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ARTICLE OF INTEREST

## **SURVEY SHOWS HIRING IS STYMIED BY SEARCH FOR PERFECT CANDIDATES**

**Pittsburgh, Pa. -- Jan. 6**

Managers have weighed in that one in five hires turns out to be a bad decision, according to Development Dimensions International's (DDI) "The Selection Forecast: Recruiting and Hiring Talent." This is costing companies millions of dollars, according to Scott Erker, senior vice president of selection solutions for DDI.

The 2004 survey marks DDI's second Selection Forecast, and examines current hiring trends as well as comparative findings with previous surveys.

This past year, managers are hiring more people than they have in previous years, with 40 percent planning to increase the number of hires in the coming year and 33 percent increasing their spending for hiring and staffing.

However, even with the hiring landscape looking up, companies believe that qualified candidates are still hard to find, which is a top barrier for recruiting, as it was in the 1999 survey.

"Organizations are more discerning about who they hire and finding the person who has the right balance of skills, job motivation and culture fit is the biggest challenge," Erker says. "Plus there are many jobs that require a very specific skill set, which contributes to this challenge."

DDI, a global human resource consulting firm, just released the 2004 Selection Forecast, which surveyed more than 1,500 hiring managers at 348 organizations from 13 countries. Major findings include:

- Ethics and integrity are as important as job skills to hiring managers. Of the skills and competencies that hiring managers are looking for in a candidate, 83 percent said that ethics and integrity are critical in the selection process. "This is a backlash from corporate scandals -- customers, stockholders and senior management want to know that ethics and integrity are being driven through the values of the company," Erker said. "There is recognition that the cost of lack of ethics is very high."
- Work and life are a balancing act. North American workers prioritized the balance between work and personal lives higher than workers in other countries. In fact, U.S. employees are demanding more personal fulfillment from their jobs, and 52 percent of hiring managers said that work-life balance was essential for potential employees, so companies are adding this as a benefit to lure talented workers. This can include flexible work hours, being able to take care of personal issues during the day, being rewarded comp time for long hours, working from home and flexible holidays.
- One in five new hires is a bad hiring decision. Poor hiring decisions lead to lack of productivity, turnover and eventually profitability, as it is unlikely the employee will be able to perform the job at the level necessary and will have to be replaced. Increasing pressure to hire people quickly can cause hiring decision-makers to cut corners. Further damage is done when new hires turn out to be poor performers. "This 'acceptance of mediocrity' erodes leadership confidence, because it is transparent to other employees, who have little tolerance for poor performers," Erker said.
- Internal pressure often leads to hiring mistakes. In fact, 34 percent of respondents said they made a bad hiring decision because of pressure to fill the position. "The cost of a bad hire is much higher than the cost of leaving the

role open for a few more weeks,” Erker said. “Develop and follow a consistent hiring procedure. Don’t rely solely on your gut, which hiring managers often do when they are in a hurry. You can accelerate the process to save time, but don’t skip steps.”

- Turnover adds up on the balance sheet. Replacing employees is expensive and in a company of 10,000 people, yearly turnover costs can exceed \$4 million. For that same 10,000-employee company, every percentage of increase in turnover -- or 100 employees that have to be replaced -- costs the company more than \$360,000.
- In an interview, clear communication even outweighs tardiness. Fifty-seven percent of hiring managers said they are turned off by poor communication skills – which includes providing inarticulate answers or vague information about past experience. This is more than three times the number of respondents who were turned off by candidates who were late to the interview or who lacked knowledge about the company. “Hiring managers don’t want to train people to communicate,” Erker said. “If candidates are vague communicators in the interview, chances are they will be vague communicators in their jobs as well. It also indicates that they may be trying to hide something about past performance.”
- More than half of management positions are filled through internal promotions. Using internal talent to fill job vacancies has become more popular in the last 5 years, according to the study. In 2004, 53 percent of management positions are filled using internal candidates, while in 1999, that number was only 44 percent. “This increase represents a realization that there is untapped value in the organization,” Erker says. “You’re also providing opportunities for people, which is a retention strategy and has the added benefit of placing someone who is already familiar with the organization.”

Other DDI findings include:

- Eighty-three percent of organizations use a form of selection testing such as personality, logic or drug tests.
- Thirty-three percent of organizations will increase spending for hiring and staffing.
- Forty-four percent of hiring managers said that their most significant hiring surprise was that the candidate's personality in the interview differed from what they are actually like on the job.

