HIRING FOR COMPETENCY: HIRING TO NOT FAIL VS. HIRING TO SUCCEED

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Abstract

Evolving economic and technological advances have affected the work environment and the workforce, resulting in new competency requirements for employees. Finding the right person for each job can be difficult, and new hires often fail to meet employers' expectations. This study examined employers' definitions of competency, instances of successful and unsuccessful hiring, and importance placed on industry credentials/certifications versus educational degrees. Findings suggest that employers' definitions of competency are not aligned with narrative stories of successful hires, that employers often aim to avoid failure rather than ensure success in hiring, and that hiring managers often believe that following a predefined and structured hiring process is most likely to lead to a successful hire.

Keywords: workforce; hiring; competency

Introduction

Evolving economic and technological advances have affected the work environment and the workforce, including the health information management profession. Finding a competent person for each job is more critical than ever. "Almost one half of new hires fall short of expectations, predominantly because of fit issues, rather than technical competence."[1] A survey by a Washington-based research firm showed that approximately 46 percent of 20,000 new hires failed within the first 18 months.[2]

Research has shown that finding the right person to fit the right job is a difficult process. Costs surrounding a bad hire have been calculated at 50 to 200 percent of the first-year salary, while the costs of an employee who leaves within the first year may reach 162 percent of the first-year salary.[3] For example, costs associated with an employee earning $35,000 per year ($16 per hour) could reach $56,700 per year if the placement is unsuccessful—with this cost being exclusive of the cost of bringing on a replacement for the position.

Additional findings suggest that failure to succeed is often linked to soft skills, such as the lack of coachability (26 percent), low levels of emotional intelligence (23 percent), motivation problems (15 percent), and temperament issues (17 percent), while a mere 11 percent of failures are attributed to a lack of technical or professional competence.[4]

The present study employed the Appreciative Inquiry approach to identify respondents' definitions

of competency and the methods used in the hiring process to assess the competency of potential employees.

Methodology

The study was conducted using Appreciative Inquiry, which has recently increased in prominence as an approach for data collection and validation.[5] Appreciative Inquiry seeks to encourage discussion related to past and present capacities, including strengths, opportunities, benchmarks, and knowledge gained through experience.

To test the study hypotheses (see below), respondents who took part in focus group discussions were asked a series of questions focused on defining competency and describing hiring practices through real-world experiences. Focus groups of between 6 and 10 respondents were convened for three professions—health information management, restaurant and hospitality, and manufacturing—to ensure a wide breadth of experience and cross-industry consideration.

Respondents were asked first to tell a story about someone they hired who was competent, and then to provide a definition of competency. Second, respondents were asked to tell a story about a time when they hired someone who did not meet their competency criteria (skills and behavioral). Next, respondents were asked to talk about a time when they hired a successful candidate and what processes they followed in assessing the candidate's competencies. Respondents were then asked to talk about a time when they hired someone who was not successful and what went wrong with the hiring process. Finally, respondents were queried regarding how much importance they place on industry credentials/certifications compared with educational degrees.

Using the constant comparative method, two study researchers independently reviewed responses from focus group transcripts to determine themes and commonalities using a three-step process:

1. Identification of relevant topics/themes;
2. Refinement of the topics/themes into broader categories; and
3. Selection of core categories and assessment of relationships to the other categories.

During step 1, independent review of the focus group transcripts occurred, with each researcher identifying relevant topics/themes. After discussion, during step 2, topics were organized into broader categories with narrower themes under each category. During step 3, the broader categories and supporting themes were reviewed for connections and conditions, with specific attention to similarities and differences among the industry sectors. The process enabled "stories" to evolve from the focus group discussions.

Hypotheses

Study hypotheses were directed at assessing factors related to successful and unsuccessful hiring practices. The hypotheses were as follows:

1. The primary reason new hires fail is a discrepancy between screening assessments and tools used in the hiring process to define competency, and how competency is reflected in real-world practice or experience.
2. New hires are more likely to succeed if predefined and structured hiring processes are followed.
3. Employers place more emphasis on industry-related credentials and certifications than on formal academic attainment.

Results

Hypothesis 1

Hypothesis 1 was that the primary reason new hires fail is a discrepancy between screening assessments and tools used in the hiring process to define competency, and how competency is reflected in real-world practice or experience.

When defining competency, employer definitions focused on task-based items and minimal standards of behavior. Responses noted elementary items such as having the minimal level of proficiency needed to complete the task and arriving for work on time, as well as the following:

- Ability to do the job the employee was hired to do
- Having the skill set and the desire to constantly try to improve one's abilities
- Being accountable and holding others accountable
- Integrity
- Literacy (ability to read the training materials)
- Meeting minimum performance standards
- Doing the task as given
- Ability to execute at level of accuracy and speed as required
- Maturity, ability to articulate, visionary, understanding directions, accuracy
- Contributing without hesitation
- Having the skill and ability to fulfill the job at hand

When the employers were asked to tell a story about a time when they hired someone who met their competency criteria, responses included the following:

- "She was able to come on and hit the ground running with very, very little training."

- "Her values and goals were aligned already with ours when she came in. Sometimes the values are a little difficult to assess but we matched up really well."
- "It was her drive."
- "Her willingness to basically do anything and do whatever it took to get the job done; willingness to float; made her versatile, adaptable."
- "She was a great cultural fit . . . believe in our core values."
- "Come in and be flexible; easygoing . . . the right fit"
- "A team . . . working together"
- "Care about each other."
- "Be adaptive to the situation."

An analysis of the additional study questions echoes the findings of the preceding questions with regard to the areas of greatest importance in ensuring a successful hiring decision. Responses related to the hiring of an individual who did not meet competency criteria indicated a number of issues, including that the individuals lacked knowledge in required subject areas or displayed negative character traits such as aggression or a lack of specific necessary workplace skills. In addition to noting candidates' lack of time management or other skills, respondents indicated:

- "It ended up that he was a really bad fit because he was just an angry person. He said some of the nastiest things to his co-workers."
- "She tested well, was well-spoken; she was working remotely and when things needed to get done, was very disorganized in her personal life which spilled over into her professional life; time management was an issue."

In addition, respondents mentioned that while candidates met the criteria required of the position in terms of their background or experience, they lacked needed interpersonal skills or failed to demonstrate the knowledge and skills outlined in their resumes. Further, while individuals may possess desirable skills, it cannot be assumed that they are a good fit for an organization in terms of culture and environment, nor do they necessarily possess the determination or drive to excel in a position.

Hypothesis 2

Hypothesis 2 was that new hires are more likely to succeed if predefined and structured hiring processes are followed.

Findings related to this hypothesis suggest that to help prevent the hiring of candidates who are a poor fit for the role or organization, respondents followed predefined steps within documented processes and procedures to ensure that candidates were appropriate and met the specified criteria. These steps included the use of phone screenings, in-person interviews, and application tracking systems. Respondents noted specifically:

- "For the in-person interviews, we always have two people interviewing together so that they can each have a dialogue afterwards and share their experiences and reflect on some of the things that get said, and then we also do reference checks and use an assessment tool and we rely on that pretty heavily."
- "We use an application tracking system, phone interviewing, consistent hiring procedures, interview guides, questions regarding behavioral assessment—each step is a funneling process."

While these types of processes assist in ensuring successful hires, deviations from them are not uncommon, and may result in the need for remediation. Respondents provided examples of issues that arise from circumventing the formal hiring practice, including the following:

- "I ran into in the hallway and he's like, 'Oh, I've been meaning to come and talk to you. I hired somebody. I probably should have talked to you first.' . . . Fast forward 90 days. I run into him in the hallway and he's like, 'Oh, I've been meaning to come talk to you. I just fired somebody. I probably should have come and talked to you first.' It was the same guy."

Though often cumbersome, respondents explained that ensuring that applicants are brought on through the same hiring and on-boarding process allows for consistency of experience with the organization as well as employee education. Working around interview and hiring processes or using methods other than the formal process were also noted across industries to more often lead to bringing on individuals who are a poor fit for the role and organization.

Hypothesis 3

Hypothesis 3 was that employers place more emphasis on industry-related credentials and certifications than on formal academic attainment.

With regard to the importance of industry credentials/certifications and educational degrees, responses varied by industry and also between roles within industries. Respondents from the restaurant industry noted an increased focus on experience rather than education or credentials, noting that many positions are entry level or hourly and thus have slightly different requirements than other industries in terms of the knowledge, skills, and abilities needed to complete the tasks associated with the position. Respondents from other industries, including health information management, noted that the importance of credentials and certifications varied by role. While credentials and certifications were viewed as being highly important for "coder/coding professional" roles, for middle manager roles education and credentials were seen as equally important, and for those in leadership roles educational degrees were viewed as critical while industry credentials were viewed as less critical.

Respondents from all groups noted the importance of hiring the candidate who is the best fit, not

only for the position, but also for the culture and environment of the organization. Unsuccessful hires were noted as being those in which candidates were selected with the primary objective of "filling a place" or "finding someone," rather than finding the appropriate candidate and ensuring that the individual met all needed criteria. Further, respondents noted that candidates must be selected on the basis of their drive to personally succeed as well as to help the organization succeed, rather than settling for a hire who will simply "not fail."

Conclusion

Data from this study show that employers' definitions of competency are not aligned with narrative stories of successful hires. The employee characteristics identified in the description of successful hires seem to be aligned with the National Network of Business and Industry Associations Common Employability Skills model. When describing successful hires, employers across various industry sectors included in this study expressed to varying degrees the importance of personal skills such as dependability and integrity, people skills such as teamwork and respect, applied knowledge skills such as reading and mathematics, and workplace skills such as problem solving and decision making. Measures of competency addressed more technical skills such as meeting minimum standards, having the ability to do the task, understanding directions, and maintaining accuracy. Comments suggested that most employers, when defining competency in the hiring process, hire not to fail rather than to succeed. This finding is further supported by the belief that following a predefined and structured process in hiring will more likely lead to a successful hire. Although some employers had "gut feelings" when hiring a new employee, most relied on the process to ensure a successful hire.

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Notes

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