HIRING GUIDE
TO REDUCING TURNOVER IN HIGH-VOLUME POSITIONS

Journeyfront

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> ## 80% of employee turnover is caused by bad hiring decisions
>
> -Harvard Business Review
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Chances are, you've tried multiple levers to cut down on turnover in your call center, warehouse, distribution center, or other high-volume hiring location. Turnover rates of 40 percent are common; sometimes, they can be double that.
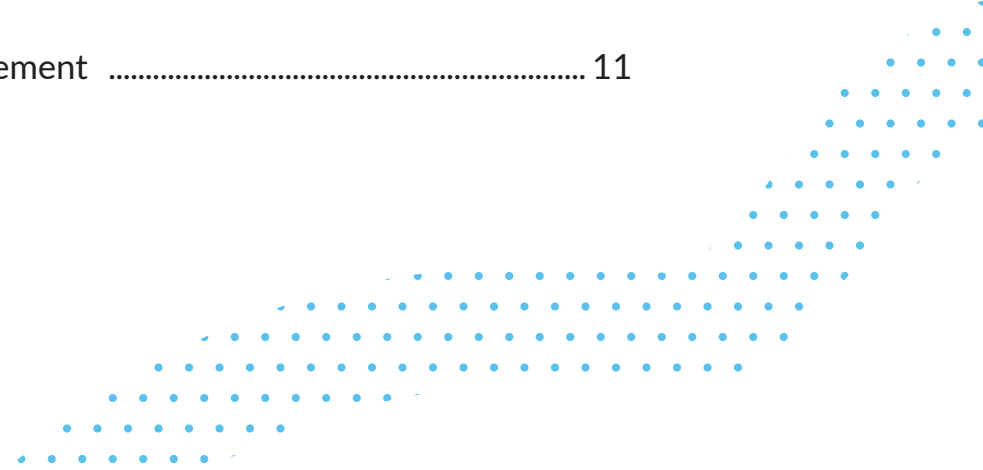
Many attempts at reducing turnover achieve only modest results, despite significant investment. That's because so often companies start by asking themselves, "how can we change this job to stop people from leaving so often?" But the most effective (and by far least talked about) way to reduce turnover is to improve the effectiveness of your hiring process.

According to Harvard Business Review, 80 percent of turnover can be attributed to bad hiring decisions. Some companies, however, are spending 80 percent of their turnover-reduction efforts on post-hire programs and initiatives!

Tackling turnover by modifying your candidate screening process represents an enormous opportunity for companies in any industry. By bringing a more data-driven, modern approach to high-volume hiring, you'll reap the long-term rewards of higher employee retention. Below, we offer a step-by-step guide for how to do this. We hope that you will benefit from the research-backed ideas and suggestions that follow.

What's In This Guide

01 Your Cost of Turnover and Its Impact

You're probably well aware of the direct replacement costs of turnover like recruiting, interviewing, and onboarding. Then there are the indirect costs like lost productivity getting a new employee up to speed; damage to customer relationships; lower employee morale; the domino effect causing others to quit; an impact on the company's employment brand; loss of institutional knowledge; time spent by managers and other employees to train or correct the new employee; and more.

According to the U.S. Department of Labor, the cost to replace a bad hire is estimated to be about 30 percent of that employee's annual salary. And those are just the more direct costs. All added up, the cost can be three or four times a person's salary, according to the Society for Human Resources Management.

> " THE ESTIMATED COST TO REPLACE ONE EMPLOYEE IS 30% OF THAT EMPLOYEE'S ANNUAL SALARY. "
>
> - Department of Labor

The direct costs of replacing an employee run about 30% of that person's salary. In reality, the cost is three or four times that employee's salary.

01

The High Cost of Turnover

	15%	30%	50%	80%	100%
$15K	$68K	$135K	$203K	$270K	$383K
$30K	$135K	$270K	$405K	$540K	$765K
$45K	$203K	$405K	$608K	$810K	$1.1M
$60K	$270K	$540K	$810K	$1.1M	$1.5M
$85K	$383K	$765K	$1.1M	$1.5M	$2.2M
$100K	$450K	$900K	$1.4M	$1.8M	$2.6M
$150K	$675K	$1.4M	$2.0M	$2.7M	$3.8M

The biggest challenge when it comes to turnover is identifying the root cause(s) of the problem. Companies spend hundreds of thousands of dollars monitoring employee engagement, adding expensive company perks, training their managers, and more, all under the assumption that such efforts will help reduce their turnover. These methods are well intentioned and some have merit. They're just not the main drivers behind high turnover.

02 Employee Engagement: Not The Answer We Hoped For

Gallup finds that only 33 percent of U.S. employees are considered to be "engaged" at work. And, Gallup finds, "not engaged or actively disengaged employees cost about $1.9 trillion in lost productivity."

It's not because employees aren't trying. A study by the Conference Board, cited in Harvard Business Review, found that 96 percent of employees actively strive to maintain a high level of engagement, despite struggling to do so.

Many hiring managers have observed that some employees seem to have brought their engagement with them to the job from Day 1.

Often, two workers in the same position and work environment demonstrate very different levels of engagement. Externally, their situations are identical. Internally they have very different traits and past experiences that drive them.

One Harvard Business Review meta study, which aggregated data from 114 independent employee surveys, found that a whopping 50 percent of the variability in employee engagement was explained by a person's personality.

It's Not Working

The bottom line is this:
- Nationwide efforts to reduce turnover through improved employee engagement have yielded few results
- An employee's level of engagement in a job is often more the result of his/her own personal traits than any engagement initiatives undertaken by the company
- Thus, the best way to increase employee engagement is to focus on hiring people more likely to be engaged

This focus on addressing engagement at the hiring stage is also true for turnover risk. The best way to reduce turnover is not to increase your investment in post-hire initiatives, but rather improve your hiring process in such a way that you are more effectively screening out those most likely to leave so soon.

03

Reducing Turnover Starts With Hiring

Jim Collins said that "the most important decisions businesspeople make are not what decisions, but who decisions."

If 80 percent of your turnover is the result of bad hiring decisions, the most important thing you can do to reduce turnover is to focus on hiring people more likely to stay.

This is not to suggest that the work environment isn't important, or that managers aren't important, the way you treat employees isn't important, and all of the traditional HR "levers" such as pay, benefits, flexibility, appreciation, recognition, and so on are unimportant. Indeed, they are.

But the training and experiences an employee has had before coming to your company will vastly outweigh whatever experiences they have during the limited time they spend at your company.

By the time a 24-year-old is hired at your company, the influence from their pre-hire years will outweigh the influence of whatever time you spend with him/her by a

factor of ~23 to 2 … and that's being generous. That's a 1,050 percent larger impact.

Who They Are Before Arriving Matters Most

Year 1	Year 2	Year 3	Year 4	Year 5
Year 6	Year 7	Year 8	Year 9	Year 10
Year 11	Year 12	Year 13	Year 14	Year 15
Year 16	Year 17	Year 18	Year 19	Year 20
Year 21	Year 22	Year 23	Year 24	Year 25

▢ *Influence from years prior to joining your company*

▢ *Influence from years spent at your company*

03

Any efforts a company may take post-hire to influence an employee will pale in comparison to the influence of their previous life experiences as well as their own personal traits.

Despite that reality, only the most innovative companies have grasped the true power of screening for turnover risk. Far too many companies focus solely on screening for the traditional factors (performance-related criteria, culture, etc.). Screening for turnover is the answer they have been waiting for.

04 How Much Of Your Screening Process Should Focus On Turnover?

We're not suggesting that 100 percent of your screening process is about turnover. There are many other important factors to evaluate in a candidate, including performance-related screening.

The portion of your screening process dedicated to screening for turnover risk vs. cultural fit and performance should vary depending on the company and position.

The higher the turnover, the greater the percentage of your hiring process that should be allocated toward screening for turnover risk.

Likewise, the less challenging the job, the more you can afford to replace steps in the screening process traditionally reserved for more performance-related criteria.

This may seem obvious, but it's often not. As one anecdotal example, we recently began working with a retail client who'd been using sophisticated intelligence-based assessments to hire for a cashier position. Its solution – the IQ test – didn't match its problem, which was turnover.

The following questions can serve as a helpful guide for positions at your company:

1. How high is your turnover?
2. How difficult is the job?
3. How much interaction with others will the job require?

Let's take these one by one.

04

1   # Turnover Levels

Every job requires some minimal threshold of intelligence, and mental ability is generally one of the better predictors of performance. But an audit of that retailer's screening process revealed that it was almost entirely focused on performance-related criteria with almost no screening related to turnover. This might be fine for some positions, but for a cashier position with more than 100 annual turnover, it was a mistake.

2   # Job Difficulty

Here's a good rule of thumb: ask yourself the following question. Assuming they were given the basic amounts of initial training required, what percentage of the population selected at random could do the job you're hiring for?
If the answer is around 1 to 5 percent, most of your hiring process should screen for performance-related criteria. If the answer is closer to 50 to 75 percent, make turnover a larger focus in your screening.

3   # Personal Interaction

The last question to ask is how much interaction with others the job will require. The less interaction, the more you can afford to decrease time spent on a cultural-fit screen and increase a turnover (or performance) screen.

A good rule of thumb here is the "jerk test." How many people would be affected if I hired a jerk for this position? If the answer is a lot (as would be the case for example in a management or customer-facing position), then cultural fit should occupy a large portion of your screening process. If having a jerk in this position wouldn't impact that many people, you can afford a bit more focus on turnover or performance.

This is merely about time allocation. Of course, it's always a good idea to screen out truly objectionable people.

04

Customize Your Screening Plan
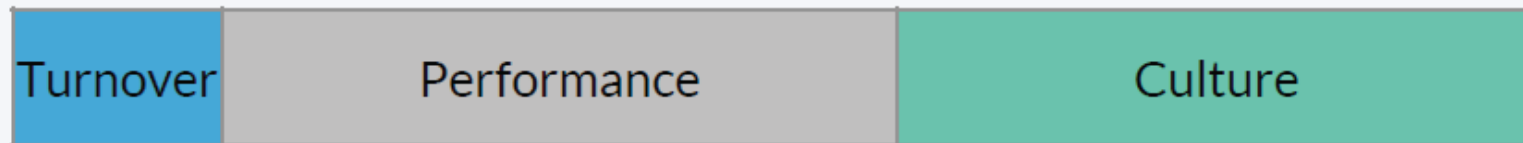Focus on the realities of the job and the outcomes that matter most

Customizing your screening plan based on the realities of the job helps ensure you're focusing on the outcomes that matter most for each position.

Example Position 1:

Turnover: **Low**   Job Difficulty: **High**   Interaction w/ Others: **High**

Turnover	Performance	Culture

Example Position 2:

Turnover: **High**   Job Difficulty: **Low**   Interaction w/ Others: **Medium**

Turnover	Perfor.	Culture

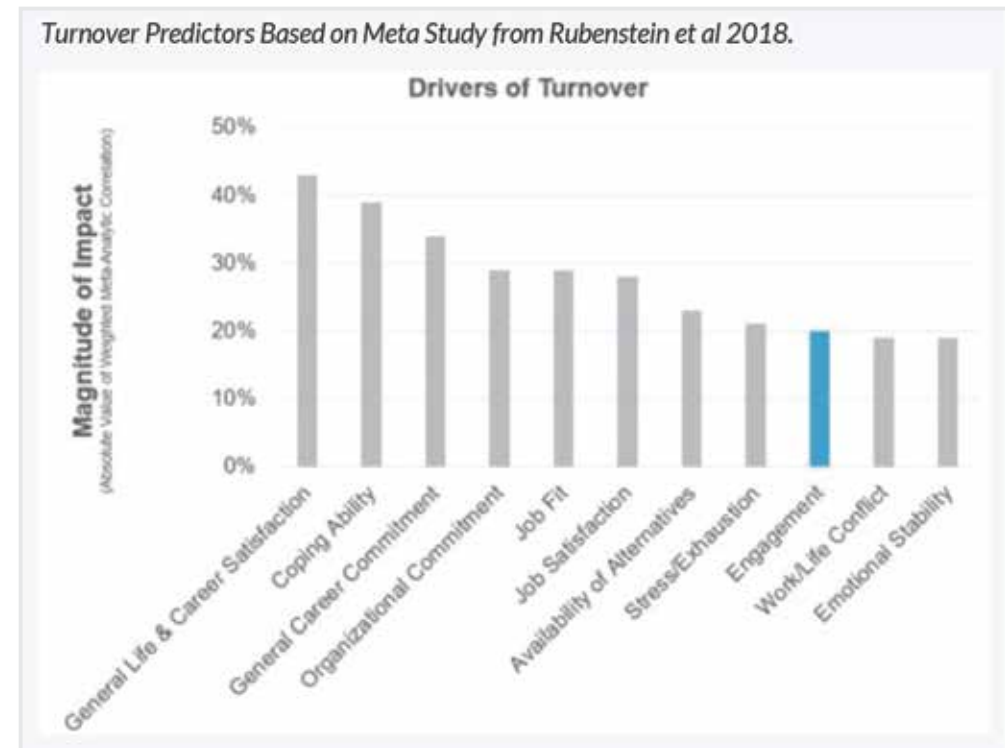Screening for turnover is the step that companies most often overlook.

05 11 Traits That Make A Candidate More Likely To Stay

Once you've decided what portion of your screening process should focus on turnover, the next step is to decide what to screen for.

Below are the results from one of the largest turnover meta studies done, which aggregated insights across hundreds of independent studies.

The Surprising Relationship Between Engagement and Turnover

Turnover Predictors Based on Meta Study from Rubenstein et al 2018, "Surveying the forest: A meta-analysis, moderator investigation, and future-oriented discussion of the antecedents of voluntary employee turnover," Personnel Psychology.

05

Notice that employee engagement is on the far right. As mentioned previously, there are many factors that influence turnover more than employee engagement.

Also notice that the majority of the turnover predictors listed are related to the person, or at least, person-job fit, not the job itself. In other words, these are things that can be screened for before a hiring decision is made.

The ability to screen candidates for the above criteria can have a large impact in your efforts to reduce turnover at your company. Of course, every company and position is unique, so you'll want to customize your approach, but the above criteria can be a great place to start.

" MOST OF THE TURNOVER PREDICTORS CAN BE SCREENED FOR BEFORE HIRING. "

06 8 INTERVIEW QUESTIONS GUARANTEED TO FLAG FLIGHT RISKS

Once you have a good idea of the kinds of things to screen for, the next step is to begin crafting effective ways to screen for those traits. Below are a few examples of interview questions you might consider adding to your process. All the attributes suggested below have been shown via decades of research to be highly predictive of retention.

General Life & Career Satisfaction

The degree to which an individual likes other aspects relevant to employment, such as his or her career or life in general.

Sample Question 1:
On a scale of 1-10, how satisfied would you say you are with your career right now, and why?

Sample Question 2:
Tell me about the worst situation you got yourself into at your last employer.

Explanation:
The key to this question is to gauge the overall level of positivity or negativity of the candidate. Research has shown that an overall positive perspective on life and one's career translates directly into higher retention on the job as well.

Explanation:
Viewed through a turnover lens, this question is much more about how the candidate views the event than how they got there in the first place. You're watching for whether the candidate views those situations from the perspective of an optimist or a pessimist. Pessimists are more likely to be dissatisfied in a general sense with life and their careers. Research has shown that this translates directly into a higher likelihood of turnover as well.
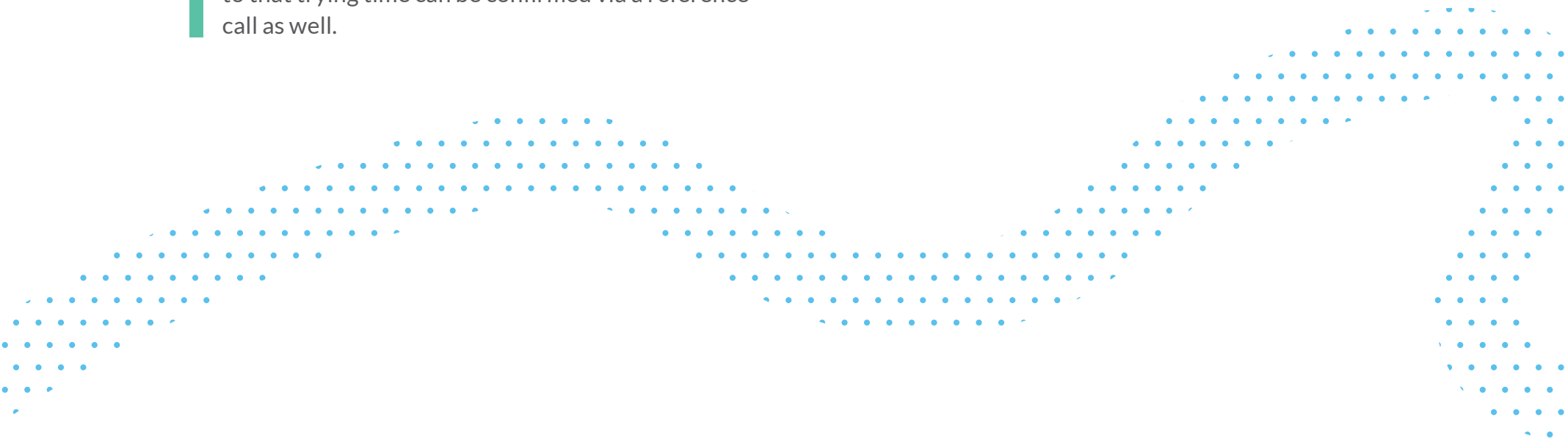
06 Coping Ability

An individual's abilities to manage internal and external demands that are perceived as exceeding available resources.

Sample question one: Tell me about a time you experienced burnout. What caused it? How did you handle it?

Explanation: You're looking for evidence that this person can juggle multiple hard things. The more difficult the demands placed upon them (both internal and external to a job) and the greater the evidence that they were able to manage those demands, the greater the evidence that they can do the same at your organization. If helpful, how the candidate responded to that trying time can be confirmed via a reference call as well.

Sample question two: What are the largest sacrifices you have made thus far in your career?

Explanation: The past is the best predictor for the future, and a person who can demonstrate above-average commitment to the success of his/her career is more likely to bring that same commitment to you at your organization. Research has shown this trait to be highly correlated with retention.

06

Job Fit

Compatibility between an individual and a work environment that occurs when their characteristics are well matched.

Sample Question One:
Can you tell me the three main reasons you have left jobs in the past?
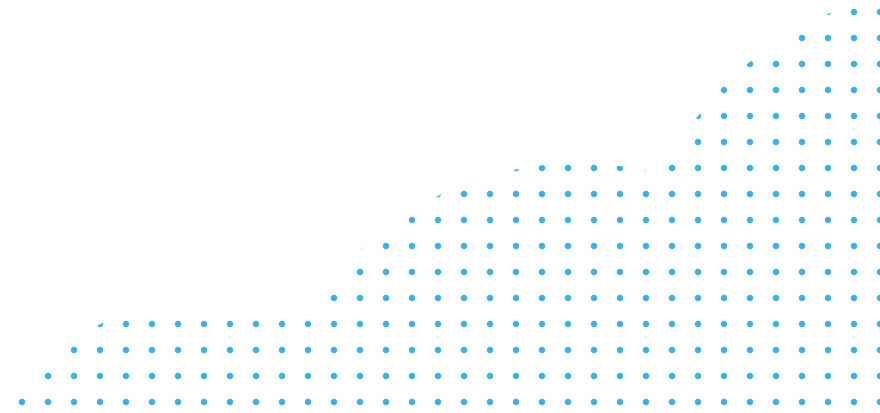
Explanation:
You're looking for themes for their leaving prior jobs that are likely to apply to the current job environment as well. For example, if a person has left a job in the past due to a lack of opportunity, follow-up questioning may reveal whether they'll encounter those same kinds of issues in the role they'd be assuming at your company.

Sample Question Two:
What are your strengths?

Explanation:
This is a common and sometimes-criticized interview question. But viewing it through a turnover lens gives you a different interpretation of a candidate's response. According to Gallup research, people who use their strengths at work every day are six times more likely to be engaged. Knowing how a candidate's strengths match those things they'll be doing daily in the job can be a good early indicator of the degree to which they'll feel suited for the role. People are more likely to stay in jobs where they can become their best selves; it's hard to be your best when you're using your left hand and you're right handed.

06

General Career Commitment

The degree to which an individual experiences loyalty to targets other than the organization, such as his or her occupation or career.

Sample Question:
On a scale of 1-10, how important would you say your career is to you? How has that impacted your decisions thus far?

Explanation:
This is not intended to identify people who value their career success above all else. The best candidates often have many values they hold dear, many which are held in higher esteem than career success. However, you're looking for strong evidence of commitment to one's career in the form of diligence, perseverance, or sacrifice.

Organizational Commitment

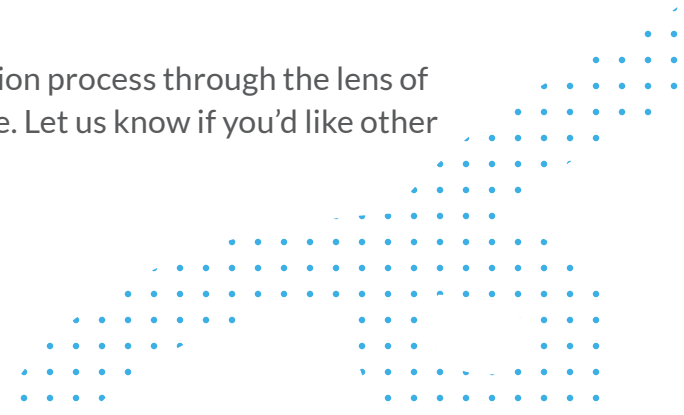You're looking for as much candidate alignment with the organization and what it does as possible.

Sample Question:
Why did you apply for this position?

Explanation:
Candidate alignment with the organization could come in the form of an affinity for the company's product, a passion for its mission, or a host of other potential attractions. All can serve as evidence to some degree that the person is more likely to stay once hired.

The above are just a few examples meant to show that viewing the candidate evaluation process through the lens of retention-related criteria can transform the way you interpret a candidate's response. Let us know if you'd like other research-backed examples of interview questions.

07 Track Your Results For Continuous Improvement

Once you've successfully incorporated a turnover screen into your hiring process, you've taken a major step in the right direction, but you're not done yet.

The last and perhaps most important step is to measure your progress against turnover on a per-hire basis – specifically compared to the new-hire attributes you've screened for. This involves tracking how hires were scored in the screening process against their tenure at the company.

Because every company and position is different, in order to identify what's working for you, results need to be tracked at this level so you can continuously validate and refine your approach.

Over time, the effectiveness of your screening process will improve (as will your turnover). You'll be able to identify which attributes matter most for your company, and which screening methods best identify those attributes. The higher your turnover, the shorter your feedback loop (i.e., the quicker you're able to learn what aspects of your turnover screen are working). If you're correctly keeping track of your data, you'll be able to identify any hires who turned over in the first few months to determine what worked, and generate new ideas for how to improve.

07

It's Worth It

Your priority is to hire the best candidate possible for the job. Determining what that entails is the hard part, given that it varies widely from job to job and company to company.

For companies with high turnover, the most important thing to take away from this guide is that your screening plan for identifying the best candidates has to include retention-related criteria. You can hire the most superb performer on the planet, but if he/she leaves your company after a month, he/she wasn't a successful hire.

The other important thing to take away is that when it comes to reducing turnover, data is your greatest ally. Using the hiring process to reduce turnover will require being deliberate about what you're screening for and why you're screening for it – and being willing to collect data as you go so that you can continuously improve over time.

The cost of turnover is so great that the effort is far worth it. Companies have saved millions of dollars employing the strategies explored in this guide. Let us know if we can show you how they are doing so.

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Want To Learn More?

Journeyfront is the intelligent hiring suite designed to build and execute your ideal hiring process. Built on a sophisticated data platform, we go above and beyond other hiring systems in giving you the tools and insights you need to continuously monitor and refine your process to achieve success at every stage.

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