision. The extent to which job candidates perceive a system to be objective and fair weighs heavily on their opinion of the organization and their ultimate decision about where to work. Unfortunately, less than half of staffing directors worldwide rate their current selection system as highly objective.

REPRESENTATIVE

Our finding that less than half of staffing directors report that their system does a good job of representing their brand is problematic. The selection process is one of the main ways in which candidates judge an organization; the candidate experience can make or break both the hiring decision and the employment brand. Having a process that sends a positive message to candidates about what the organization values and how it operates is critical to securing high-quality talent that will succeed in the organization.

EFFECTIVELY IMPLEMENTED

The rest of the list doesn’t bring any brighter news, with more than half of staffing directors reporting that their system lacks critical implementation qualities (i.e., alignment, organizational support, flexibility, and efficiency). The fact that flexibility, efficiency, and integration are at the bottom of the list is particularly worrisome. Having an efficient selection process may increase the odds of securing talented individuals. As organizations take calculated risks in growing their businesses nationally and internationally, they need to employ an efficient, effective system that allows for flexibility and integration. Even for those organizations that are not multinational, integrating selection systems with other organizational processes (e.g., development, performance management, and succession) is imperative if they are to build a leading talent management system that hires, retains, and drives high performers.
Only 51% of new hires report being very confident in their decision to accept the job.

NEW HIRES

This year, instead of focusing on job seekers, as in Selection Forecast 2006–2007, we focused on new hires, those individuals who have experienced the current selection process and are now driving the business. More than 2,300 new hires participated in this research, most of them individual contributors and professionals with an average age of 35 years. The survey of new hires provided some good news: 84 percent are satisfied with their jobs, 80 percent find personal meaning and fulfillment in their work, and 83 percent feel a sense of loyalty to their organization. Because retention issues worry many leaders, it’s reassuring to know that the majority of new hires are highly engaged.

New hires also are relatively optimistic about selection systems, with the majority describing their organization’s system as positioning the organization in a favorable light and professional—two important factors in the candidate experience. One could speculate that the positive attitudes of new hires stem from a positive experience during the selection process and its outcome. However, it’s not all good news. Only 51 percent of new hires report being very confident in their decision to accept the job. And although staffing directors and new hires say that their organization’s hiring system is meeting basic requirements (legal defensibility and professionalism), both stakeholders did not rate it as being particularly efficient or effective at hiring the right people for the job, with some of the lowest ratings made by new hires.

**OUR SELECTION SYSTEM IN ONE WORD…**

(According to new hires)

<table>
<thead>
<tr>
<th>Feature</th>
<th>% of new hires rating as high/very high</th>
</tr>
</thead>
<tbody>
<tr>
<td>Favorable</td>
<td>87%</td>
</tr>
<tr>
<td>Professional</td>
<td>87%</td>
</tr>
<tr>
<td>Fair</td>
<td>84%</td>
</tr>
<tr>
<td>Thorough</td>
<td>80%</td>
</tr>
<tr>
<td>Effective</td>
<td>78%</td>
</tr>
<tr>
<td>Efficient</td>
<td>72%</td>
</tr>
<tr>
<td>Realistic</td>
<td>70%</td>
</tr>
</tbody>
</table>

The new hires’ main complaint is that the hiring process failed to paint a realistic or accurate picture of the job. Our study also found that those organizations that do a better job of providing a realistic picture of the job before employment had more hires who were confident in their decision, highly engaged, and not...
looking to leave the organization (see Figures 6 and 7). Specifically, when new hires said they did not receive an accurate picture of the job during the hiring process, only 14 percent reported being highly engaged and just 12 percent were not looking for another job. Compare that with new hires who did receive an accurate picture of the job during selection: An overwhelming 93 percent are highly engaged and 78 percent are not planning to look for employment elsewhere.

Realistic job previews help new hires be more confident in their decision to accept the job, more engaged, and less likely to look for another job.
What do you wish you had known about the company or position before accepting the job?

▶ “The exact assigned position, the expectations and requirements of the position, and the culture. Honesty goes a long way toward preparing new leaders for the reality of their new position.”

▶ “More information about the job.”

▶ “The true state of the department and the lag of technology at the company. It would not have deterred me from accepting, it would, however, have better prepared me for what challenges I would be faced with.”

▶ “Opportunities within the company, international relocation possibilities.”

▶ “A more realistic preview of the current state of the organization and the anticipated future challenges. The organization has little infrastructure, which makes every task cumbersome and almost impossible to complete in an effective, efficient manner. Had I known, I would not have accepted the offer.”

▶ “How my job relates to the bigger picture.”

▶ “I really didn’t know what my job was going to be until I was mostly through orientation. I didn’t end up staying in that position past the first three months.”

Clearly, most selection systems today can improve, regardless of some favorable perceptions by new hires of the process. The current insufficiencies (i.e., lack of alignment, flexibility, integration, effectiveness) explain why hiring effectiveness is rated so low. When the research and tools exist to make more informed, data-driven talent decisions, having only 51 percent of new hires saying that they are very confident in their decision to accept the job simply is not good enough.
So, what can organizations do to select the right people to drive the business forward? This study found a few keys to success. Essentially, we discovered that organizations that made more effective hiring decisions and leveraged their talent intelligence post-hiring had better quality hires and improved organizational performance. Their effective hiring decisions were contingent upon a thorough analysis of what it takes to be successful in the open job, the right mix of pre-employment tests to assess candidates (including, but not limited to, more effective behavioral interviewing), and realistic job previews. Then, leveraging that data to jump-start new-hire development and to refine the selection strategy led to employing effective talent that helped drive the business past the competition. The model below (Figure 8) illustrates these two key factors that lead to organizational success. It will be used to structure the remainder of this report.

**FIGURE 8 SELECTING BETTER HIRES, DRIVING BETTER BUSINESS RESULTS**

- **Effective Hiring Decisions**
  - Thorough analysis of knowledge, skills, abilities, and experiences needed for job success
  - Right mix of pre-employment tests
  - Effective behavioral interviewing
  - Realistic job previews

- **Leveraging Talent Intelligence**
  - Leverage selection data to accelerate development and identify gaps
  - Evaluate selection strategy via analytics

- **Improved Organizational Performance**
  - Ability to fill key positions
  - Quality of employees
  - Quality of products/services
  - Financial performance
  - Customer satisfaction
PART II: MAKING EFFECTIVE HIRING DECISIONS

According to staffing directors, the number one reason for hiring mistakes is an overreliance on the hiring manager’s evaluation (see Figure 9). The second reason is related to failing to diagnose candidates and relying on their self-promotion to assess their capabilities. Clearly, in order to combat this dangerous combination, organizations need to know more about who they are hiring. This requires two critical steps: Organizations need to identify systematically and thoroughly what they’re looking for (job-relevant factors that are predictive of success on the job), and then use a variety of diagnostic tools to assess candidates on those specific factors.

Only 3 in 5 organizations thoroughly determine what knowledge, skills, abilities, and experiences their future employees should have. Failure to implement this essential step could explain a lot about the lack of fit new hires are experiencing. If an organization does not truly understand how a person will be successful in a particular job, then assessing candidates for that position will be quite challenging. Job analysis is a necessary prerequisite for effective candidate evaluation because it answers the most fundamental hiring question: What data does the organization need to collect and use to make hiring decisions? However, there is a silver lining in these findings: Many organizations seem to recognize this fundamental issue, with almost half of staffing directors planning to update their job analysis data in the next few years to improve their selection system.
Many organizations are missing critical information for making better talent decisions.

After understanding what it is looking for in a job candidate, the organization needs to determine how to identify candidates who have what it takes to be successful. In other words: *What tools is the organization using to identify the right people for the job?* The answer is crucial because the right mix of tools can make or break a hiring decision. Regrettably, only 41 percent of staffing directors report that their pre-employment assessments are able to predict better hires. This is not surprising because we discovered that a similarly low percentage of organizations actually evaluate or validate that their selection tools are indeed selecting high performers (see Figure 4). Therefore, many organizations are missing critical information for making better talent decisions. These two steps have a direct impact on an organization’s ability to identify the right people for the job, the ultimate goal of an effective selection system (see Figure 10).

**FIGURE 10** IMPORTANCE OF JOB ANALYSIS AND PRE-EMPLOYMENT TESTS ON HIRING EFFECTIVENESS

- **Percent of organizations with good mix of pre-employment assessments**
- **Percent of organizations determining what knowledge, skills, abilities, and experiences future employees should have**
Success Profiling: The Critical Foundation
By Mac Tefft, Senior Consultant, Selection Solutions Group, DDI

Organizations need an effective way to link their business and talent management strategies, whether the challenge they face is growth, service excellence, innovation, or global expansion. A comprehensive understanding of what it takes to succeed in a job or level now and in the future is a critical foundation for talent management. More than ever, retaining the right talent to realize business strategies is a top agenda item for executives; building accurate success profiles is the most effective way to bridge the requirements between business and people.

Success profiling enables organizations to consider how incumbents must perform and what they must know in order to make effective decisions and meet business challenges. A complete profile includes the knowledge, experience, competencies, and personal attributes critical for top performance in a job or level (see illustration). These four components either enable job success or, if they are lacking, contribute to failure.

It's important to consider each component separately. Once success profiles are identified, decisions must be made as to how to apply the information to efficiently drive talent systems (e.g., staffing, performance management, development, career planning, etc.). Competencies lend themselves well to development, but personal attributes are resistant to training efforts. When determining the most effective development experiences to drive growth in a role—or on a broader scale, as part of a career progression plan—considering the key experiences and knowledge to be gained is critical, beyond simply the skills and attributes that lead to success. When these elements are ignored, talent decisions might be inefficient and inaccurate.
CURRENT USAGE OF SELECTION TOOLS

Pre-employment tests and assessments are designed to screen job candidates, measure their capabilities, and gather insight on how they will perform if placed in a particular role. It’s the best way to get a clear picture of who is most likely to succeed. Currently, the most widely used tools in organizations worldwide are screening interviews, resume screening, and behavioral interviews (see Figure 11). At least 4 out of every 5 staffing directors use these three tools as part of their typical selection process. After that, the frequency of use of other tools drops significantly. Only 36 percent of staffing directors typically use a knowledge test. About one-third of staffing directors use personality and cognitive ability tests and review candidates’ online profiles. Only 19 percent use robust selection tools such as assessment centers, and less than 1 in 10 use biodata tests or mobile testing.

More staffing directors are reviewing candidate information online, a relatively new practice that is likely to be unstructured, unmonitored, and include information irrelevant to the job. The pervasiveness of reviewing online information to evaluate candidates, rather than using proven methodologies such as cognitive ability tests, simulations, and motivational fit inventories, indicates that organizations need to reevaluate their selection system tools.
Effective pre-employment assessment is about predicting human behavior, and no single tool can do this as effectively as using many.

WHICH TOOLS?

Which are the right tools? Apparently, the majority of organizations don’t know. Many staffing directors (59 percent) report that they currently are not using the right mix (that is, the right tools as well as the right number of tools) of pre-employment tests. Unfortunately, there is not one simple or universal answer to the question of which tools are the right tools to use. Effective pre-employment assessment is about predicting human behavior, and no single tool can do this effectively as using many. Different tools will be more or less appropriate, depending on the job. Tool selection should be based on the results of the job analysis so that the tools will provide critical information directly related to the knowledge, skills, abilities, and experiences it takes to be successful on the job. For example, if technical skills are crucial for successful job performance, knowledge tests will be an important diagnostic tool. If tenacity is crucial, personality and motivational fit inventories will provide the information needed to effectively predict successful performers. Essentially, the right mix of pre-employment tests will result in a more complete coverage of the job’s success profile.

HOW MANY TOOLS?

How many tools will create the right mix to best predict successful hires? Although there is no hard-and-fast answer to this question either, we discovered that using a greater number of tools allows for more effective hiring, likely because it allows for more comprehensive insight about candidates and increases the coverage of the success profile. Three tools were more widely used than others: screening interview, resume screening, and behavioral interview. However, we discovered that organizations that used more than these three tools were more effective at employee selection (see Figure 12). Seventy-five percent of organizations that used more than three tools rated their overall selection system as effective; only 7 percent rated it as ineffective. A lower success rate and a less drastic difference occurred for organizations that used three tools or fewer.

FIGURE 12 THE MOST EFFECTIVE SELECTION SYSTEMS USE MORE THAN THREE TOOLS

<table>
<thead>
<tr>
<th>Overall effectiveness of selection</th>
<th>More tools = more information</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>20%</td>
<td>79%</td>
</tr>
<tr>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>60%</td>
<td>19%</td>
</tr>
<tr>
<td>80%</td>
<td>17%</td>
</tr>
<tr>
<td>100%</td>
<td>7%</td>
</tr>
</tbody>
</table>

10% Very Ineffective + Ineffective
20% Moderately Effective
30% Effective + Very Effective

Global Selection Forecast 2012
Pre-Employment Assessments: Appropriateness Is Key
By Ren Nygren, Director, Global Testing Solutions, DDI

Pre-employment assessments are especially powerful in high-volume applicant settings where no easier, more cost-effective way to quickly and accurately identify high-quality candidates exists. A well-designed pre-employment assessment can have a broad range of applications and, thus, a significant impact on a company’s talent management strategy. Following are three tips for helping organizations design, choose, and implement the appropriate pre-employment assessment.

Match the Assessment to Its Purpose
Some assessments are designed as screening tools. Others offer deeper insights into candidates that help talent selection as well as guide on-boarding and career development. Some others are designed only to guide development. The point is, if an assessment is used in a way for which it is not designed, it may produce misleading and inaccurate conclusions.

Measure and Predict Broadly
Pre-employment assessments that measure narrowly also will predict narrowly (and often poorly). Job expansion and the use of technology to perform unskilled tasks mean that most of today’s jobs are multifaceted, with performance drawing on a mix of interpersonal, motivational, and cognitive skills. This “whole person” view of jobs also should be reflected in what an assessment measures.

Leverage Assessments to Manage Risk
High-quality pre-employment assessments reduce two forms of risk: poor new-hire quality and indefensible selection practices. Risk of low-quality hires is reduced when an assessment is well validated and fulfills professional standards. Risk resulting from indefensible hiring practices is reduced when the assessment is objectively administered and operates fairly for all candidates regardless of their demographic background.

The use of pre-employment assessments has increased dramatically and is expected to grow. The opportunities for them to be a primary influence on a company’s talent management strategy have never been stronger. Through expansive thinking and careful decision making about assessments, companies can achieve their full value while avoiding the drawbacks of a more conventional or narrowly focused selection strategy.
The difference between an ineffective selection system and an effective one is only 1.4 tools.

In general, the more tools they used, the more effective organizations were at selecting employees (see Table 1). Although the differences in the table may seem negligible, the implication is that the addition of at least one pre-employment assessment can make a critical and significant difference in the overall quality of the selection process and the people hired. To put it another way, referring to the first two columns in Table 1, the difference between having ineffective systems and effective systems is only 1.4 tools. Taking the information cited on page 7 (i.e., cost of poor selection, average cost per hire) and assuming an average cost per tool, the cost of adding 1.4 tools for 2,500 hires is $2.3 million, while the cost of poor selection is $28.5 million. Simply by adding one tool, an organization can realize potential savings of about $26 million through reduced turnover and improved performance.

Ultimately, it’s important to balance “the need to know more” with “knowing more in an efficient way,” but as long as the tools are gathering job-relevant information, using more of them reduces the risk associated with employee selection. Each employment offer comes with an inherent risk of making the wrong decision—there is no way to know everything about a future employee. The key to making better hiring decisions is to reduce that risk by gathering more intelligence about whom to hire.

**FUTURE USAGE OF SELECTION TOOLS**

A significant percentage of staffing directors (44 percent) report that they are planning to add more tools to their selection processes. When staffing directors were asked which tools they planned to start using in the near future (see Figure 13), the one they cited most often was motivational fit inventories. Because filling the talent pipeline and retaining employees are key objectives for staffing directors, it’s no wonder that they are planning to better measure candidates’ motivational fit, which can highly affect retention. Video-based interviewing is the second tool most staffing directors plan to use, highlighting
the need to control costs. Other tools that are rising in popularity involve gaining a better understanding of candidates as a whole, in particular personality inventories, online profiles, assessment centers, and cognitive ability tests.

The fact that one in three organizations already use video-based interviewing in their selection process and that it was one of the most cited tools that organizations plan to use in the future signals that the world of selection is becoming increasingly digital. The tech-savvy/tech-dependent Generation Y workforce has entered the job market. Job boards are going by the wayside, while online professional networks are a growing source of job placements. LinkedIn® has 175 million active members (as of August 2012) and is growing daily. As a result, approximately one-third of staffing directors currently are reviewing online information about candidates (e.g., social profiles, recommendations, tagging) as part of their typical selection process (see Figure 11); that number might be even higher for hiring managers. In fact, staffing directors report that the number of organizations reviewing information online is expected to grow in the coming years. Because of this burgeoning trend, organizations should carefully consider their position on the use of social media for selection purposes.

### FIGURE 13 FUTURE USE OF PRE-EMPLOYMENT ASSESSMENT TOOLS

<table>
<thead>
<tr>
<th>Assessment Tool</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivational fit inventory</td>
<td>28%</td>
</tr>
<tr>
<td>Video-based interviewing</td>
<td>27%</td>
</tr>
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<td>Personality inventory</td>
<td>22%</td>
</tr>
<tr>
<td>Review candidate info online</td>
<td>22%</td>
</tr>
<tr>
<td>Assessment center</td>
<td>22%</td>
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<tr>
<td>Cognitive ability test</td>
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</tr>
<tr>
<td>Simulation/Work sample test</td>
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<tr>
<td>Situational judgement test</td>
<td>18%</td>
</tr>
<tr>
<td>Knowledge test</td>
<td>16%</td>
</tr>
<tr>
<td>Behavioral interview</td>
<td>15%</td>
</tr>
<tr>
<td>Mobile testing</td>
<td>10%</td>
</tr>
<tr>
<td>Screening interview</td>
<td>8%</td>
</tr>
<tr>
<td>Resume screening</td>
<td>8%</td>
</tr>
<tr>
<td>Biodata test</td>
<td>7%</td>
</tr>
</tbody>
</table>

Percent of Staffing Directors Intending to Start Using the Tool in the Future
Social Media: A New Frontier

By Jamie Winter, Manager, Selection Solutions Group, DDI, & Evan Sinar, Manager, Assessment Technology Group, DDI

Over the past two years, the top three social media sites have experienced phenomenal growth: Facebook—up 85 percent; Twitter, 125 percent; and LinkedIn, 100 percent. Such growth raises two questions: How are HR groups using social media? What guidelines, if any, do users need to adhere to?

Social media are gaining traction in learning and development; in selection, they are used primarily in sourcing and screening candidates. Unfortunately, the inconsistent or uninformed use of social media information can weaken an otherwise reliable and legally defensible selection process. Social profiles often reveal sensitive information about race, gender, age, religion, and disabilities, all of which are irrelevant and/or illegal in candidate selection. Using social profiles can lead to claims that personal information played a role in a hiring decision. Also, connections between social media information and on-the-job effectiveness are largely unknown or, worse, based on stereotypes and assumptions. If they rely on this information, organizations also can disadvantage certain candidate groups, such as people over 40 or those of a low socioeconomic status, because they are less likely to have a social media profile.

Organizations can reduce the risks associated with incorporating social networking tools into their sourcing and screening processes by doing the following. First, they can ensure that their hiring tools and decisions are based on job-relevant criteria, as defined in the success profile. Second, they can make sure these criteria are applied consistently by everyone involved in the hiring process. Organizations need to consistently apply a social media policy that determines which sites will be used in the hiring process and how job-related data from these sites may be leveraged to make screening decisions.

AROUND THE WORLD

Although the majority of our sample was from the U.S., 40 percent came from other parts of the world. There was not enough data to provide regional results; however, the data did provide a thought-provoking glimpse at how the U.S. organizations compare to those in the rest of the world in terms of selection practices. A few key differences are worth noting. For one, legal issues are of greater concern in the U.S., where 70 percent of staffing directors reported that legal risks are important considerations of the decision-making process; 59 percent of organizations in other parts of the world felt similarly. Secondly, staffing directors outside the U.S. rated their systems noticeably higher in their ability to identify the right people for the right positions, efficiency, and flexibility (see Figure 14).
Another demonstration of how the U.S. is lagging behind other countries in selection systems can be found in the use of selection tools: Non-U.S. organizations tend to use a greater number of selection tools than those in the U.S. In fact, there was a 10 percentage point difference or greater in the frequency of current and intended use for the tools listed in the survey (Figure 15). The fact
that the number one reason for hiring mistakes is the overreliance on hiring manager assessment suggests that U.S. organizations could take a cue from their global counterparts and utilize more tools to gather information crucial to making better hiring decisions.

ZOOMING IN ON THE INTERVIEW

Interviews are one of the most widely used selection tools and, when done effectively, can accurately predict new-hire performance and business impact (Howard, 2009). So, it is particularly distressing that less than 1 in 3 staffing directors (30 percent) reported that their hiring managers are skilled in conducting high-quality interviews.

To better understand why that number is so low, we explored the inner workings of today’s interviewing systems. The data were telling. Less than two-thirds of staffing directors (61 percent) reported that their interview guides are based on an identified set of competencies for the role. It is important that this gap be closed because basing job interviews on job-relevant information is essential to making good hiring decisions (see the Success Profiling section, page 22). After sound interview design, the next step for effective interviews is preparation. Preparing hiring managers through interviewer training will help enable them to conduct high-quality interviews. Unfortunately, less than 1 in 3 staffing directors (29 percent) are satisfied with their interviewer training program, and hiring managers might be even more pessimistic.
We learned that most interviewer training today is developed in-house (59 percent) and delivered via multiple modalities (classroom, online, etc.). Many staffing directors in our survey (63 percent) reported that their training lasts more than half a day. Most (70 percent) admitted that the training does not cover how to gather motivational fit data, which is critical to gathering information not included in a resume. A similar number (69 percent) admitted that their training does not explain how to reach consensus from multiple interviews, a practice that helps to ensure against an overreliance on a hiring manager’s assessment (the most noted reason for hiring mistakes). Finally, nearly three-quarters of interviewer training programs (72 percent) do not include a skill practice component, thus missing an opportunity to practice critical skills that will be used in real interview situations where there is only one chance to get it right.

Several aspects of interviewer training were significantly related to interview effectiveness. For example, hiring managers tended to conduct better interviews when their training was delivered in a classroom, not over the Internet. Although virtual training is unavoidable in some situations, interviewer training sessions are more effective when done face-to-face, particularly when skill practicing is a major component. Hiring managers also tended to conduct better interviews when the training covered how to gather motivational fit data and how to integrate data from multiple interviewers (see Figure 16). In recognition of their problems with interviewer training, 3 out of 5 staffing directors said they plan to retrain their interviewers in the next few years, and 2 out of 3 plan to reorient their hiring managers to the process.

**FIGURE 16 BETTER INTERVIEWER TRAINING, BETTER INTERVIEWS**
Interviews are an incredibly important vehicle for information exchange between organizations and job candidates. They provide face time for candidates and current employees and an avenue to gather information that isn’t found on resumes and job postings. In fact, new hires who reported their hiring manager and staff interviews to be effective were more confident in their decisions to accept the job offer, more engaged, and less likely to be looking for other jobs (see Figure 17). A few modifications to interviewer training could greatly help ensure that interviews are conducted more effectively.
Interviewing: A Trainable Skill

By Jamie Winter, Manager, Selection Solutions Group, DDI

Most hiring managers would say they’ve been interviewing for a long time and know what they’re doing. Others say they’ve read a book about interviewing, downloaded an interviewing app, or watched a video about interviewing. How is all that playing out in the real world? To answer that question, go to any social media site and read what candidates are saying about the interview process. One candidate applying for a software engineering job wrote, “Phone screen by recruiter who read from a script. A few days later got a call from the hiring manager. She was not sure exactly what she wanted, and talked about a number of different things. Invited in for onsite interviews. The first two guys were late and bored. I did not like it so I excused myself and left before lunch.”

Further, a recent global study of 20,000 new hires found that 46 percent of them had failed within 18 months—they either were terminated, left under pressure, or received disciplinary action or negative performance reviews. More than 80 percent of the hiring managers in the study admit that they should’ve done a better job interviewing employees.

The interview remains the key decision-making tool for virtually every job. To make sure this tool is properly used and optimizes results for your organization, consider these 8 best practices:

1. As part of interviewer training, review your selection process, including a summary of the success profile for the targeted jobs.
2. Include skill practicing in your training. The extra time you include in your training will pay off many times over through better prepared interviewers.
3. Train your interviewers to measure motivational fit in the interviews, thus reducing new-hire turnover.
4. Train your interviewers to consider the impact of the interview on the candidate. If a candidate has a bad experience with your organization, he or she can spread the word via social media in minutes.
5. Spend time during training explaining the difference between legal and illegal interview questions. This is particularly important in the United States, where challenges to hiring processes are more common.
6. Ensure your interviewers calibrate their candidate ratings on the targets covered in the interview and their candidate comparisons to make final hiring decisions.
7. Spend time in training on integrating data with other interviewers. Data integration discussions can significantly enhance the quality of hiring decisions as well as serve to reinforce good interviewing skills.
8. After training, reinforce interviewing skills through the use of on-the-job coaching, virtual skill practice sessions, or a streamlined version of the interview training program made available on a mobile phone.
PART III: POST-HIRING—NOW WHAT?

After all the painstaking work undertaken to source, recruit, and evaluate candidates, a position is finally filled. Months, sometimes even years, of waiting for the right person likely resulted in hours of overtime while multiple people provided assistance that went beyond their job descriptions. We have all experienced how painful filling open positions can be. So, when a new hire comes on-board, it’s natural for all involved (HR, hiring managers, work teams) to breathe a collective sigh of relief. But hiring is just the beginning of the talent management journey. The data gathered to inform hiring decisions shouldn’t just be shelved after hiring; it can and should be used for much, much more.

When done correctly, data gathered about a new hire provides rich information about the person’s relative strengths and development areas. That information should be used during on-boarding to ensure that the organization is leveraging the strengths and providing opportunities to improve development areas. On a broader scale, the data in aggregate form can give the organization an eye-opening look into its own strengths and weaknesses.

Some organizations retroactively link talent decisions to broader business objectives, but how many use talent information proactively to drive overall business decisions? Not enough. This seldom-used practice is referred to as “analytics”—the act of exploring and investigating data sources to gain insight and to drive business planning. Bersin & Associates calls it “People Intelligence” (Jones, 2011)—data about the workforce that helps drive bottom-line results at both the micro level (individual internal employee assessment) and macro level (using information more strategically for broader organizational purposes). This analysis is vital because, when human capital can make or break business, evidence-based talent decisions help distinguish successful organizations from the unsuccessful ones.

LEVERAGING INDIVIDUAL-LEVEL DATA

This study shows that most organizations are not using this invaluable and accessible selection data to prepare and develop new hires or help inspire their confidence and productivity. Only 41 percent of new hires reported that they received feedback on how they performed during the hiring process, so it’s no surprise that only 26 percent said this data was used to inform their development. Staffing directors concur: Only 24 percent report that hiring managers leverage the information gathered during the hiring process to accelerate new-hire on-boarding and development. When data collected during
the hiring process is tied directly to job performance, it can be a priceless resource for new hires who are striving to become productive in their new roles as quickly as possible. Using this data also can serve as a signal to new hires that the selection process has greater value and that the organization has been invested in their development since the beginning.

The fact that only half of new hires are confident in their decision to accept the job clearly shows that they feel a disconnect between the hiring process and the actual job. Not knowing how they were evaluated during the hiring process prevents them from leveraging the skills that got them hired and from improving the skills that might have lost them the job offer. In fact, organizations that leveraged hiring information to facilitate new-hire development have significantly more new hires that are confident in their decision to accept the job (see Figure 18).

![FIGURE 18 USING HIRING INFORMATION TO INFORM DEVELOPMENT INSPIRES NEW-HIRE CONFIDENCE](image)

New hires’ feelings of disconnection also could be fueled by the finding that only half of them rated their on-boarding program highly. On-boarding programs should give new hires the information they need to feel confident in applying their skill sets toward accomplishing business goals. Without this orientation, they are likely to find themselves lost in the shuffle. In fact, the quality of on-boarding is strongly linked to their engagement on the job (see Figure 19), which is highly related to the likelihood that new hires will stay with the organization. Although on-boarding has been a hot topic in talent management recently, the fact that an overwhelming majority of staffing directors (71 percent) are just now planning to prioritize improving their on-boarding programs suggests that little has been done in this critical area to date.
LEVERAGING ORGANIZATIONAL-LEVEL DATA

You’ve heard it before, and you’ll hear it here again: You can’t manage what you don’t measure. Unfortunately, most organizations aren’t aggregating individual-level data to understand organizational trends. Collectively, across new hires, selection data can provide organizations with a valuable, data-driven perspective on training and development needs for their workforce; that is, which critical skills could most associates benefit from developing? In addition to development insights, organizations can gather intelligence by taking a retrospective look at the quantity and quality of applicants they encountered during the hiring process. Doing so can answer these questions: Are we getting the right people in the door? How can we improve recruiting efforts? How can we improve our hiring processes?

ANALYTICS

Going beyond measurement into analytics is what differentiates best-in-class organizations from the rest of the pack. Analytics involves aggregating data or benchmarking against previous trends (e.g., Is time-to-fill reduced today compared to previous years?). But it does more than that: It helps explain those trends (e.g., Which selection tool really drove down time-to-fill?). Analytics can take your organization to the next level by predicting future success, such as answering these questions: Are my assessments predicting job performance? and What can be done today to increase talent capability in the future?
Taking the time to understand, in a data-driven way, if and why a system is working can mean the difference between achieving or not achieving organizational goals. A recent study conducted by Aberdeen found that 81 percent of organizations that use analytics achieved their organizational key performance indicators, compared to only 51 percent of those that don’t use analytics (Lombardi, 2011). Only 34 percent of staffing directors in our study reported that their organization uses analytics to determine the success of its overall talent acquisition strategy. This represents a missed opportunity because we found that analytics was one of the biggest differentiators between those organizations ahead of the curve in terms of their talent acquisition strategies and those lagging behind. Furthermore, analytics was related to better overall measures of talent, such as the diversity, quality, engagement, and turnover of employees hired in the past year (see Figure 20).

While 72 percent of staffing directors reported that their organization needs to focus on analytics in the future, only 54 percent plan to conduct analytics in the coming year. Why the gap? Perhaps they’re not jumping at the chance for the same reasons stated in a recent Taleo and HCI study (2012) that found that less than half of organizations are proficient at analyzing workforce data. Not closing this gap presents significant risks because the power of information has never been so salient. A lack of understanding about talent may result in not being able to create a hiring process that will select the people needed to drive the business. Organizations with the time, resources, and motivation to better understand and utilize talent intelligence have an unprecedented advantage in today’s “big data” marketplace.
Where do our best new hires come from? What information can we collect about candidates that will predict exceptional performance? How can we design our selection process to attract exceptional new hires? How long will it take new hires to reach acceptable performance? Staffing professionals often are challenged to answer these questions accurately. For most, intuition, anecdotes, and experience guide their answers. Unfortunately, the accuracy of the response is a toss-up, and if the answer is challenged, many fail to back up their opinion.

Talent analytics provide the foundation for a response to these challenging questions. Business intelligence concepts, technology (hardware, software, database management), and statistical modeling are being recognized as essential tools for acquiring talent. Staffing professionals are beginning to provide the data that backs up their decisions to modify selection processes, justify training managers and recruiters, competently contribute to the hiring process, invest in social technology, and drive the right candidates to openings.

The following observations characterize successful use of talent analytics:

1. Determine what questions you want to answer before setting up the data analytic system.
2. Engage technology partners early. Your databases need to be able to “speak with each other.”
3. Keep analyses simple. Straightforward analyses that answer questions that people care about are more effective than complicated ones that might impress people but leave them confused.
4. Don’t shortcut the steps required to get business managers engaged in your analytic reports. We have seen great analytic work ignored because the business had not bought into the process or purpose.
5. Don’t position analytics as a mechanistic tool for making important decisions. Rather, use evidence presented through analytics as an aid to professional judgment.
6. Present your analytics journey as a way of approaching talent acquisition. Track data over time and monitor how results change as a result of events (purposeful or accidental), and then use the trends uncovered to predict potential future outcomes.
1. **KNOW MORE**: Do your homework.

It’s hard to find “it” if you don’t know what “it” is. Without a solid understanding of what it takes to be successful in a job, the likelihood of finding someone who will perform successfully in it is slim to none. To sort through the list of candidates and ensure the resources you’re expending on new hires will yield successful, engaged employees who will stay with the organization, you need to directly align your pre-employment testing and assessment with the success profile. To do that, you’ll need to know precisely what it is that you’re looking for from the job and from a candidate.

2. **Keep the end in mind.**

The “Know More, Guess Less” philosophy applies to not only knowing more about the job you’re hiring for and your candidates, but about the selection system itself. Knowing your selection system’s goals is a key step in enabling you to build a system that achieves those goals consistently and reliably. Is efficiency, integration, retention, or brand representation an expectation of your selection system? Knowing this can help you build systems that are more successful.

3. **GUESS LESS**: Arm hiring managers with the tools they need.

Organizations take a risk with every hiring decision. Human resource professionals should be doing everything within their power to minimize that risk, which means arming hiring managers with the tools they need. That involves the right mix of pre-employment testing—and the data shows the more in the mix, the better. Furthermore, only half of staffing directors reported that their hiring managers are following the hiring process as prescribed, suggesting a need for retraining and/or recalibration to ensure that hiring managers are being held accountable for consistently hiring the best.
4. Leverage data.

With today’s hurtling pace of business, any advantage is a big advantage. But the advantage that having the right kind of data provides is unparalleled. Imagine being able to make data-driven decisions around which pre-employment assessments predict success on the job, or being able to point to data when asked: What should we include in this year’s development program? This is data your organization can and should have, but getting it requires understanding first what you want to predict, and then gathering the data and using it to make those predictions. In today’s data-driven business reality, leading-edge organizations are maximizing the data they have about their most valuable resource—their talent. It’s time to start advancing selection processes to the next level in order to make better, more evidence-based hiring decisions that will drive your business.

5. Hiring is the beginning, not the end, of the journey.

The good news is that the majority of over 2,000 new hires seem to be satisfied with their jobs and don’t plan on going anywhere: 60 percent are not looking for another job and don’t plan to do so. Still, you have to ask yourself what’s going to stop them from starting to look. The burgeoning social side of networking is making it easy for even passive candidates to be lured away. In fact, one-fourth of new hires currently are satisfied with their jobs while entertaining other options. A lack of development opportunities may be a reason top talent chooses to leave. Ensuring new hires are effectively on-boarded and realize your organization is focusing on their development could help to ensure you won’t be refilling positions anytime soon. DDI’s Global Leadership Forecast 2011 (Boatman & Wellins) found that Generation Y leaders, who many are worried will turn over quickly, are particularly focused on growth and development opportunities. With the imminent saturation of this generation in the workforce, leveraging data with this in mind could be what keeps your open door from becoming a revolving door.
This research demonstrates that these keys to success will ensure not only that you have the right people in place, but that they will make a real impact on your business (see Figure 21). According to staffing directors, organizations with better-quality hires also were more likely to outperform their competition in terms of key business metrics such as productivity, customer satisfaction, and financial performance. There is little doubt of the impact that talent has on the business (see DDI’s Global Leadership Forecast 2011).

The future will bring new challenges—some expected, some unexpected. Therefore, it’s important not to forget the basic and evergreen truths of human capital. In times of both economic recession and prosperity, whether the person is the one who greets you at the door or the CEO, the same basic rule applies: Know more, guess less. When it comes to the most important decisions you can make in your business, can you really afford to do anything less?

*Organizations outperforming their competitors on key performance indicators were more than 4x more likely to have better-quality hires.*
### APPENDIX

#### DEMOGRAPHICS

**ORGANIZATION CHARACTERISTICS**

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<thead>
<tr>
<th>Industry</th>
<th>STAFFING DIRECTORS</th>
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<td>1%</td>
<td>Computer Hardware</td>
</tr>
<tr>
<td>2%</td>
<td>Computer Services</td>
</tr>
<tr>
<td>3%</td>
<td>Computer Software</td>
</tr>
<tr>
<td>4%</td>
<td>Construction—Services &amp; Materials</td>
</tr>
<tr>
<td>2%</td>
<td>Consumer Products Manufacturers</td>
</tr>
<tr>
<td>0%</td>
<td>Consumer Services</td>
</tr>
<tr>
<td>2%</td>
<td>Education</td>
</tr>
<tr>
<td>3%</td>
<td>Electronics</td>
</tr>
<tr>
<td>4%</td>
<td>Energy &amp; Utilities</td>
</tr>
<tr>
<td>1%</td>
<td>Environmental Services &amp; Equipment</td>
</tr>
<tr>
<td>4%</td>
<td>Financial Services</td>
</tr>
<tr>
<td>3%</td>
<td>Food</td>
</tr>
<tr>
<td>3%</td>
<td>Foundations &amp; Charitable Organizations</td>
</tr>
<tr>
<td>3%</td>
<td>Government</td>
</tr>
<tr>
<td>2%</td>
<td>Health Care—Products &amp; Services</td>
</tr>
<tr>
<td>16%</td>
<td>Health Care Provider</td>
</tr>
<tr>
<td>7%</td>
<td>Industrial Manufacturing</td>
</tr>
<tr>
<td>2%</td>
<td>Insurance</td>
</tr>
<tr>
<td>4%</td>
<td>Leisure</td>
</tr>
<tr>
<td>3%</td>
<td>Media</td>
</tr>
<tr>
<td>1%</td>
<td>Membership Organizations</td>
</tr>
<tr>
<td>1%</td>
<td>Metals &amp; Mining</td>
</tr>
<tr>
<td>3%</td>
<td>Pharmaceuticals</td>
</tr>
<tr>
<td>0%</td>
<td>Real Estate—Commercial &amp; Residential</td>
</tr>
<tr>
<td>5%</td>
<td>Retail</td>
</tr>
<tr>
<td>2%</td>
<td>Telecommunications—Equipment &amp; Services</td>
</tr>
<tr>
<td>2%</td>
<td>Transportation Services</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Industry</th>
<th>NUMBER OF EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1%</td>
<td>1–10</td>
</tr>
<tr>
<td>1%</td>
<td>11–50</td>
</tr>
<tr>
<td>3%</td>
<td>51–100</td>
</tr>
<tr>
<td>4%</td>
<td>101–200</td>
</tr>
<tr>
<td>10%</td>
<td>201–500</td>
</tr>
<tr>
<td>11%</td>
<td>501–1,000</td>
</tr>
<tr>
<td>23%</td>
<td>1,001–5,000</td>
</tr>
<tr>
<td>11%</td>
<td>5,001–10,000</td>
</tr>
<tr>
<td>10%</td>
<td>10,001–20,000</td>
</tr>
<tr>
<td>15%</td>
<td>20,000–50,000</td>
</tr>
<tr>
<td>15%</td>
<td>50,000 or more</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Industry</th>
<th>PRESENCE IN GLOBAL MARKET</th>
</tr>
</thead>
<tbody>
<tr>
<td>48%</td>
<td>National</td>
</tr>
<tr>
<td>52%</td>
<td>Multinational (own, operate, or have affiliate offices outside own country)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Industry</th>
<th>CLASSIFICATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>76%</td>
<td>Profit</td>
</tr>
<tr>
<td>18%</td>
<td>Not-for-profit</td>
</tr>
<tr>
<td>6%</td>
<td>Government</td>
</tr>
</tbody>
</table>

**Note:** Numbers may not add up to 100 percent because of rounding.
NEW-HIRE CHARACTERISTICS

Management Level

- 38% Individual contributor
- 39% Professional
- 15% First-level leader
- 7% Mid-level leader
- 1% Executive

Status Before Accepting Job

- 27% Unemployed
- 17% Employed part-time
- 48% Employed full-time
- 7% Contractor
- 1% Active military

Tenure

- 9% Less than 1 month
- 20% 1–3 months
- 24% 4–6 months
- 35% 7–11 months
- 12% More than 1 year

Age

- 1% 20 or under
- 45% 21–30
- 22% 31–40
- 18% 41–50
- 11% 51–60
- 2% 61 and over

Gender

- 51% Male
- 49% Female

Participants by Country

<table>
<thead>
<tr>
<th></th>
<th>Staffing Directors</th>
<th>New Hires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>7</td>
<td>30</td>
</tr>
<tr>
<td>Austria</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Belgium</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Brazil</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>Canada</td>
<td>28</td>
<td>92</td>
</tr>
<tr>
<td>China</td>
<td>3</td>
<td>20</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Ecuador</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>India</td>
<td>31</td>
<td>50</td>
</tr>
<tr>
<td>Japan</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Korea</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Malaysia</td>
<td>2</td>
<td>53</td>
</tr>
<tr>
<td>Mexico</td>
<td>6</td>
<td>21</td>
</tr>
<tr>
<td>New Zealand</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Pakistan</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Panama</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Philippines</td>
<td>16</td>
<td>223</td>
</tr>
<tr>
<td>Poland</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Portugal</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Romania</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Singapore</td>
<td>2</td>
<td>43</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2</td>
<td>25</td>
</tr>
<tr>
<td>United States of America</td>
<td>156</td>
<td>1,764</td>
</tr>
<tr>
<td>Other (unlisted)</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>265</td>
<td>2,372</td>
</tr>
</tbody>
</table>
PARTICIPATING ORGANIZATIONS

All organizations listed completed the Staffing Director survey.

* Also completed new-hire surveys

A
ABG Group
Abound Solar
Ace Mart Restaurant Supply*
Aegis PeopleSupport
Affin Bank Berhad*
AGCO Corporation*
AGI glaspac (Hindustan Sanitaryware Group)
Aircraft Service International Group
Allstate Insurance Company
American Airlines*
American Cancer Society*
Ameristar Casinos
Analogue Devices Gen. Trias, Inc.*
ANZ Banking Group*
Applied Materials*
Appoline Management Development Group Pvt. Ltd.
ArcelorMittal*
Arkansas Children’s Hospital
Ascension Health
ASK Investment Holdings Pvt. Ltd.
Association for the Blind and Visually Impaired and Goodwill of the Finger Lakes
Atkins
Atlantic Lottery Corporation
Australia Post*
Avon Cosmetics, Inc.*

B
Bank of the Philippine Islands
Banque Laurentienne
Baptist Health South Florida
Bath Fitter
Bayer Corporation
Best Buy
Bharat Electronics Ltd.
Birla Sun Life Insurance
Blue Cross and Blue Shield of Florida
Borden Dairy Company
Brookdale Senior Living*

C
Cameron
Campbell Page Ltd.
Canadian Broadcasting Corporation
Canon Canada, Inc.
Capital Division
CarolinaS HealthCare System
Carrefour Belgium
CBC/Radio-Canada
CCS Corporation

Centura Health
Ceridian Canada
Cerner
Champlain Community Care Access Centre
Chemtrade
Christian Children’s Fund of Canada
Citi
City of Bismarck
Cliffs Natural Resources
Cloud 10 Corporation
Cobham
Comcast Cable
Commonwealth Scientific & Industrial Research Organisation
Compass Group Canada
Comprehensive Nuclear-Test-Ban Treaty Organization
Computer Task Group, Inc.
Core Laboratories
Corporación Interamericana de Entretimiento
CPF Board
Cuauhtemoc Moctezuma
CUNA Mutual Group
CVS Minute Clinic

D
Datalogix
Dauterive Hospital
DISHA
Doosan Infracore
Dow Corning

D Dash
East Alabama Medical Center
East West Banking Corporation
Eaton Corporation-Aerospace Group
Econosto
Edmunds.com, Inc.
Education Management Corporation
Edward Jones
eHealth Ontario
Elisai Inc.
Emerson Network Power (Asia Pacific)
Emory University
Employment Data Bank
Entegris (Shanghai) Microelectronics Trading Co., Ltd.
EPCOR Utilities, Inc.
Epworth HealthCare
Ericsson*
ESOP Direct
Express Employment Professionals

F
Fayetteville State University*
Financial Partners Credit Union
Firefly e-Ventures (HT Media Ltd.)
First Midwest Bank*
Flatiron Construction

Freedom Academy
Fremont Bank*
Frisch's Restaurants, Inc.
Fujitsu America, Inc.

G
G&D Integrated
GAF*
Gate Gourmet, Inc.
Genentech
Genus Apparels
Gerdau
Global Nexus
Grameen Foundation
Grand Sierra Resort and Casino
Greene, Tweed & Co., Inc.
Greenleaf Hospitality Group
Gundersen Lutheran Medical Center

H
H&M Hennes & Mauritz Pvt. Ltd.
Halliburton*
Hanger Orthopedic Group, Inc.
HCA (Hospital Corporation of America)*
HD Supply
Health Care Navigator, LLC
Health Integrated, Inc.*
Hoosier Energy Rural Electric Cooperative, Inc.
Human Resource Development Council
Hyatt Hotels & Resorts

I
Illinois State Police
IMAX Corporation
Infusion*
Ingersoll Rand
InspireOne Consultants Pvt. Ltd.
Intec Infonet Pvt. Ltd.

J
Jewish Association on Aging
JK Lakshmi Cement Ltd.*
John Hancock Financial Services*
Johnson & Johnson Australia
Johnson County Kansas
Johnson Matthey*
Jones & Roth
Jupiter Aqua Lines Ltd.

K
Kellogg
Ken’s Foods, Inc.
Keppel Corporation Ltd.*
Kimberly-Clark
Kingman Regional Medical Center
Konica Minolta Business Solutions*
Kraft Foods Mexico*
Kulicke and Soffa Industries, Inc.

Global Selection Forecast 2012
L
L-3 Communications
Lakeview Regional Medical Center
Lassen Medical Group
Leprino Foods Company*
Littelfuse
LRP Publications
Lutron Electronics Company
LyondellBasell

M
Manila Water Company*
Manulife Financial*
Marriott International
Matthews International Corporation
Maynilad Water Services, Inc.*
Merck, Inc.*
Meriter Health Services
Metropolitan Bank and Trust Company*
Michigan CAT
Mid-Columbia Medical Center*
Mission Health System, Inc.
Mon Young Community Services, Inc.
Moog
Mutual of Omaha
Muzak

N
National Quality Forum
Natrapharm, Inc.*
Navistar*
Nestlé
Niagara College
Nissan North America, Inc.
Nokia Siemens Networks
North American Construction Group
NOUS Infosystems

O
Oak Crest
Ochsner Health System*
OCLP Holdings, Inc.
Okratalabs
Omega Healthcare Management Services Pvt. Ltd.
Ontario Hospital Association

P
Philip Morris International-Mexico
Philips*
Pillar5 Pharma, Inc.
Power Grid Corporation of India Ltd.
PPG Industries, Inc.
Premium Retail Services*
Progressive Casualty Insurance Company
Project for Pride in Living, Inc.
Providence Health and Services
Pru Life Insurance Corporation of U.K.

Q
Quintiles

R
Redstone Highlands*
Renault do Brasil
Resorts World Manila
ROCH Consulting
Rockwell Automation

S
Saint Honoré, S.A.
St. Rose Dominican Hospitals
Saskatchewan Liquor and Gaming Authority
Savio House*
Seneca Gaming Corporation
SGS Gulf Ltd. (Regional Operating Headquarters)
SGS North America
Skoda Auto
Sonora Quest Labs
Specialty Care
Spectrum Plastics Group
STRUCTURAL*
Syso Central Texas

T
Teradata
Texas Children’s Hospital
Textile & Apparels Division of Aditya Birla Nuvo
THDCIL, Ltd.
The City of Mississauga*

W
Waste Management
WaveCrest
Westcan Bulk Transport Ltd.
Western States Equipment (CAT)
Weyerhaeuser
WHK Melbourne
Winn-Dixie Stores, Inc.*
World Vision International
WURTH USA*

Y
Yokogawa IA Technologies India Pvt. Ltd.
ABOUT DDI’S CENTER FOR APPLIED BEHAVIORAL RESEARCH

DDI’s Center for Applied Behavioral Research (CABER) evaluates the effectiveness of DDI interventions and conducts research on talent management and workforce trends. Global Selection Forecast 2012 is part of a series of reports CABER releases on talent management issues designed to keep HR professionals in touch with current trends and best practices. CABER also conducts ongoing evidence-based research studies with DDI clients that show the relationship between their talent management practices and changes in workforce and organizational performance. CABER’s research, including this report, is available at www.ddiworld.com.

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- Succession Management
- Performance Management

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