

HIRE ONCE

**A GUIDE FOR
UNDERSTANDING
AND PREVENTING
BAD HIRES**

AS PETER DRUCKER SO RIGHTLY STATED, “THE TOUGHEST DECISIONS ARE PEOPLE DECISIONS: HIRING, FIRING AND PROMOTING PEOPLE. THEY RECEIVE THE LEAST ATTENTION AND ARE THE HARDEST TO ‘UNMAKE.’”

Anyone who has been involved in recruiting and hiring knows just how true this statement is, and likely will have at least a few examples from personal experience. Consider a scenario such as the following one. A recruiter has selected a candidate and followed every step of a highly detailed and demanding process. Everything checks out well, ticking all the necessary boxes, and then some. There are so many excellent reasons that this candidate is the best possible choice for the position. The recruiter feels positive about the potential of the candidate and how perfect the fit is for the organization.

But later, it becomes apparent that the new hire is not the person they interviewed and screened last month. It appears that a terrible miscalculation has been made, and a “Bad Hire” has been the result. It will be a costly mistake to rectify for the organization. What made it happen? What were the underlying factors in these Bad Hires? And more importantly, what can be done to avoid this devastating hiring mistake?

This white paper will address the effects a bad hire can have on an organization’s operation and success. It will also look at recent research and developments to minimize or eliminate the need to ‘unmake’ a hiring decision that did not deliver. In short, the number of Bad Hires can be greatly reduced in the future by applying a few easy-to-apply strategies.



HOW COSTLY ARE BAD HIRES TO THE ORGANIZATION?

A recent survey by CareerBuilder shows a shocking statistic: nearly three out of every four employers say that they are affected by a Bad Hire. It's reported that "75 percent of employers said they had hired the wrong person for a position, and of those who had a bad hire affect their business in the last year, one bad hire costs them nearly \$17,000 on average."

That is not the only study out there about costs. In another study, more than half of companies in the top ten world economies (including China, the U.S., Japan, India, Italy, Germany, Russia and others) have been adversely affected by a Bad Hire. It was reported that "Among those reporting having had a bad hire, 27 percent of U.S. employers reported a single bad hire cost more than \$50,000."

Each country in the study attested to high rates of lost productivity, fewer sales, and low employee morale due to these bad hires.

Zappos CEO Tony Hsieh also reported that his own bad hires had cost Zappos "well over \$100 million" in total.

>>> **The Society for Human Resources Management (SHRM)** reports that a Bad Hire "could cost up to five times the amount of their annual salary. And the higher the person's position and the longer their tenure, the more it will cost to replace them."



REASONS LEADING TO THE BAD HIRE

A recent survey specified many of the **reasons** that a bad hire took place. Do any of these sound familiar?

- The candidate didn't have all the necessary skills, but believed they could learn quickly on the job (35 percent);
- The candidate lied about his/her qualifications (33 percent);
- The interviewer took a chance on a "nice" person (32 percent);
- The interviewer was pressured to fill the role quickly (30 percent);
- There were few qualified candidates to be found (29 percent);
- The hiring decision was based on skills and not attitude (29 percent);
- Some of the warning signs were ignored (25 percent);
- There were inadequate tools available to find the right person (10 percent);
- A complete background check was not performed (10 percent).

These reasons are easy to identify, but not so easy to eliminate during the hiring process.

WHAT DEFINES A BAD HIRE?

In the same survey, a Bad Hire was defined by the extremely negative outcomes of their placement in the organization:

- The employee didn't produce the proper quality of work (54 percent);
- The employee had a negative attitude (53 percent);
- The employee didn't work well with others (50 percent);
- There were immediate attendance problems (46 percent);
- The employee's skills did not match what they claimed to be able to do (45 percent).

More problems than benefits accrue to any organization that receives a Bad Hire, and the problems will undermine the successful operation of the business for as long as the Bad Hire remains in place.

SIGNS TO UNCOVER A BAD HIRE

An incomplete online profile can mean that a job seeker doesn't have serious intentions in finding a job.

Curriculum Inconsistencies can mean two things – either the candidate lacks attention to details or maybe he/she isn't that honest about their experience or competences.

Short term job occupations may be an indication of bad relationships with employers or candidate's disloyalty.

Unprofessional profile photo is a hint for candidate's inability to present themselves professionally in public.

Mistakes and typos demonstrate a lack of attention to detail also in job responsibilities.

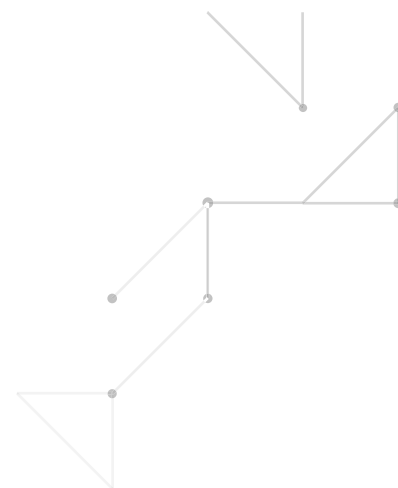
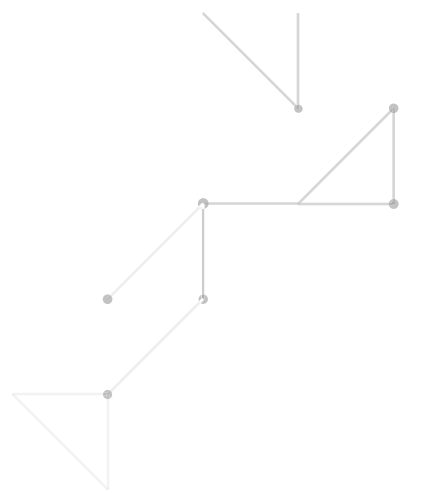


THE HALO EFFECT THAT LEADS TO A BAD HIRE

The Halo Effect (first identified by psychologist Edward Thorndike) is defined as a type of cognitive bias that occurs immediately and without awareness. It gives a positive spin to the overall impression a candidate makes in an interview. It is present in every observer and relies entirely on their perceptual construct, influencing how a recruiter thinks and feels about the character of that person. Science shows that it is ever present in all interactions.

A number of factors can activate the positive impact of the Halo Effect in an interview. These include but are not limited to the following influences:

- Role of attractiveness
- Personality preferences
- Academic and intelligence bias
- Similarity between the candidate and the recruiter
- Political affinities casually revealed during the interaction

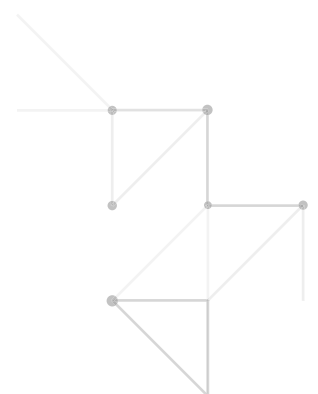
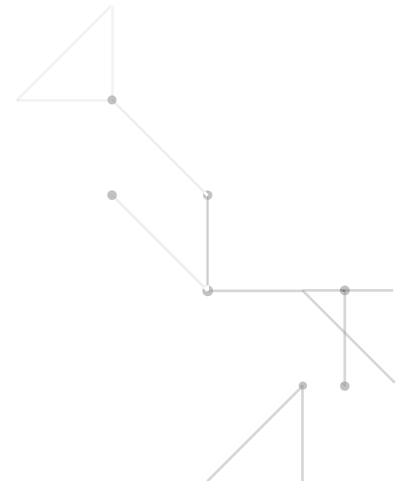


>>> How is it possible for a recruiter to avoid being influenced by the problems the Halo Effect can create in an interview?

Well, the truth is that it's almost impossible, but there are steps that can be taken to avoid it as much as "humanly" possible. According to neuroscientist Matthew Lieberman in "Breaking Bias," the human brain is wired to process information quickly and efficiently. Quick judgments have helped humanity to evolve and survive in the world. Everyone is hard-wired for them. Lieberman argues that these unconscious processes within our responses can lead to flawed decision making that goes unrecognized for the most part. If a recruiter allows the "halo glow" of a candidate's positive qualities to influence the overall perception of their suitability, then that subjective assessment will not always lead to a productive hire.

While working toward overcoming these biases; is it possible for recruiters to examine their thoughts in real time as they are evaluating a candidate during an interview? The answer is Yes! - By asking themselves questions throughout the process that increase their own cognitive awareness, such as:

- What assumptions am I making about this person that can be validated?
- What assumptions am I making about this person that are not supportable?
- Have I drawn any conclusions about this candidate, and why did I do so?
- Could I have overlooked an important attribute in this candidate?



BIASES CREATED BY THE HALO EFFECT

In nearly all cases, allowing biases to impact the interview can cause recruiters to make flawed hiring decisions. Bad Hire decisions that are based on bias can be extremely costly as well as disastrous for the organization. There are a number of biases to be aware of that are directly related to a Halo Effect or the opposite, a few of which are detailed below.

The Similarity Bias

This bias is comprised of two powerful perceptual lenses. It has to do with the Ingroup Bias and Outgroup Bias. Both of these biases need to be understood so that they can be reduced during any interview process.

In the Ingroup Bias, there is a strong perception of affinity that leads to a candidate being favored, who is viewed as being similar to the interviewer in some observable way. This can include many perceived similarities such as ethnicity, religion, behavior, accents, appearance or personality traits and communication preferences.

For the Outgroup Bias, interviewers are affected in a negative way by observing differences between themselves and the candidate and tend to be more dismissive of the qualifications being presented. How does a recruiter avoid falling into this hiring trap? Keeping the similarity bias in mind during an interview can create an awareness that will help to make a more reasoned judgment of a candidate's attributes.

The Experience Bias

The Experience Bias is also present in everyone. Our experiences, personalities and emotional states have formed and molded us, and we believe that our perceptions are accurate. But developing a cognitive awareness of this potential bias can be the technique that allows for a breakthrough in mitigating the experience bias. An interviewer can work to weaken this bias and see a candidate in a more objective light. It can also be helpful if an interviewer uses the technique of taking a break before interpreting the responses of the candidate.

>>> While conducting an interview, it's good to keep in mind the following principles to moderate the bias effect that occurs without our conscious knowledge:

- Bias cannot be avoided, no matter how honest and fair-minded intentions may be. But bias can be greatly reduced in the interview process. As humans, we have evolved to make quick judgments that insured our survival. With a heightened awareness of how biased initial perception can be, we can only combat this in one way. That is by planning ahead for it and having good procedures in place to mitigate its effects.
- Managing for bias during the interview process will always be challenging and require additional analysis. However, designing processes in advance of the interview can allow an interviewer to identify situations where strategies and mechanisms can be applied to alleviate the bias and develop ways to overcome it.
- Breaking through the bias barriers in the interview process can only occur when the interviewer is able to recognize and draw back from immediate perceptual judgments that may be incorrect.



MISTAKES TO AVOID WHEN MAKING HIRING DECISIONS

#Not setting up a schedule

Due to human nature it's very common either to deal with a new task right away, or to procrastinate it. The same happens with hiring decisions. Hence, its best to create a hiring strategy with specific deadlines and milestones. Make sure you interview the necessary number of candidates to make a right hiring decision.

#Vague job descriptions

When writing a job description, you have to be certain what the new hire has to have in order to succeed in a specific job position. This will help you attract more relevant candidates and focus on the key details of the position when interviewing.

#Relying Solely on the Interviews

Regardless what position you will be hiring for, it won't be ever enough to rely on just interviews. It's necessary to learn candidates' skills through other methods as well. For instance, you could ask the candidate to create a sales pitch for your product/company. Another option is to ask the candidate to write a blog post regarding your business. These two will help you understand how serious the intentions of the candidate are, meaning how well he prepared himself for the interview.

#Disorganized Feedback

Candidate evaluation and feedback notation should be happening within a specific process. Also, everyone involved in the interview process should follow the same method. This will make the evaluation process fair and unbiased. To structure the process, you could apply a score to every interview question.

HOW CAN OWIWI BE USED TO AVOID BAD HIRES?

During the hiring process, shortlisted talents are and can be evaluated through a myriad of different methods. This may include psychometric testing. Research has shown that the more HR tools a company utilizes in their selection practices, the more likely it will lead to a positive hiring outcome; resulting in increased productivity and performance by the candidate.

A psychometric tool that is showing much promise is Owiwi, an engaging HR psychometric and gamification tool that has revolutionized how some HR managers are selecting their candidates. It is a technologically advanced game-based assessment that measures the soft skills of candidates, benefiting companies in the early stages of the recruitment process. It gives instant in-depth knowledge of candidates, especially millennial candidates who have grown up with video games being a huge part of their lives. It provides valuable insights through its incorporation of the latest research in Business and Organizational Psychology and Game Design. Business Psychology and Gaming. Within less than a minute after a candidate completes the assessment, a candidate profile report is delivered to HR departments email.

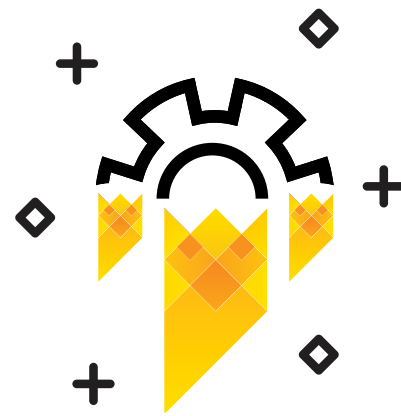
At present, the Owiwi tool measures the following four soft skills:

- Resilience
- Adaptability
- Flexibility
- Decision Making

>>> Owiwi only takes around 25 minutes to complete and is entirely web-based. Potential candidates can play Owiwi from any device or location, and the benefits of applying this fun psychometric tool include the following results:

- A 50% reduction in the duration of interviews
- A 47% reduction in the number of interviews performed
- A 35% savings in time for screening CV's
- A 25% improvement in selection outcomes
- A 10% higher engagement rate of participants with company social media

Owiwi is a unique and powerful HR tool with a validated scientific methodology to support its key value proposition to help companies Hire Once; and protect against the risk of a bad hire.



The Impact of “Good Hires” vs “Bad Hires”

A “Good Hire” will impact the organization in a highly beneficial way. A Bad Hire will “lower the bar” for other employees, and seed bad habits and attitudes. This will result in disengagement throughout the teams that interact with the Bad Hire, and attitudes and performance will suffer as a result.

The good news is that awareness of the cognitive process and all the other elements that lead to making a Bad Hire can result in not bringing the wrong person on board in the first place. Strategies and mindfulness can be learned, and employed by the interviewer throughout their interaction with the candidate. Avoiding the more obvious causes identified earlier will also reduce the risk of Bad Hires. Applying an informed cognitive awareness during the interview can go a long way toward identifying and mitigating any potential bias in the interviewing process. And this can greatly reduce the cost and disruption that will be spread throughout the organization. Putting in processes and developing the awareness necessary to avoid making the next Bad Hire can make all the difference for the success of organizations in the future.



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THANK YOU





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