QUALITY OF HIRE

THE CROSSCHQ

Q REPORT

Connecting hiring data with business outcomes
to drive actionable Hiring Intelligence.

✕✕ CROSSCHQ

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QUALITY OF HIRE

The Crosschq Biannual **Q Report**

▌ HIRING INTELLIGENCE

It is the dawn of a new hiring era. C-suite executives are beginning to recognize the ROI of hiring optimization. The hiring decisions of yesterday have a direct bottom-line impact on the business outcomes of today.

> *This is one of the most complicated and fascinating 'mixed data' problems in the world. Making decisions a few percent better can drive billions of dollars of business value."*
>
> **Josh Bersin**
> *Global Industry Analyst*

All eyes are on hiring, and doing so efficiently and intelligently. It's no longer about simply filling roles. It's about finding the right people for the right job. Hiring Intelligence is a strategic imperative for progressive Enterprise leaders who use people data and analytics to continuously inform and optimize the entire hiring process.

But are organizations able to make this important shift? Recently published research from Deloitte revealed that 83% of companies surveyed globally have low people analytics maturity for talent acquisition.

According to the report, organizations are under-equipped to identify problem areas.

The good news is that leaders recognize the need to invest more in the data behind data-driven decisions. Those who embrace data-driven and process-oriented hiring will be better equipped to succeed in the war on talent and have a major impact on the bottom line.

Our mission has always been to help you build diverse, winning teams. Some organizations are further along their journey than others, but no matter where you are, we hope the data in this Q Report and all Q Reports, past and future, will help you use data and analytics to take your hiring to the next level.

Michael Fitzsimmons

CEO of Crosschq

> *This indicates that most organizations are **under equipped to identify problem areas and potential solutions to the recruiting challenges.** Addressing this capability gap is a business imperative, given the need to effectively manage staffing and meet operational goals."*
>
> Talent acquisition analytics: Making data-driven decisions. Deloitte Insights, 2023

In Q4 2022, we published our original Q Report, which was more popular and controversial than we anticipated. Since then, Quality of Hire (QoH) has gained even more steam in talent circles while remaining the most elusive business concept for talent teams to standardize and measure. Due to complex systems and fragmented data, most companies struggle to reliably connect pre-hire inputs directly with quantifiable post-hire outcomes (i.e. job performance).

Through Crosschq's Intelligence Cloud™ we have finally solved this problem. By connecting millions of data points from dozens of sources and enriching that data with advanced surveys, we enable companies to connect the dots and get on-demand, actionable insights that are based on hiring outcomes.

To date, we have touched over 25 million hiring decisions enabling our machine learning (ML) and artificial intelligence (AI) to get smarter and ultimately more predictive. The result is the industry's most powerful Hiring Intelligence and recruiting analytics platform that is based on business outcomes.

Once activated by an organization, the Crosschq platform not only helps optimize core recruiting programs but ultimately establishes a framework for making Quality of Hire a reliable North Star Metric for the entire talent team.

In the second edition of the Q Report, which we publish twice each year, we focus our insights on salaried, knowledge work. Our industry experts and data scientists have highlighted five more radical insights from our outcome data. Our goal is to share our unique perspective to help inform the industry about the importance of establishing a modern outcome-based approach to recruiting analytics.

MEET THE CROSSCHQ DATA LABS TEAM

Chris Drake
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Joshua Ruf
Lead Data Scientist

Andrés Nazarían
Data Scientist

Elena Arney
Senior Director of People & Communications

THE CROSSCHQ PROPRIETARY METHODOLOGY FOR MEASURING AND PREDICTING QUALITY OF HIRE

Crosschq has built a platform that gathers and analyzes hundreds of millions of data points and uses machine learning (ML) and artificial intelligence (AI) to measure and predict Quality of Hire.

By consolidating data from HRIS and ATS systems, payroll and benefits platforms, assessment and interview tools, and more, and joining it with outcome data from performance management systems, culture and engagement platforms, sales management tools, and others, Crosschq builds and analyzes employee profiles spanning the entirety of their lifecycle, from a person's first interaction with a company as a candidate all the way through their exit interview. These profiles are then enhanced with Crosschq's proprietary data, which has been collected from co-worker, manager, and peer surveys, employee experience measurements, engagement data, and more, plus third-party data sourced from social media, networking, and market inputs.

This data set gives Crosschq the ingredients necessary to effectively and efficiently measure, analyze, predict, and improve Quality of Hire.

SINGLE SOURCE OF TRUTH FOR QUALITY OF HIRE

Crosschq's data-driven platform helps companies hire to optimize business outcomes.
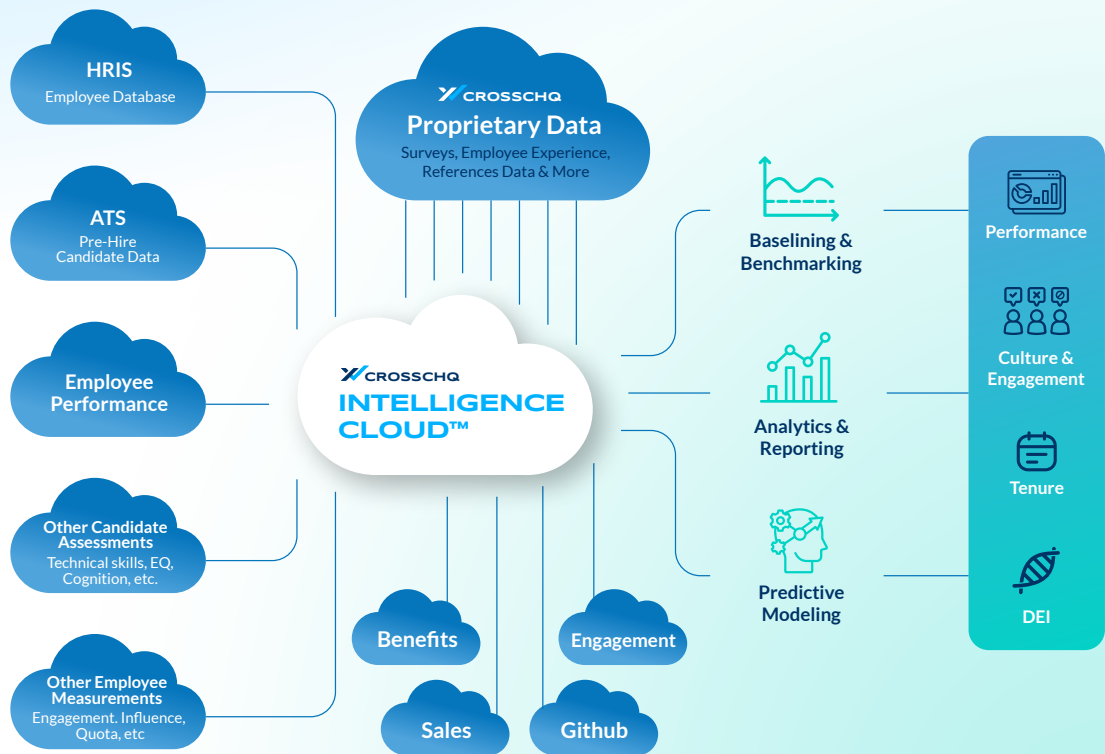
VIEW FROM THE Q: FIVE MORE RADICAL INSIGHTS FROM CROSSCHQ'S QUALITY OF HIRE DATA

01 AGENCIES ARE YOUR RISKIEST SOURCE FOR QUALITY HIRES

40.6% of agencies are in the lower quartile of Quality of Hire.

Agencies are often used as a "quick win" sourcing solution for their ability to fill roles as quick as possible, providing a plethora of candidates in record time. However, our research shows that agencies have one of the widest Quality of Hire variances among all sources for salaried workers. In other words, not all agencies are created equal, so choose your agencies carefully.

Although on average, agency-sourced hires are equal to the mean for Quality of Hire for a given company, Crosschq Data Labs found that 40.6% of agencies are in the lower Quality of Hire quartile – making them some of the lowest ROI hiring sources.

Paid sourcing, and the use of agencies therein, are usually the most expensive item as share of wallet for Talent Acquisition. If this is your most expensive channel, it should be performing the best. The need for transparency and agency accountability is real. Due to this variability in agency-sourced new hire performance, and some **agencies in particular underperforming disproportionately, agencies may be your riskiest source for quality hires.**

Crosschq data also shows that while providing more candidate submissions, these agencies are often simply adding time-consuming cycles to the process. For some agencies, it can take 5x the number of submissions to get to a hire, compared to others. And from an interview timeline standpoint, it generally takes 10 to 15 hours to get to a hire, while a handful of agencies average up to 50 hours of interview time to get to the final hire decision.

Conclusion:

Hold your agencies more accountable. Closely track KPIs such as Time to Hire, Quality of Hire and Cost per Quality Hire by agency. You may find there are several in your talent pipeline repertoire that are negatively affecting your hiring outcomes.

02 INDEED SOURCING OUTPERFORMS LINKEDIN ON QUALITY OF HIRE OF KNOWLEDGE WORKERS

While both sources are above the mean, Indeed candidates outperform LinkedIn candidates for mean Quality of Hire.

Candidate QoH by Source

Indeed	LinkedIn	Mean
82.87	81.95	81.00
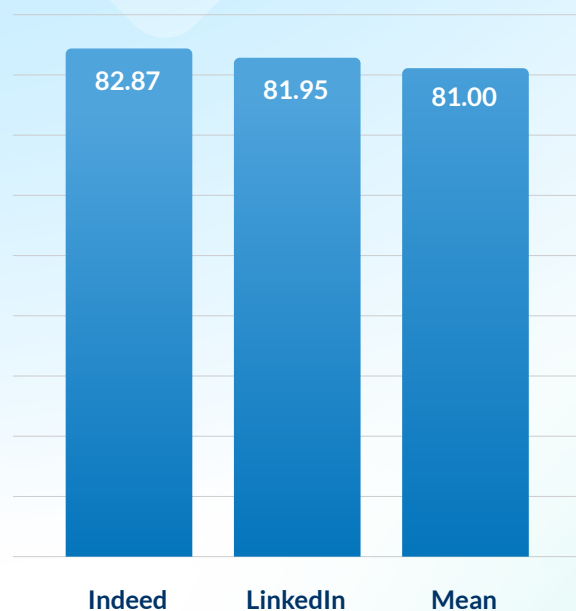
With over 900 million members in 200+ countries and territories worldwide, as well as the obvious invaluable network connections and other data to boot, it's clear why most recruiters turn to LinkedIn as the go-to sourcing tool for active and passive candidate recruiting.

Crosschq Data Labs data shows LinkedIn, although still above the QoH mean and a strong source for quality knowledge worker candidates, is not the only show in town. With an average QoH score of 82, Indeed outperformed LinkedIn, which delivered an average QoH score of 81. Further, ZipRecruiter and Glassdoor shined as strong performers as well, also ranking above mean in Quality of Hire.

Conclusion:

A balanced and well-planned sourcing strategy includes multiple sources. Indeed, ZipRecruiter and Glassdoor are all great places to look for quality candidates too. Of course, these results can vary by company and role, so tracking your own Quality of Hire and tracing it back to each source is the best way to know your time and money are being spent efficiently.

03 DIVERSITY (GENDER & ETHNICITY) HIRING HAS SLOWED SIGNIFICANTLY IN THE LAST 6 MONTHS

Diversity hiring has decreased 11% over the last two quarters compared to the prior six quarters.

Count of Ethnically Diverse Hires and Terminations

Employees Hired After 2021-01-01 — Hires — Terminations
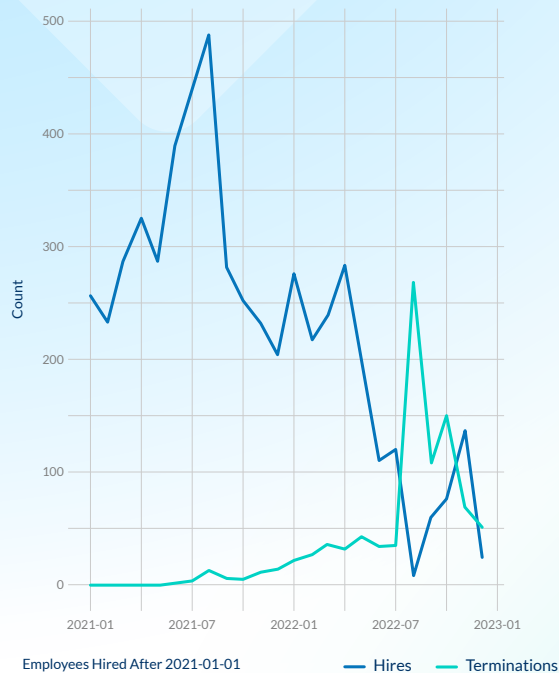
Crosschq Data Labs data shows that diversity hiring (gender and ethnicity) has slowed significantly starting June 2022. From January 2022 to May 2022, 76.6% of hires were diverse, from June 2022 onwards, 67.9% of hires were diverse.

This is a significant reason for concern: That's an 11% decrease (8.7 percentage points) in diversity hiring over the last two quarters versus the prior six quarters.

Concurrently, there has been an uptick of diversity terminations (voluntary and involuntary) starting in August 2022. The second half of 2022 saw 9.2% more diverse monthly terminations than the previous 12 months. Additionally, terminations of diverse hires appear to be happening more rapidly in the first year of employment and are 2x more likely to cite "family reasons" as their 'why' for separating from their companies.

These early signals indicate that diversity hiring efforts are slowing down considerably, which may effectively be undoing any recent progress.

Conclusion:

A slow down on diversity sourcing or focus on DEIB hiring strategies will have a lasting impact in quarters to come. Although there's always competing distractions, a renewed commitment is necessary to ensure we keep our eye on these goals and succeed in our diversity hiring efforts.

Further, ESG (Environmental, Social, and Governance) initiatives are essential in cultivating varied workforces. By emphasizing moral business conduct and eco-friendly operations, these programs attract a broader spectrum of prospective employees and contribute to a more diverse, fair, and inclusive workforce.

04 DESPITE HOW YOU MAY FEEL ABOUT OVERLY CONFIDENT CANDIDATES, THEY PRESENTS A STRONG CORRELATION TO QUALITY OF HIRE FOR SPECIFIC ROLES

Traits that generally correlate to better Quality of Hire are: flexible, attention to detail, intelligence, gets job done on schedule, willing to go above and beyond, and needs little direction.

In our original Q Report, we revealed that 6 out of 10 pre-hire candidate assessments were not predictors of Quality of Hire. We're certainly not against assessments. After all, one of our most popular products could be considered an assessment. Our 360 product asks references to assess candidates on traits and skills, then the candidates rate themselves on the same traits and skills. When we look at outcomes, the data are instructive.

Let's start with a candidate's self-assessment. Sales candidates had the largest range of outcomes, but, ultimately, the more they exuded confidence during their evaluation process, they were more likely to succeed in their sales position. Specifically, **these confident sales candidates had a 5.1% higher average Quality of Hire**, 1.2% higher retention rate and 7.2% higher performance. Our definition of success here is defined not by tenure, but by higher performance.

Conversely, for engineers, software developers, and managers, the more self-deprecating a candidate was when scoring their own skills and performance, the higher their ultimate Quality of Hire.

Now, let's look at references' scores of candidates. Results showed a positive correlation aligning the reporting of certain traits by references with better Quality of Hire. When ranked highly on traits such as **"Willingness to go above and beyond" and "Attention to detail", candidates scored an almost 3.5 unit increase in QoH.** Similarly, when references ranked a candidate highly on **"working with little direction,"** data showed an almost 4 unit increase in QoH.

See all the quality indicators here.

Conclusion:

You can't rely solely on interviews to assess character traits and skills – a 360 reference check can provide valuable insights. Both scores from references and self scores from candidates can be powerful predictors of job performance. While being scored highly on some traits by references predicts better QoH, when candidates ranked themselves, they were more likely to be associated with a lower Quality of Hire. This reinforced the importance of gathering concrete reference feedback on specific skills and traits as it can be predictive of candidate success.

05 ARE YOU LAYING OFF THE WRONG PEOPLE?

Those being laid off have as much as 20% higher Quality of Hire scores than those retained.

Downsizing decisions almost always happen quickly, resulting in very little time to analyze the impact – particularly productivity lost. Decisions are usually not grounded in recent performance ratings or even potential, but rather the easier to track metrics of tenure and compensation.

With insight #5 of the inaugural Crosschq Q Report published in the fourth quarter of 2022, Crosschq Data Labs reported that on average, involuntarily terminated employees had a 15% greater Quality of Hire than retained employees.

Crosschq's data continues to show that organizations are not as thorough with their analyses as they should be when making these layoff decisions. Under immense pressure to cut costs and move quickly, **organizations continued to lean too hard on "last in first out" (LIFO) policies in 2022.**

Crosschq Data Labs research shows some **organizations are terminating employees with as much as a 20% higher Quality of Hire scores than those retained.** Clearly there is still a bias to lean on LIFO. This is a problem directly affecting Quality of Hire for organizations at a macro level. And it is only getting worse.

Conclusion:

The right data is essential. No matter how fast you need to act, it's imperative to take the time to effectively construct your reduction in workforce decisions based on employee data at-hand, including team fit, ratings and reviews, estimated potential, and recent productivity, not to mention Quality of Hire scores.

Connect with a **Crosschq** rep for a customized walk-through of our Hiring Intelligence platform today.

SCHEDULE A DEMO

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crosschq.com
Take the Guesswork Out of Hiring