



QUALITY HIRES QUALITY OUTPUT

Smart talent strategies
for industrial hiring

RESEARCH REPORT

Mavis Kung, Senior Director of R&D
Trevor McGlochlin, Managing R&D Consultant
Alyssa Michels, R&D Consultant
Laura Swann, Senior R&D Consultant



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Introduction

The industrial sector is experiencing rapid transformation driven by technological advancement, growing workforce expectations, and mounting pressure for operational efficiency. Yet, amidst this progress, organizations across manufacturing, logistics, energy, and related fields continue to face persistent and increasingly costly hiring challenges.

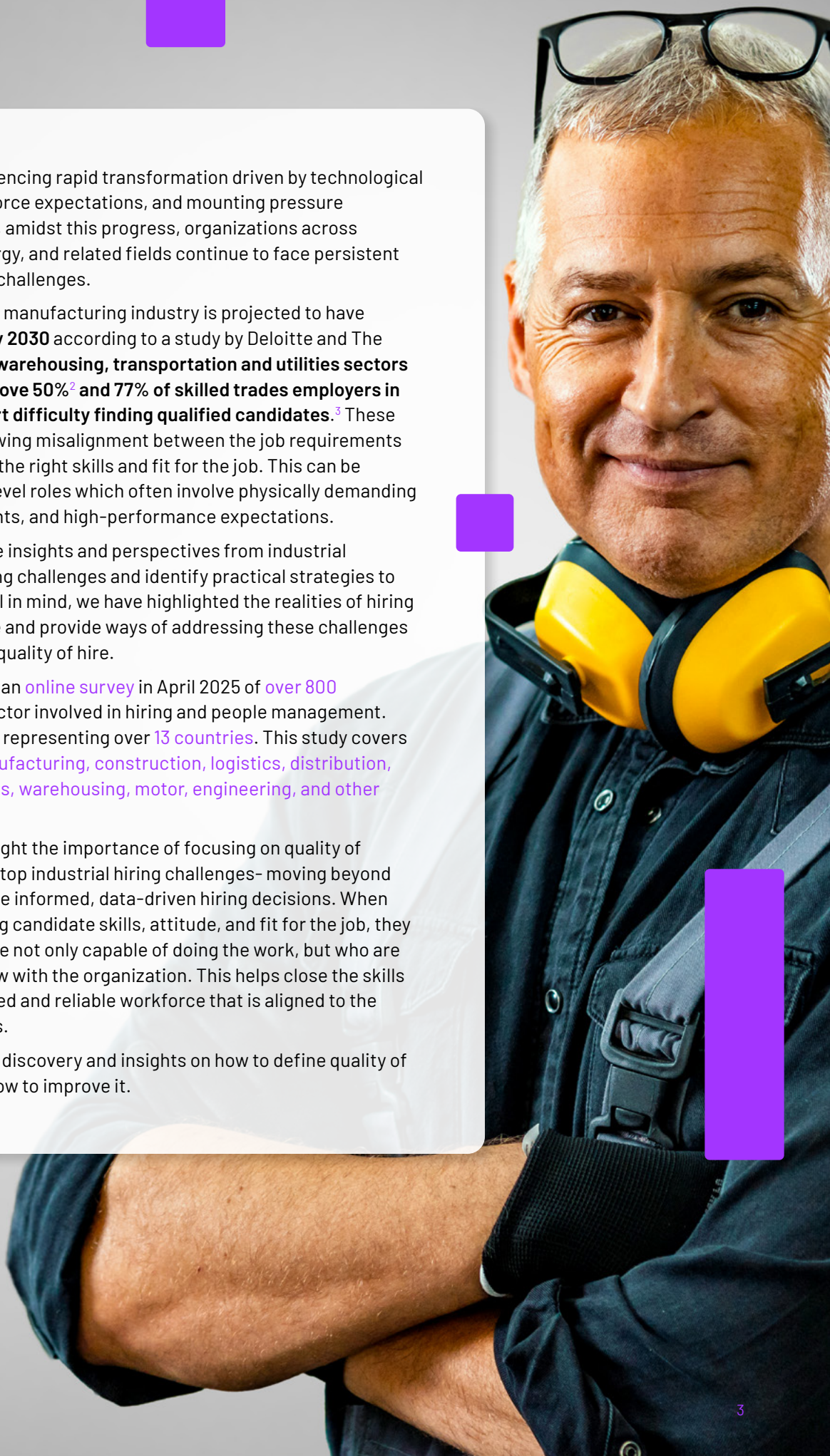
In the United States alone, the manufacturing industry is projected to have over **2.1 million unfilled jobs by 2030** according to a study by Deloitte and The Manufacturing Institute.¹ The **warehousing, transportation and utilities sectors face annual turnover rates above 50%² and 77% of skilled trades employers in the construction sector report difficulty finding qualified candidates.³** These figures reflect a potential growing misalignment between the job requirements and sourcing candidates with the right skills and fit for the job. This can be especially difficult for entry-level roles which often involve physically demanding tasks, challenging environments, and high-performance expectations.

This research seeks to provide insights and perspectives from industrial sector employers on core hiring challenges and identify practical strategies to overcome them. With this goal in mind, we have highlighted the realities of hiring in today's industrial landscape and provide ways of addressing these challenges through a focus on improving quality of hire.

To explore this, we conducted an **online survey** in April 2025 of **over 800 individuals** in the industrial sector involved in hiring and people management. The sample was international, representing over **13 countries**. This study covers key industries - including **manufacturing, construction, logistics, distribution, transportation, energy, utilities, warehousing, motor, engineering, and other related areas**.

Insights from the survey highlight the importance of focusing on quality of hire as a means of addressing top industrial hiring challenges- moving beyond just filling roles to making more informed, data-driven hiring decisions. When organizations focus on aligning candidate skills, attitude, and fit for the job, they end up with employees who are not only capable of doing the work, but who are motivated to be there and grow with the organization. This helps close the skills gap and fosters a more engaged and reliable workforce that is aligned to the organization's long-term goals.

In this paper, we will share our discovery and insights on how to define quality of hire, why it's important, and how to improve it.



Section 1: Hiring challenges

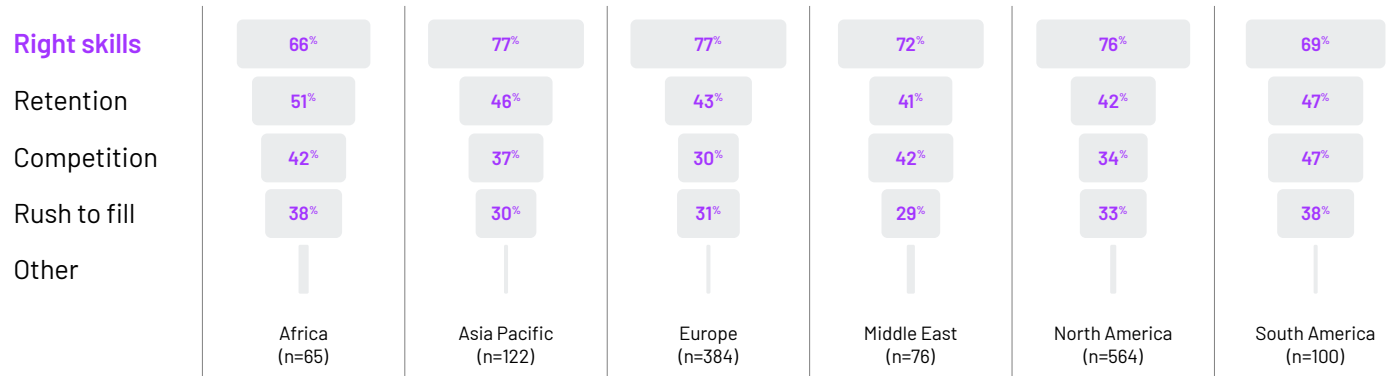
Hiring entry-level workers is becoming increasingly difficult, especially in the industrial sector where roles often involve physical demands and environmental hardships. These realities make finding and retaining the right people a constant struggle. But instead of hiring harder, we suggest hiring smarter. There may be a hiring paradox at play: employers are struggling to hire great people because they misunderstand what “great” actually means. To truly improve hiring outcomes, we need to listen to people directly involved in hiring and people management at all levels – from frontline employees to senior executives. Our findings begin with uncovering the top hiring challenges in industrial settings today.

Survey insights

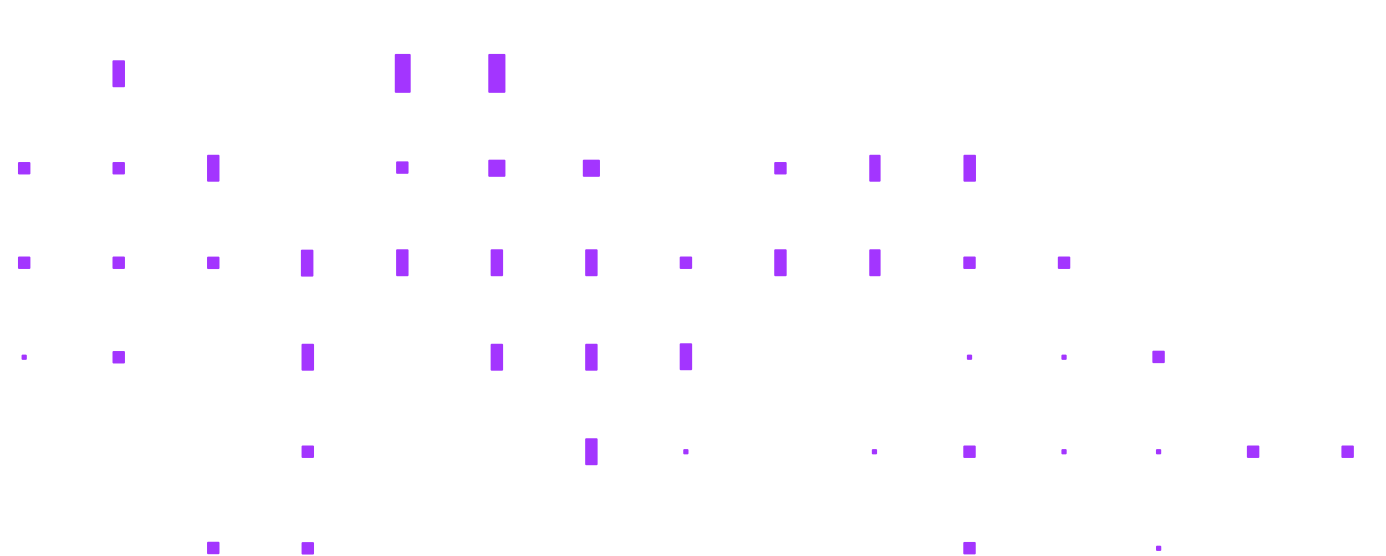
Survey respondents were asked what the biggest hiring challenges their company faces-reporting the following top four hiring challenges:

- 1. Hiring candidates with the right skills
- 2. Retention issues
- 3. High competition for talent
- 4. Rush to fill roles quickly

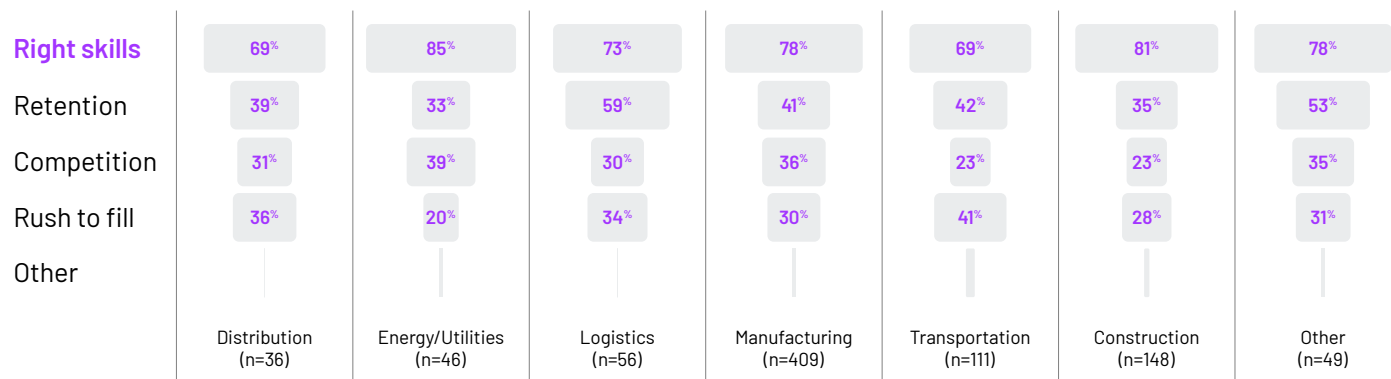
By region



All regions surveyed were aligned in what they reported as their top four hiring challenges.

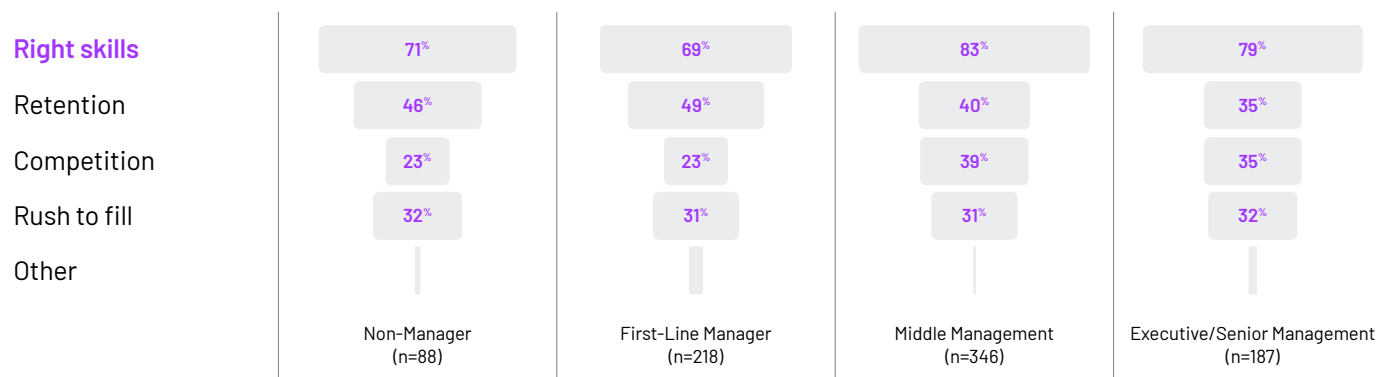


By industry



Hiring candidates with the right skills was the biggest challenge across all industries. Retention was a larger issue in some industries than others, in particular logistics.

By job level



Those in more senior positions were more likely to report hiring for the right skills and competition for talent as prominent hiring challenges, while those in more junior positions were more likely to report retention issues.

Some of the comments mentioned for “other” challenges related to the four top hiring challenges indirectly. Here are some of the direct quotes from those surveyed:

- “Hiring candidates with the right behaviors and attitudes.”
- “Finding reliable and trustworthy candidates.”
- “Finding people who want to work.”
- “Retention issues in regards to finding people capable of doing the physical labor.”
- “Our particular industry requires a high degree of math skills, which are increasingly harder to find.”
- “Disparity between cv and actual candidate skills.”

We will discuss some approaches to combat these challenges in later sections. If these challenges are overcome, it will result in a significant increase in quality of hire. For this section, we focus on the top four challenges and why they have become so common in the industrial sector for hiring entry-level workers.

Challenge 1:

Hiring candidates with the right skills

Rapid advancement of technology in industries like manufacturing has widened the skills gap. This makes it challenging for employers to find candidates with necessary technical competencies for their organizations.⁴ From 2022 to 2032, annual hiring for critical skilled roles is expected to be more than 20 times the projected annual increase in net new jobs.⁵ Organizations could be facing a financial impact of over \$5.3 billion annually due to frequent turnover and the resulting need for ongoing hiring and training.

In our survey, nearly 40% of organizations indicated they always or often have a skills shortage when hiring in the industrial sector. Only 12% say they rarely or never experience a skills shortage.

The skills gap is real, and it is growing. There are several factors that feed into this gap and training deficiencies. There are two basic skill types:

- Job-specific skills (e.g., equipment operation, welding, assembly)
- Transferable skills (e.g., attention to detail, communication, teamwork)

In our survey, there were specific skills that were found to be missing more often in new hires than others, with the **top 4 most commonly lacking skills in new hires being:**

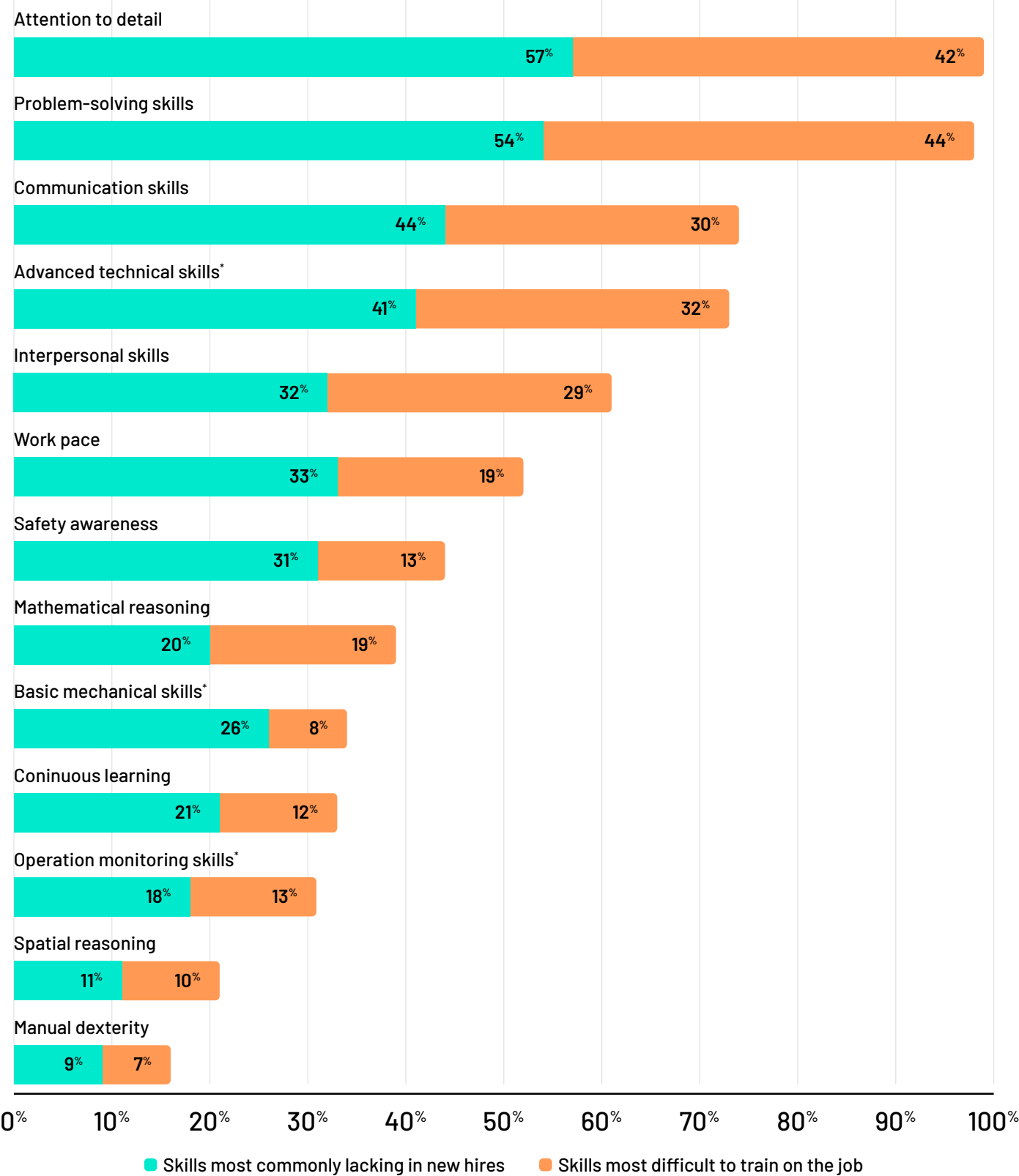
- Attention to detail
- Problem-solving
- Communication
- Advanced technical skills

Note that **the top three are transferable skills**, meaning they are skills that are not tied to a single discipline or job and are instead strong predictors of performance across a variety of job roles and functions. These three skills have long been critical to success in industrial roles. Attention to detail ensures safety and quality, problem-solving drives efficiency and innovation, and communication keeps teams aligned and operations running smoothly. Meanwhile, advanced technical skills cover more specialized job-specific skills and are more likely to change over time as jobs evolve.

The study also found that these same four skills were the most difficult skills to train on the job. This finding is consistent with existing literature that transferable skills are more difficult to train than technical skills.⁶ This is because transferable skills like these are more deeply rooted in a person's behavioral habits, traits and motivations. For example, attention to detail is closely tied to personality traits like conscientiousness and an individual's mental discipline. In contrast, technical skills can often be learned through formal training or practice in the job.



Skill gaps



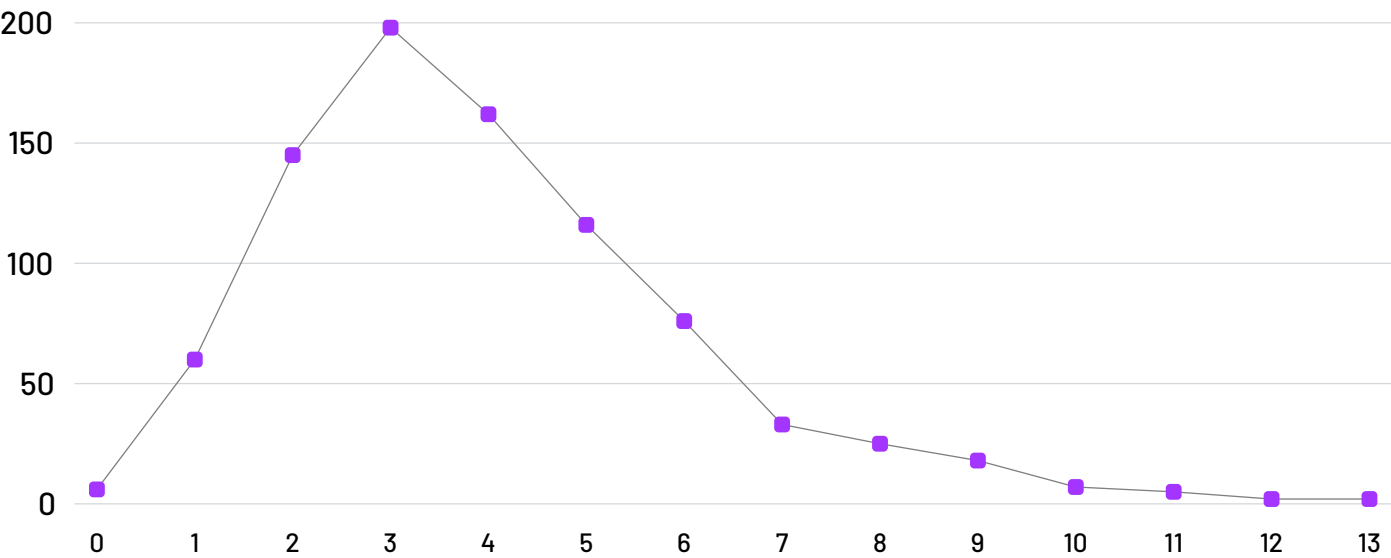
*Skills are job-specific; unmarked skills are transferable across roles.

These gaps directly affect safety, productivity, and team performance, which makes them vital to address early in the hiring process. However, traditional hiring practices, such as resumes and unstructured interviews, often fail to reliably surface these gaps. It is also difficult to weed out individuals that are falsifying or inflating their skills in these areas.

A lack of clarity

While the survey results point to a clear misalignment in the skills new hires bring to the job, they may also represent a deeper issue; a lack of clarity around which skills are truly critical for success in these roles. The survey identified an assortment of deficiencies – ranging from technical know-how to transferable skills – suggesting that hiring managers believe that there are a breadth of skills lacking rather than a single area of concern. But this raises important considerations: Are all the skills reported equally critical to the success of new hires? What breadth of skills are we realistically expecting from entry-level new hires?

Number of reported skills missing



53% of survey respondents selected 4 or more of the skills listed as commonly lacking in new hires.

The global outlook

Hiring candidates with the right skills is not unique to the US. It is common throughout the world. Reports from around the globe indicate similar challenges.

- Workforce shortages are a global challenge, affecting regions across North and South America, Europe, Asia, and Africa.⁷⁻¹⁰
- The US manufacturing sector may face 3.8 million job openings, with half potentially unfilled.¹¹
- Rapidly industrializing nations, such as China, India, and Vietnam, struggle with hiring as they shift to advanced manufacturing.¹²⁻¹⁴
- Skills gaps challenge employment in Latin America, Africa, and the UK.¹⁵⁻¹⁷

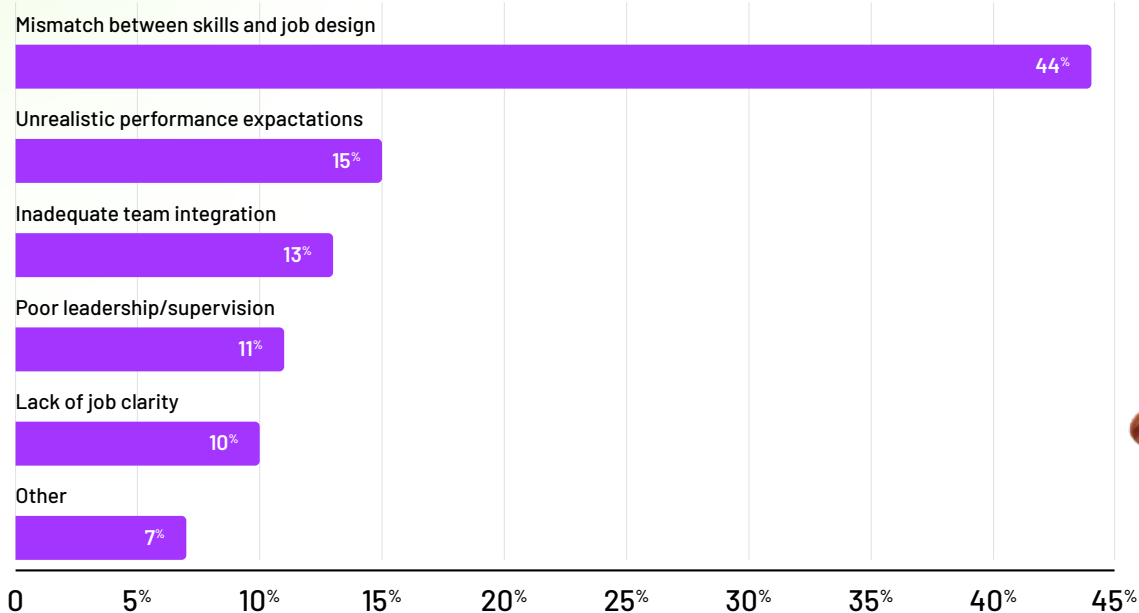
Challenge 2:

Retention issues

Even when organizations succeed in hiring candidates with the right skills, the next major challenge is retaining them. Many frontline industrial roles are physically demanding, marked by repetitive tasks, long hours, mandatory overtime, and exposure to harsh environments that place both physical and mental strain on employees. High turnover is common in such settings, which makes it difficult to build a cohesive culture, deliver quality onboarding, and foster positive team camaraderie.

The retention challenge in talent acquisition is being driven, at least in part, by the mismatch or misalignment between skills and job design. When asked about the main drivers for turnover, almost 44% of survey respondents reported the mismatch or misalignment between skills and job design as the main factor.

Main factor driving first year turnover



Open text responses included examples related to this mismatch:

- “Unrealistic candidate expectations”
- “... can be dirty and loud. Some people don’t realize beforehand”
- “Lack of candidates willing to work hard”
- “Many want a job but don’t want to work in the heat, cold, early in the morning...”
- “People don’t realize how much work it is”
- “Danger of the job”
- “Shift pattern, workload and hours are too difficult”
- “Not really trying hard to learn new skills and then becoming overwhelmed”
- “Misunderstanding of role profiles”

These responses highlight how qualified hires may leave when the reality of the job doesn’t match their expectations. In essence, having the right technical and transferable skills is only part of the equation. Just as important is ensuring that candidates are motivated by, and prepared for, the environment they will be working in. Put plainly - organizations need to hire people who not only **can** do the job, but who **will** do the job.

This mismatch is not a new concern. For example, [The Evolution of Manufacturing Skills¹⁸](#), explores the concept of the “**industrial athlete**”, highlighting how some frontline roles require a level of physical and mental preparation akin to that of professional sports. One way in which organizations are seeking to address this gap in the hiring process is to offer Realistic Job Previews or RJPs. As mentioned in detail in [this article¹⁹](#), an RJP is meant to give potential candidates a preview of the role and what it really looks like. This allows candidates to make a more informed decision if the job design matches their skillset and expectations.

While this section focuses on early turnover, we recognize that retention is a broader, and an extremely complex issue. Factors like limited growth opportunities, challenging working conditions, and personal life circumstances all contribute to employee attrition. Finding the right candidate is the starting point. Sustaining their engagement and commitment over time is equally important.

Challenge 3:

High competition for talent

Competition for entry-level talent in the industrial sector remains fierce. Industries such as manufacturing, logistics, transportation, energy, and distribution- where jobs often involve significant physical demands- are experiencing ongoing labor shortages. Shifts in the workforce have contributed to this challenge, as fewer young workers are entering hands-on trades. Instead, many are gravitating towards careers in sectors like service, healthcare, and technology, which are often perceived as less physically demanding and more sustainable over the long-term. As a result, employers in industrial settings are finding it increasingly difficult to attract and retain the frontline workers essential to daily operations.

A strong theme about the nature of the talent war emerged in our survey. When asked about the biggest challenge to hire and retain high quality workers, a large number of open-ended responses highlighted the gravity and pressure. Here are some of them:

- "Competition for top talent"
- "Heavy competition with other employers"
- "Competing job offers from other companies."
- "Favorable wages and better opportunities in competing firms"
- "High quality talent is always taken by our bigger competitors"
- "Competition in the same industry with fewer employees to fill the roles"
- "Competition for workers from other industries that may offer more predictable schedules, less physically demanding work, or better perceived benefits."
- "...the best operatives available constantly move between companies offering the best wages."
- "Skilled professionals have more opportunities than ever, making it essential for companies to offer competitive salaries, strong career development programs, and a positive workplace culture."

These quotes underscore the growing challenges industrial employers face in competing for talent- often competing against other organizations that offer more favorable work environments, or more competitive salaries. Many job seekers now have multiple paths to consider, giving them the power to be selective. In response, many employers are being forced to re-evaluate wages, shift structures, and benefit offerings to attract candidates- often with no guarantee of success.



Candidate experience: The overlooked differentiator

Candidate experience has emerged as a powerful, often underutilized differentiator. This could be even more true in the industrial sector, where the war for talent often extends beyond the application stage. Many candidates will apply to multiple positions at once, meaning that employers often must fight to keep those candidates engaged through the hiring process. This is where candidate experience is key.

Candidate experience refers to every interaction a job seeker has with an employer, from reading the job posting and submitting an application to receiving updates, taking an online assessment, interviewing, and ultimately stepping into their role on day one. These touchpoints form a lasting impression of the organization and play a key role in whether top talent accepts or rejects a job offer.

A workforce survey cited by SHRM details some of the top reasons candidates might withdraw from the recruitment process.²⁰ Nearly half of candidates (47%) cited poor communication, with slow, vague, or non-existent updates on their application status being their main reason for pulling out. While 46% of candidates cited the interviewer's attitude or behavior, referring to rigid and disorganized hiring experiences. Additional reasons included lengthy or cumbersome processes, unclear job expectations, and a lack of transparency around compensation. For job seekers with valuable skills and multiple options, these types of experiences are often a red flag. A confusing or overly burdensome experience can cause strong candidates to abandon the process altogether. This weakens the quality of the applicant pool and puts more pressure on recruiting teams.



Challenge 4:

Rush to fill roles quickly

As of January 2024, the U.S. manufacturing sector faced approximately 622,000 unfilled positions, highlighting a deepening labor market imbalance.²¹ This trend is not isolated as industries across the country are grappling with a similar challenge. According to the U.S. Chamber of Commerce's America Works data center, there are millions more job openings than available workers, with sectors like manufacturing and transportation among the most affected.²²

The demand for frontline and entry-level workers remains consistently strong, yet employers are struggling to attract and retain talent. As the gap widens, businesses are feeling mounting pressure to fill roles quickly to maintain operations and meet production goals. This urgency often results in reactive hiring strategies, which can lead to a greater urgency to hire.

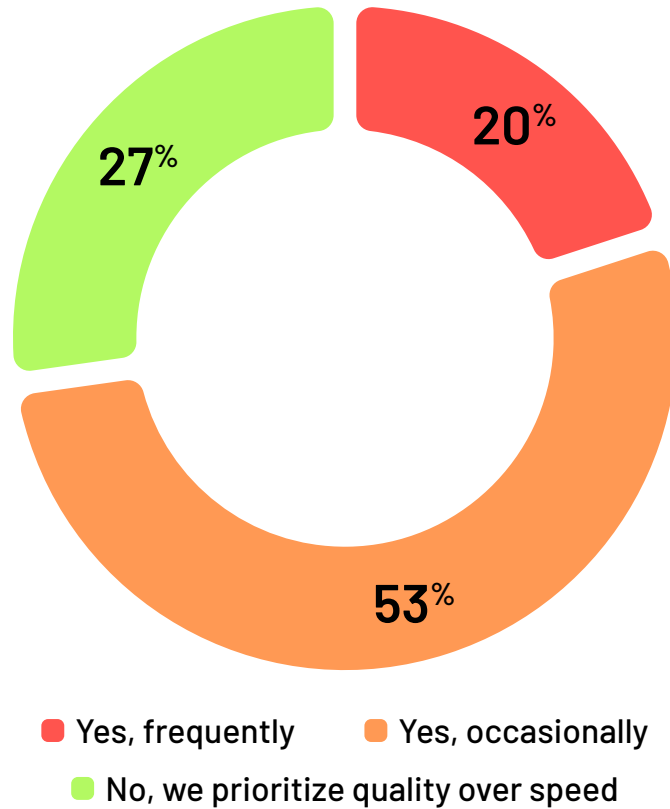
Pressure to fill seats

When entry-level industrial workers are not there to do the job, there are many repercussions. They include disrupted operational flow, unfinished tasks, stretched out timelines, missed quotas, and physically demanding responsibilities shifted onto fewer shoulders. This can lead to lower morale and burnout. Understandably, there is urgency for employers to get these roles filled quickly.

According to our survey, 73% of industrial employers report feeling pressure to fill roles quickly, with 20% saying this happens frequently. Only 27% indicate they prioritize quality over speed. In these fast-paced environments, time-to-fill metrics reveal the urgency: about 23% of positions are filled in less than three weeks, and as many as 68% are filled within a month. However, this speed often comes at a cost. When urgency overrides process, the quality of hire metric begins to suffer.



Do you feel pressure to fill roles quickly, sometimes at the expense of quality?



There are many factors that contribute to the pressure to fill roles. High turnover, unexpected departures, seasonal demands, and frequent absenteeism are causing hiring managers to lean towards the thinking that waiting is a higher risk than the benefit of hiring right. What follows is that many employers will hire whoever is available and call the "best fit" agenda a luxury they can't afford. This can result in skipping pre-hire steps such as behavioral assessments and structured interviews. These are opportunities to get the full picture of a candidate before hiring. The irony is that organizations with this issue can't afford NOT to hire for the right fit because there are detrimental long-term consequences.

How rushed hiring undermines quality

Rushed new hires, who would've been screened out with a more thorough selection process, often fall short because they are not prepared mentally and physically for the demands of the job. They might have inadequate expectations for the physical aspects of the job. Mentally, the routine and repetitive tasks, time pressures, high vigilance, isolation, and physical fatigue can be significant. For those rushed into these roles there are two results. Those who turn over within weeks and disrupt workflow and inflict costs from attrition or those who stay on but underperform, drag down productivity, and potentially create an unsafe work environment.

Section 2: The critical role of quality of hire

In industries where every minute spent on hiring activities equates to time away from the front-line, it can be easy to rush hiring decisions. Many organizations fall into this trap of hiring for speed and volume.

However, rushed hiring decisions can be hugely detrimental to the overall success of an organization. In the industrial sector, employee performance is so intrinsically linked to output that quality of hire is critical to maintaining safety standards, meeting production goals and ensuring operational efficiency. In this way, poor hires can have severe consequences on output and bottom-line performance. A high-quality hire not only brings the right expertise and mindset to meet operational goals but also reduces costly errors, minimizes downtime, and contributes to a culture of continuous improvement.

What is “quality of hire”?

The industrial sector depends heavily on having people with the right skills in the right roles. Though systems and machinery are vital to the work, it is the people that keep the work progressing smoothly. As a result, more organizations are turning their attention to [quality of hire](#) to evaluate the impact of new employees.

However, while quality of hire is widely recognized as important, it remains one of the most complex and inconsistently defined metrics in talent management. Everyone agrees it matters, but few agree on what it actually means. At its core, quality of hire aims to measure how new hires contribute to the business—through performance, safety, attendance, retention, skill development, collaboration, leadership potential, and other factors—but the relative importance of each of these elements varies widely depending on the organization and role. For example, some organizations emphasize performance metrics, while others focus on cultural fit or long-term impact. A warehouse associate, production line worker and truck driver, might all be evaluated on productivity, but also on how safely they work, how reliably they show up, and whether they are likely to stay with the company. In one company, safety might outweigh speed, while in another, time-to-productivity could be the key benchmark.

This lack of a standardized definition makes benchmarking quality of hire across companies or even within teams challenging. Ultimately, while quality of hire is a critical concept, its meaning is deeply context-dependent—shaped by organizational goals, role expectations, and even industry culture.

Survey insights

To explore this, our survey respondents were asked **how their organization defines quality of hire**. The visual below illustrates some of the breadth of criteria mentioned:



A cluster analysis was used to analyze open text survey responses. This is a type of analysis that uses machine learning to identify clusters or themes within a collection of text.²³ This revealed that definitions were broadly framed around 3 areas:

Performance

does the job well, is safe,
requires limited support

Engagement

shows a willingness to learn,
is a good cultural fit

Dependability

shows up, is reliable, stays with
the organization long-term

Some example quotes:

- “Quality of hire is a long-term metric evaluating the overall value and positive impact a new employee brings to an organization’s success, encompassing factors beyond just job performance.”
 - “My organization defines quality of hire by the speed at which the new hire becomes fully productive.”
 - “Someone who can not only do the job but fit with the culture of the company”
 - “A formula - Quality of Hire = Performance Score + Engagement Score + Retention Score / 3”
-

However, there was also a **lack of clarity** among respondents, with some suggesting that their organization did not define quality of hire.

Some example quotes:

- “Unsure”
 - “I don’t know”
 - “We don’t officially define it, but I’d say that we’re after people who are willing to learn and follow the existing processes without modification, being a good team player and taking up the slack.”
 - “We don’t define, it’s always a scramble and vow we would never do it like that again.”
-

Additionally, **subjective** factors—like manager perceptions or organizational bias—can cloud the measurement of quality of hire, making it harder to distinguish true performance from favorable impressions. This internal disagreement around which metrics are most important can be seen in one of the survey respondents’ quotes:

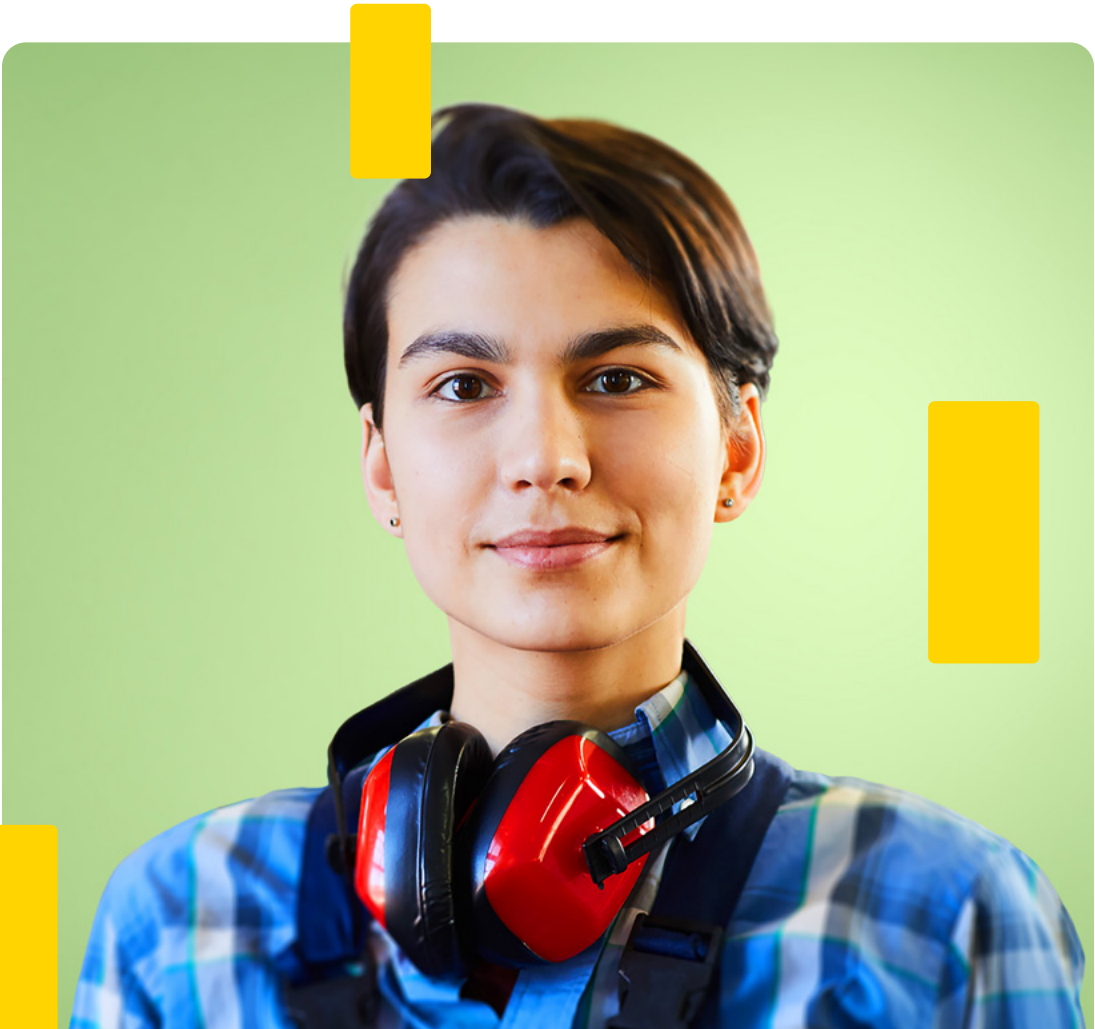
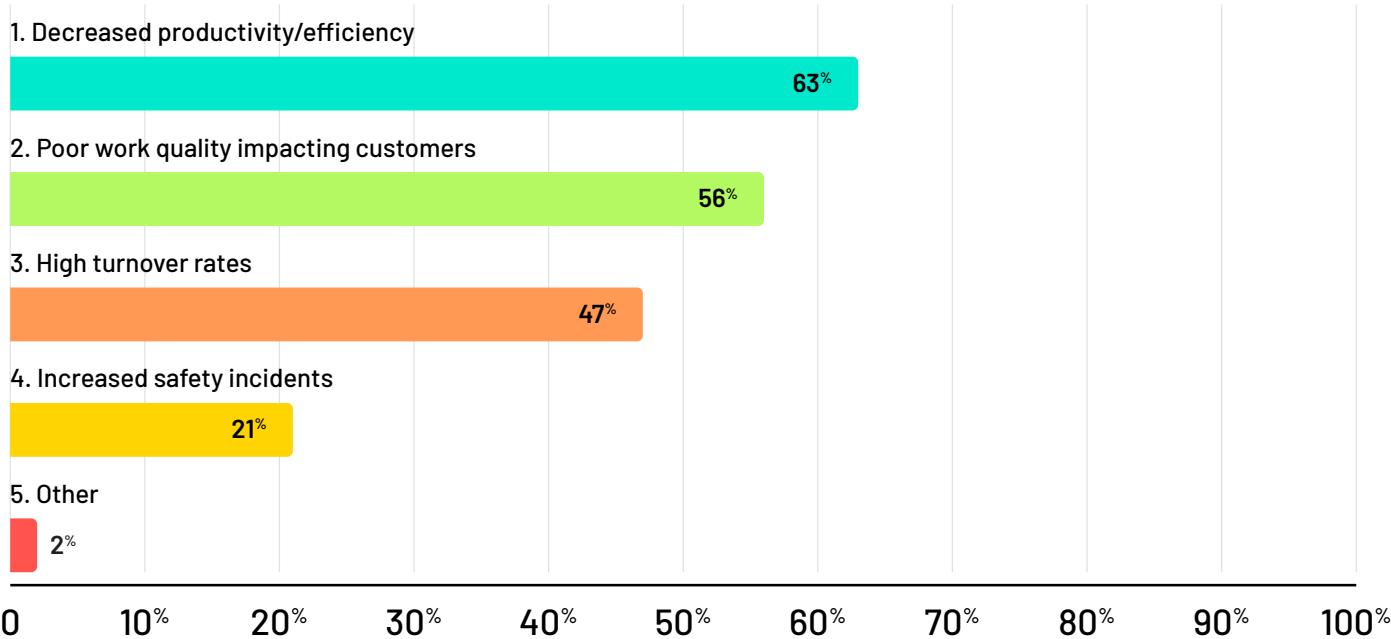
- “My bosses and I would disagree here, but I am looking for good work ethic, reliability, and a general common sincerity. I need people I can count on and who can be self-starters, when necessary, as change is constant.”

All of this highlights the complexity and multidimensional nature of what constitutes quality of hire. While quality of hire is undeniably crucial to organizational success, it remains an elusive concept to define for many. Many respondents reported a lack of clarity regarding how quality of hire is defined within their organization and which elements — such as performance, cultural fit, or long-term potential — should take precedence. This ambiguity highlights the need for organizations to have a more consistent approach to defining and measuring quality of hire to ensure it effectively drives hiring decisions and workforce success.

What are the consequences of a bad hire?

Poor quality hires can have a substantial and costly impact on an organization. Survey respondents reported experiencing the following consequences of poor quality hires:

What negative consequences has your company experienced due to poor quality hires?



1

Decreased productivity

One of the most immediate effects of poor hiring is a decline in the productivity of the team. While an organization might expect some productivity losses while the new employee is trained, this impact is more likely to persist with a poor hire.

If new hires lack the necessary skills, experience, or motivation to perform their role effectively, this not only slows down individual output, but can also disrupt the overall productivity and efficiency of the team. Managers and coworkers often must spend additional time correcting errors and providing extra training, which diverts attention away from other critical tasks. For example, research from the Society of Human Resource Management (SHRM) indicates that supervisors spend on average, 17% of their time managing poorly performing employees.²⁴ In sectors like energy and renewables, where specialized skills are essential, the impact of a bad hire can be even more pronounced, leading to project delays and safety concerns. This can also have a negative impact on relational factors and team morale, further inhibiting progress. Over time, these inefficiencies can compound, resulting in increased downtime, slower production speeds and lost revenue.

2

Poor work quality

Precision and accuracy are an essential part of industrial roles. Unskilled or improperly trained workers may struggle to follow detailed procedures, operate equipment correctly, or adhere to industry-specific standards. This can result in errors, safety risks, or suboptimal output that fails to meet established quality benchmarks. In turn, these quality issues can result in customer dissatisfaction, product recalls, or expensive rework, ultimately damaging the organization's reputation and bottom line. For example, in the manufacturing sector, it is estimated that scrap and rework can consume up to 2.2% of annual revenue, equating to \$22 million for a company with \$1 billion in revenue.²⁵ For top performers, that number shrinks to 0.6%, or \$6 million in the above example, totaling \$16 million in savings compared with bottom performers.

3

High turnover

When an employee is not a good fit for a role, whether due to mismatched skills, or poor cultural fit, the likelihood of them leaving the organization increases. When the new employee struggles to meet expectations, this can lead to frustration for both the employee and employer. This misalignment can result in disengagement, reduced morale, and eventually, voluntary or involuntary departure. This creates a cycle of turnover that is expensive, time-consuming, and disruptive to the organization.

Additionally, poor hires can place added strain on existing staff who may need to pick up the slack or repeat onboarding processes. For instance, you might have devoted several weeks of your time training a new hire on your organization's machinery and tools, to then find them gone the next day, and that time and effort wasted. This can lead to decreased morale and an increased turnover risk for existing employees. Over time, this can erode organizational performance and drive-up operational costs associated with recruitment and training.

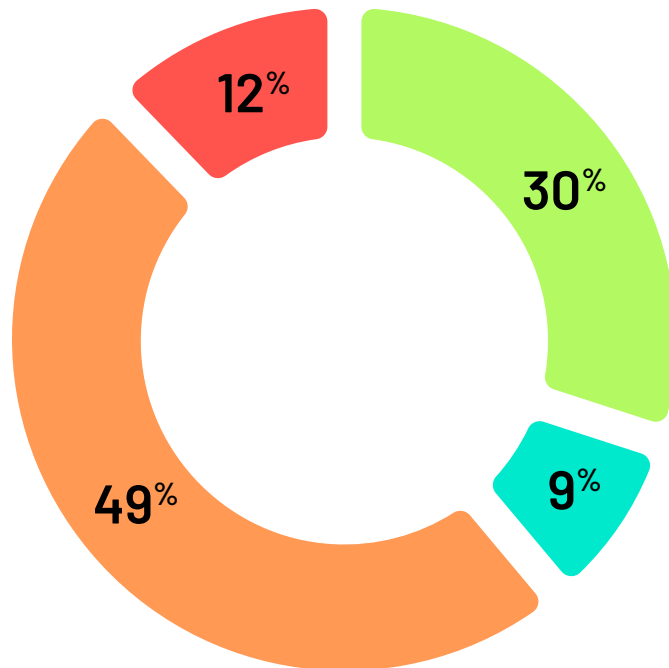


Safety incidents

The industrial sector often involves the use of heavy machinery, hazardous materials, and complex processes. Employees who are inadequately trained or lack experience may not fully understand safety protocols or how to operate equipment safely. This can lead to accidents, injuries, or even fatalities. Beyond the human cost, such incidents can lead to legal liabilities, higher insurance premiums, and a damaged reputation for the organization. Safety violations may also result in regulatory fines or sanctions, further complicating the organization's operations.

- 61% of survey respondents reported having observed a connection between poor quality hires and an increase in safety incidents.

Have you observed a connection between poor-quality hires and workplace safety incidents?



- Yes, significantly
- Yes, somewhat
- No, not at all
- Unsure

What is the cost of a bad hire?

These consequences of a bad hire come at a substantial cost to the organization. In our study, **51% of survey respondents** reported experiencing **increased costs** associated with rehiring/training because of poor quality hires.

The U.S. Department of Labor estimates the cost of a bad hire at **30 percent of the employee's annual salary**.²⁶ This includes costs associated with recruitment, onboarding, training and potential severance packages.

SOURCING



Recruitment
marketing costs

INTERVIEWING



Time spent on
hiring activities

ONBOARDING



Training and
onboarding costs

RETENTION



New hire salary and
severance packages

Beyond these direct costs, there are also **indirect costs** that are harder to estimate but can bring the cost of a bad hire to as much as three or four times the position's salary.²⁷ These might include things like the negative impact a poor hire has on the productivity and morale of the wider team. There can also be costs associated with resolving any quality and safety issues, such as working on repairs, wastage of materials and litigation fees. These can all have a hugely detrimental impact on the organization's reputation, resulting in project delays and disgruntled customers. This can cost the organization in lost customer loyalty and subsequent contracts. That is all without considering the opportunity cost of having a high quality hire who performs in the role and contributes to the innovation and growth of the organization.

Quality of hire audit checklist

Below is a checklist you can use to start thinking about what quality of hire looks like for your organization. It provides some examples of behaviors you might use to evaluate quality of hire across each of the three areas outlined. It is designed to bring clarity around what is important for your organization and can be used as a tool for evaluating your organization’s success with new hires.

It is NOT designed to be a one-size-fits-all measure of quality of hire. Every organization and role is different and will value different metrics and behaviors. This list is designed as a starting point to generate discussion that you can adapt and build on.

Part 1: Performance

- Has the employee demonstrated technical competence in their role?
- Are they meeting productivity and quality standards (e.g., defect rates, rework)?
- Did they reach expected performance levels within a reasonable timeframe?
- Are they consistently following safety protocols and compliance procedures?
- Have they contributed to process improvements or operational efficiency?

Part 2: Engagement

- Does the employee work well with supervisors and team members?
- Do they demonstrate initiative, motivation, and a positive attitude?
- Are they open to feedback and willing to improve?
- Do their behaviors reflect company values and expectations?
- Have there been any concerns related to conduct or fit?

Part 3: Dependability

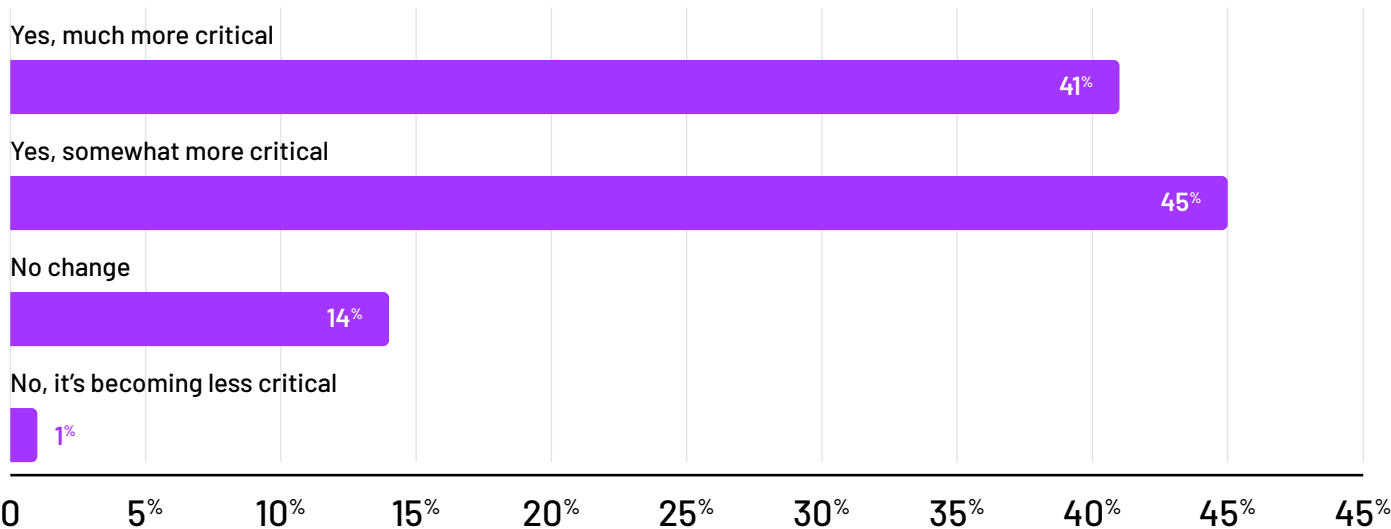
- Has the employee shown reliability in attendance and punctuality?
- Are there signs they intend to stay and grow with the organization?
- Have they taken on new responsibilities or shown interest in development?
- Are they considered a strong candidate for advancement?
- Are they being seen as a dependable coworker by their team?

Conclusion: Why is quality of hire important?

Poor hiring decisions can have a profound impact on an organization’s long-term success. Hiring workers without the right skills or alignment with organization culture not only has a negative impact on operational efficiency, quality, and safety standards, but it can also stifle innovation and hinder the implementation of new technologies and processes. If the workforce lacks the expertise or motivation to adapt to evolving industry trends, the organization may fall behind its competitors.

Our survey respondents highlighted the increasing importance of hiring for quality and skill readiness with recent advancements in the industry:

With increasing technology advancements in the industrial sector, do you believe hiring for quality and skill readiness is becoming more critical?



85% of survey respondents believe that hiring for quality and skill readiness is becoming increasingly more critical with advancements in technology.

To avoid these negative consequences of a poor hire, it is crucial for organizations to invest in thorough and effective hiring processes, ensuring they select individuals who are not only capable but also a good fit for the organization’s culture and long-term goals.

Quotes from survey:

- “Plan ahead and don’t rush the process. Quality is better than timing, rushed decisions will cost more in the long term.”
- “The cost of retentions outweighs the cost of recruitment.”
- “Companies also value retention and cultural fit as indicators of a successful hire, as high turnover is particularly costly in the construction industry.”

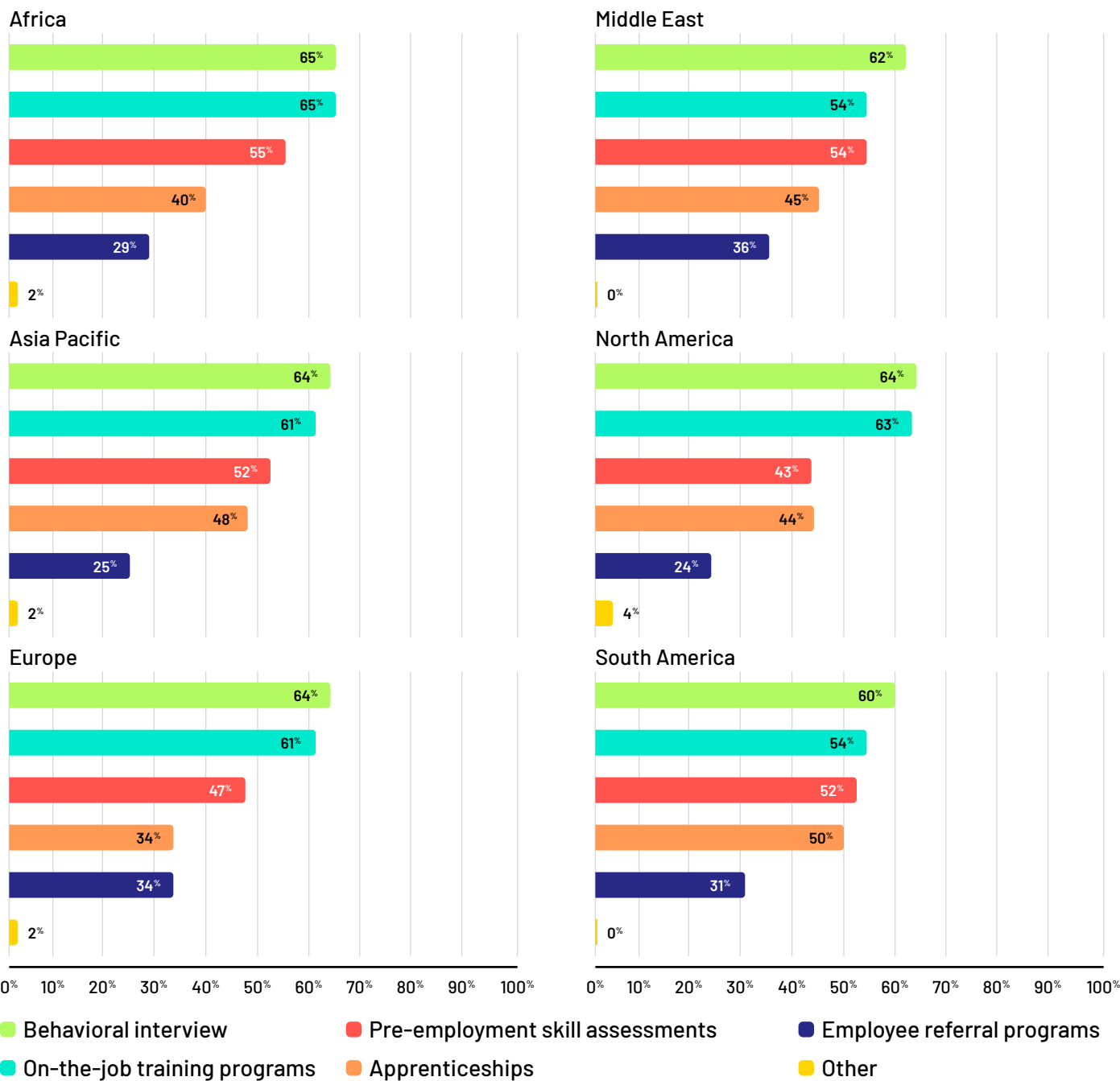
Section 3: Strategies to improve quality of hire

Industrial organizations have a lot to lose without a clear strategy for improving the quality of hires. However, among the talent leaders we’ve surveyed, there’s little consensus about what quality of hire means – let alone how to achieve it. The pursuit can feel elusive, raising a fundamental question: Is it truly attainable?

Our research suggests that behavioral interviews and on-the-job-training are among the most adopted

strategies industrial organizations use to enhance hiring outcomes, with pre-employment skills assessments ranking third. Overall, this trend is consistent across regions, with only minor variations. Apprenticeships are more commonly implemented in South America (50%) and less so in Europe (34%). Interestingly, North America places slightly less emphasis on pre-employment skills assessments (43%) than the global average.

What strategies does your company use to improve quality of hire? (Select all that apply)



In our experience, the highest-performing industrial organizations – the ones that consistently get hiring right – understand that there is no one-size-fit-all approach. What worked five years ago might no longer apply today. Rapid shifts in technology, evolving role expectations, and an increasingly competitive talent landscape demand that hiring strategies adapt in real time.



Our approach

Adapting your hiring strategy to today's realities doesn't require a complete overhaul, but it does require a smarter approach – a structured, data-driven process to navigate complexity with confidence. It's not about adding more tools or processes. Rather, it is about using the right ones, in the best way, to make better hires more consistently.²⁸

That's where the **Predict, Measure, Improve** framework comes in.

This approach distills evidence-based principles into a practical process for refining your hiring strategy. It involves three key phases that create a virtuous cycle.

1. **Predict** what success looks like.
2. **Measure** the impact of your hires.
3. **Improve** your hiring strategy continuously.

The PMI framework



PREDICT:

Identify what drives success

WHAT THIS MEANS

Design a hiring process to measure attributes that predict success in specific roles before making a hiring decision.

WHY IT MATTERS

Effective hiring must start with clarity. Without defining what success looks like, organizations risk relying on intuition, biased methods, or misaligned criteria. Prediction allows organizations to ensure fairness, increase consistency, and focus on job-relevant attributes.

HOW TO DO IT

- Get to know the role and the organizational context.
- Separate what can be measured effectively upfront versus trained in-role.
- Prioritize what's job-relevant, not what's convenient.
- Determine success profiles – using benchmark or tailored based on the unique needs.

The goal of this step is to leverage known facts and proven methods to maximize your chance of success. It is not the goal to perfect the system in this step and aiming for 100% accuracy. Rather, what we are doing is to stack the cards in your favor – i.e. increase your odds to select the right people who will thrive in your unique environment.

Molding the Clay – Finding the Right Fit

In the hiring process, it's about more than just technical skills or prior experience. Focus on **fit signals**—the underlying qualities that will contribute to long-term success in the role. Think of it like molding clay: you need the **right quality of clay** to shape it well.

Skills can be learned, but **qualities like attention to detail, positive attitude, and problem-solving** are more difficult to change. These **fit signals** are what matter because they remain stable over time and have a bigger impact on performance, no matter how the job evolves. When you prioritize **fit signals** in your recruiting, you ensure you're bringing in candidates who can grow with the role and contribute meaningfully in the long run. It's about selecting candidates who will not only learn the specifics of the job but thrive in a dynamic work environment.

MEASURE:

Measure the impact

WHAT THIS MEANS

Track and measure key performance metrics at the individual and system level. You can't improve what you cannot measure.

WHY IT MATTERS

Quality of hire is multifaceted and can vary from one context to another. By proactively collecting and analyzing the data, you can validate the impact of hiring decisions and gain insights needed to improve your strategy.

HOW TO DO IT

- Identify early signals that predict long-term success.
- Use process metrics to track system performance.
- Monitor ramp-up time and job performance.
- Link hiring to business outcomes (e.g. productivity, retention, cost savings).
- Use validation and research to understand what's driving success and what is not.

Ultimately, we connect hiring decisions to ROI. This gives stakeholders tangible proof of hiring effectiveness. By turning hiring into a measurable business activity, organizations can move from reactive to strategic talent decisions.

Validating what matters

It's tempting to think there's a universal formula for talent — a magic profile that works everywhere. But in reality, there's no one-size-fits-all definition of success. Every organization has its own culture, goals, and version of what "great" looks like. That's why validation is so powerful: it helps you test whether your hiring tools are predicting your kind of success.

Good validation isn't just a compliance checkbox. It's a smart business move — one that builds confidence in your decisions and helps your team hire not just faster, but better. The best validation efforts don't just prove the tools work; they prove the tools work for you, in your real-world context, with your goals in mind. Start by anchoring your process in what truly drives success on the job, and you'll build a foundation that's both scientific and strategic.

IMPROVE:

Continuously improve and find tune

WHAT THIS MEANS

Refine hiring practices over time and invest in the continued success of your people.

WHY IT MATTERS

Jobs evolve. Roles evolve. Organizations evolve. So should your hiring strategy. Elevating quality of hires means building a system that learns, adapts, and improves – while supporting the growth of your highest potential hires.

HOW TO DO IT

- **Build feedback loops:** Gather insights from post-hire performance, development progress, and business outcomes to refine hiring and development models.
- **Use structured decision-making:** Combine empirical data with expert review to ensure decisions are both scientifically sound and practically relevant.
- **Compare and contrast models:** Regularly evaluate alternative prediction models, weighing trade-offs to find the right balance between accuracy, fairness, and efficiency.
- **Ongoing alignment:** All activities are designed to operate in cycles, syncing with business rhythms to stay relevant and responsive.

This is where hiring becomes a strategic growth engine, not just a transactional process.

Predict, Measure, Improve framework

The **Predict, Measure, Improve** framework is grounded in principles of **Industrial and Organizational Psychology**, the science of understanding human behaviors at work. It's evidence-based and designed to help organizations not just hire better, but build healthier, more thriving workplaces. With decades of research on what drives job performance, engagement, and long-term success, this approach reinforces the importance of science, validation research, and evidence-based processes to achieve organizational outcomes.

When we put people at the center – and back it up with science – we create outcomes that stick.

A smarter path to quality of hire

The **Predict, Measure, Improve** framework is more than a model – it's a mindset shift. Instead of treating hiring as a one-time decision, it encourages organizations to treat it as an ongoing opportunity to learn, improve, and invest in their people.

By combining predictive insights, rigorous validation, and continuous improvement, companies can:

- Improve hiring accuracy
- Reduce costly mis-hires
- Strengthen talent pipelines
- Deliver measureable business outcomes

In a world where talent is a true competitive advantage, evolving your hiring practices isn't optional – it's essential.

Putting the model into practice

Through our research we have highlighted the top hiring challenges industrial organizations face – from finding candidates with the right skills, to retaining them, competing in a tight labor market, and filling roles under pressure. While these obstacles vary in form, the route to improve quality of hire often follows a similar path. The **Predict, Measure, Improve (PMI)** framework addresses these challenges head-on with a structured, evidence-based approach that scales. Let's take a look at some real-world examples of how Talogy has helped organizations using the Predict, Measure, Improve framework to address the following challenges.



Case 1: Predicting the right skills – scaling with consistency

Challenge: Hiring candidates with the right skills.

A global manufacturing company was struggling to ensure consistent hiring quality across its many locations. Managers relied heavily on gut instinct and unstructured interviews, resulting in **inconsistent selection practices**, **high onboarding costs**, and difficulty identifying what successful performance looked like across sites. Without a shared definition of success, each facility operated in a silo.

PMI in action

PREDICT

Talogy partnered with the organization to develop a **clear, success-based profile** for frontline operating roles. Standardized, **validated assessments** were rolled out across all locations to objectively evaluate both **role fit and organizational alignment**—replacing informal, inconsistent approaches with a data-driven framework.

MEASURE

Within 6 to 12 months, sites saw measurable improvements:

- **Increased performance consistency** across locations
- **Reduced ramp-up time** for new hires
- **Fewer early exits** and stronger job readiness

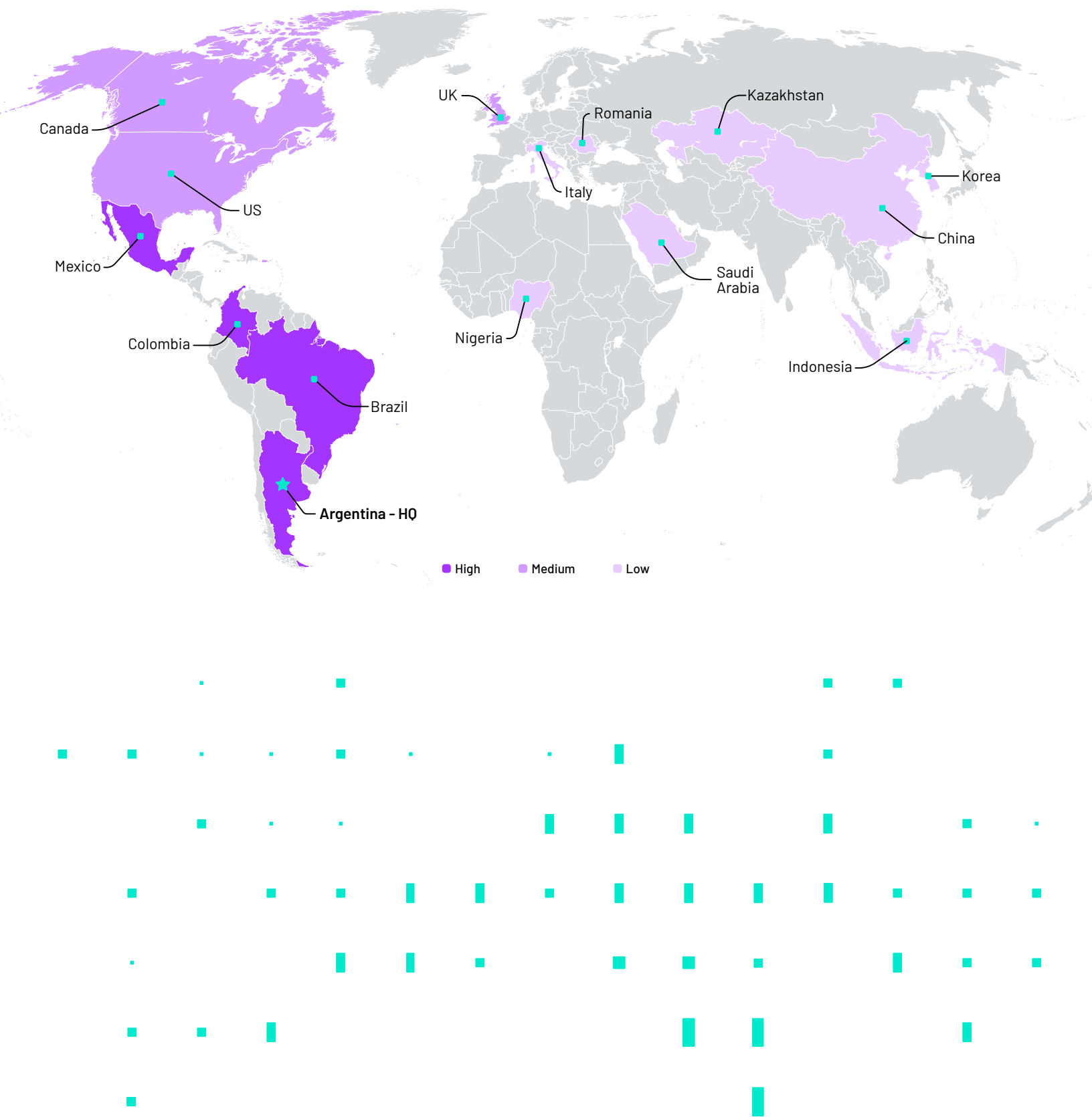
The new process created a shared language around hiring success and reduced reliance on subjective judgment.

IMPROVE

The model was successfully scaled to **10 additional facilities across four continents**, supporting global expansion while maintaining hiring quality. Over time, selection criteria were thoughtfully refined to strike a balance between **global standardization and local adaptability**—ensuring the approach worked across varied talent markets without compromising rigor.



Outcome: Standardizing hiring practices simplified decision-making, reduced mismatches, and improved time-to-productivity—all without sacrificing the flexibility needed for local execution. The result: a more consistent, scalable, and confident approach to hiring the right people for the job.



Case 2:

Retaining great hires – aligning expectations from day one

Challenge: Retention issues.

An oil and gas equipment and services organization was under pressure to fill roles quickly to maintain operations. Amid industry-wide labor shortages and intense job demands, turnover rates were high—**20% of new hires left within their first 30 days**, and **annual turnover averaged 59%**. Like many in the sector, the company faced not only operational strain, but rising costs associated with constant rehiring and retraining.

PMI in action

PREDICT

To address the turnover issue proactively, the company implemented an early screening process aimed at identifying candidates with higher risk factors for early exit—such as lacking technical skills, frequent job-hopping, a lax approach to attendance, or disregard for safety protocols. A short, standardized online assessment was introduced at the top of the hiring funnel to flag potential misalignments before hiring decisions were made.

MEASURE

A longitudinal research initiative was launched to evaluate the impact of the new screening process. The results were compelling:

- Early turnover (within 30 days) dropped by 65%
- Overall annual turnover decreased by 42%

The results pertaining to skill foundations and risk factors were more pronounced than those derived from the technical assessments. While other factors may have contributed, the consistent application of the assessment was seen as a key driver in improving the quality of hires and reducing costly attrition.

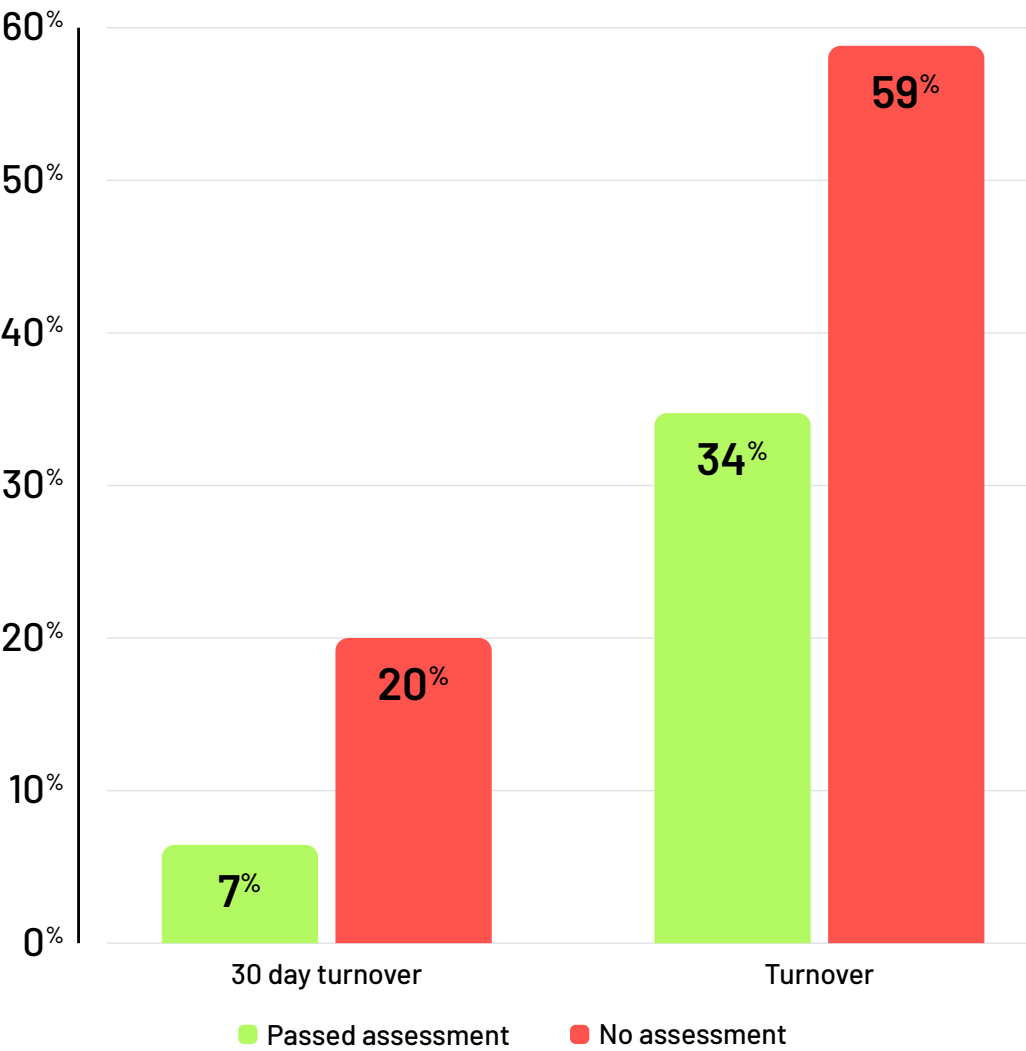
IMPROVE

To further strengthen hiring outcomes, the organization conducted targeted workshops to identify opportunities for improvement across the entire hiring process. These insights led to the introduction of a **Realistic Job Preview** and reinforced support for conducting **interviews** to probe into areas of concern. Hiring managers were equipped with training, guidance, and enablement. These efforts promoted skill and job alignment and consistent candidate evaluation, supporting better hiring decisions as well as retention.



Outcome: Significantly reduced early turnover and improved overall retention by aligning the right candidates to the demands of the role. New hires reported feeling more prepared and aligned from day one, contributing to stronger engagement and job fit. The organization also saw measurable improvements in its workforce capabilities through continued and targeted efforts to fine-tune each step of the hiring process.

Turnover percentages



Case 3:

Competing for scarce talent – candidate experience matters

Challenge: High competition for talent.

A food manufacturing company located outside a major metropolitan area was struggling to attract and retain talent. Urban employers offered higher pay and less physically demanding jobs, pulling candidates away. In addition to rising attrition—especially among new hires—the organization observed unusual turnover patterns and needed to ensure full compliance with **EEOC and Department of Labor** regulations throughout the hiring process.

PMI in action

PREDICT

To compete more effectively for talent, Talogy redesigned the candidate experience to be **mobile-friendly** and focused only on the **most predictive assessment components**. The new approach eliminated marginally predictive steps, reduced testing time by 25%, and moved from a double-hurdle process to a streamlined single-hurdle model—enhancing both efficiency and fairness.

MEASURE

The new process significantly reduced time-to-hire while maintaining assessment validity. **Assessment completion rates rose by 33%**, and candidates consistently rated the experience as more engaging and relevant. Early turnover patterns began to stabilize, and the process maintained full alignment with EEOC and DOL compliance requirements.

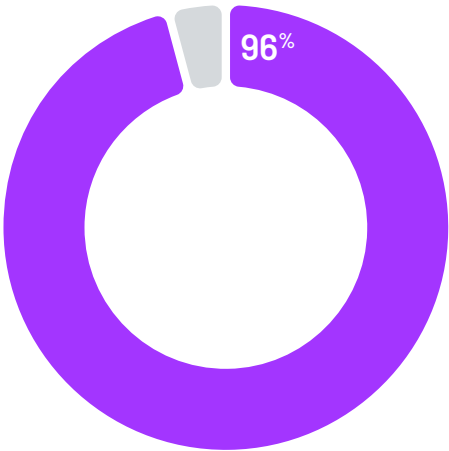
IMPROVE

Beyond efficiency gains, the simplified and human-centered design had a broader impact: it **improved demographic representation** across candidate groups, strengthened perceptions of fairness, and elevated the company's employer brand in the local market—positioning it as a more inclusive and attractive place to work.

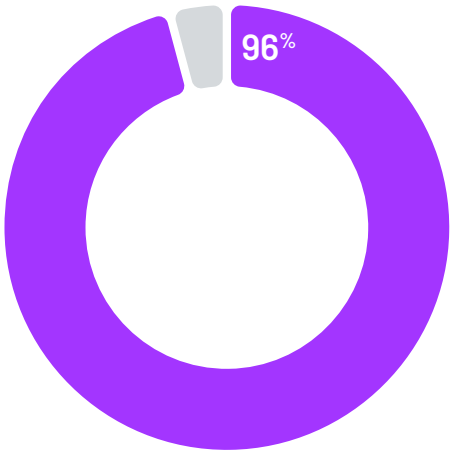
Outcome: Enhanced candidate satisfaction, reduced dropout rates, and improved inclusivity—all while preserving scientific rigor. The reimaged process helped the organization stand out in a competitive market and build a stronger, more sustainable talent pipeline.



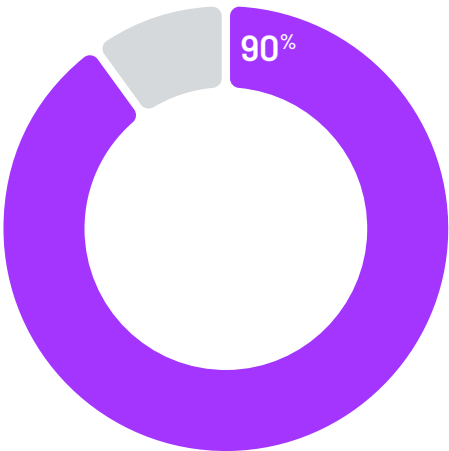
General candidate reactions



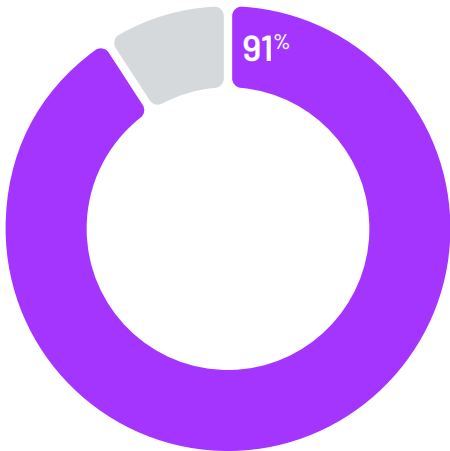
I felt the assessment was job relevant



I thought I performed well on the assessment

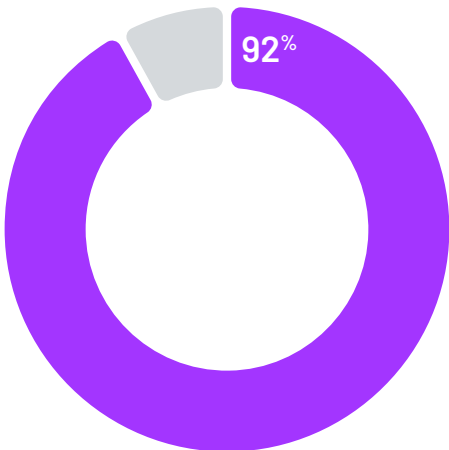


The assessment process was fair

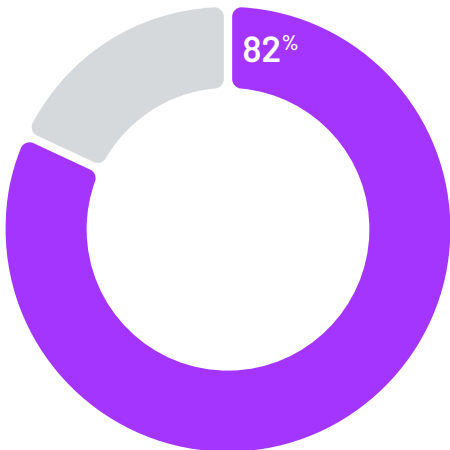


The assessment provided a positive first impression of the company

Candidate reactions toward test length



How satisfied were you with the ease of the assessment completion?



How satisfied were you with the length of time to complete the assessment?

Case 4:

Scaling fast without sacrificing quality

Challenge: Rush to fill roles quickly.

A rapidly growing automotive manufacturer faced intense pressure to scale its workforce in response to soaring production demands. The company needed to hire **thousands of employees—from skilled technicians to entry-level operators—within weeks, not months**. Speed was critical but so was maintaining quality and consistency in hiring decisions to avoid costly errors and production delays.

PMI in action

PREDICT

To meet aggressive hiring targets without sacrificing quality, Talogy deployed a multi-hurdle selection process that systematically funneled candidates through a series of assessments. This approach prioritized speed and rigor—filtering for individuals with the right technical aptitude, safety mindset, and the physical resilience required for demanding production roles, often referred to as “industrial athletes.”

MEASURE

The structured funnel increased candidate throughput while improving quality at each stage. By advancing only the most qualified applicants to interviews, the system enabled a lean hiring team to focus their time on top-fit candidates—reducing time-to-fill while improving selection precision.

IMPROVE

As the facility matured, the same scalable system evolved into a pipeline for internal mobility, helping the organization identify high-performing employees for promotion and leadership development. What began as a rapid hiring engine became a self-sustaining talent ecosystem, supporting both operational growth and long-term workforce development.

Outcome: A scalable talent funnel that powered rapid workforce growth in the first year—meeting aggressive production goals without compromising on quality. The system continued to drive success beyond the initial ramp-up, serving as a foundation for ongoing talent development and internal promotion.



Predictive, Fair, Engaging Process

Application tools

Screening tools

In-depth assessments

Interviewing tools

Consulting Expertise



Section 4: Key takeaways

In this research, we sought to understand some of the key challenges faced when hiring entry-level workers in the industrial sector and offer practical suggestions for how to overcome these.

The bottom line

There is a growing gap in both skills and clarity

Hiring candidates with the right skills was consistently ranked the number one challenge. Our survey found this to be the top hiring challenge across all regions and roles. But in many cases, it's not just about skills—it's about clarity.

Candidates often don't fully understand what the job involves. They may apply thinking it's a good fit, only to leave once they realize it's not. Giving them a clear picture of the job upfront—like using realistic job previews—can help filter for the right people early.

On the employer side, the problem is often a lack of clear direction. Many hiring teams aren't fully aligned on what a "good" hire looks like or what attributes are key to success. Given the breadth and complexity of industrial roles—like machine operators, technicians, or maintenance staff—success can mean different things: productivity, safety, teamwork, or reliability. Without a shared definition of success, it's hard to hire consistently or evaluate performance fairly.

Hiring the right people is business-critical

Hiring isn't just about filling positions—it's about protecting performance, safety, and profitability. When you hire the right people, your operations run smoother, your teams stay motivated, and your organization performs at a higher level.²⁹

But the reverse is also true. A poor hire can have serious consequences. Our survey found that mis-hires lead to increased turnover, more safety incidents, lower quality of work, and drops in productivity. This can come at a substantial cost to the organization—in training and recruitment costs, as well as downtime, team disruption and lost morale.

Where hiring mistakes become more frequent, this can have a ripple effect on the overall efficiency and performance of the organization and stifle opportunities for innovation and growth.

How to hire better

Based on our overall findings, here are our top 3 suggestions for enhancing your hiring process and ensuring you are setting up your organization for success:

1.

Define what success looks like

Start by clearly defining what success looks like for each role—not just in tasks, but in behaviors and mindset. Focus on the skills and traits that matter most and use a structured process to assess them before hiring. Think beyond traditional hiring practices that focus solely on past experience and try to get a complete view of the individual. Consider qualities that are more difficult to learn, like attention to detail, positive attitude, and problem-solving. This approach helps you find candidates who are a better fit for the role and more likely to stay engaged over the long-term.

2.

Use real-world data to inform decisions

Rather than relying on gut instinct or surface-level impressions, data-driven hiring enables organizations to assess candidates against clearly defined success criteria. Knowing what you're measuring, why, and how it connects to performance. By linking hiring decisions to business outcomes like productivity, retention, and cost savings, you can make data-driven improvements and demonstrate ROI. This enables you to make hiring decisions that are backed by data and have been proven successful.

3.

Continue to refine hiring practices over time

Look at hiring within the bigger picture and consider where it sits alongside your organization's goals. Effective hiring processes must grow and adapt with the organization and as job roles evolve. By building feedback loops, using data combined with expert insight, and regularly evaluating your hiring models, you create a system that continually improves over time. This broader outlook helps transform hiring into a strategic driver of business growth.



Summary

The impact of quality hiring on organizational success—particularly in the industrial sector—cannot be overstated. With operations dependent on efficiency, safety, and workforce stability, the value a new hire brings extends far beyond technical qualifications. Yet hiring in this sector is more challenging than ever—not just due to talent shortages or skills gaps, but because of a deeper clarity gap. Many organizations lack alignment on what “good” looks like in a candidate, resulting in inconsistent decisions and costly mis-hires. To keep pace with the transformation of industrial work, organizations must **radically rethink** how they hire. The traditional model—relying on resumes and unstructured interviews—is no longer fit for purpose. As industry roles become more complex, the emphasis must shift toward hiring practices that identify not just technical capability, but also adaptability, cultural alignment, and **transferable skills** that support long-term success. Our findings show that forward-thinking employers are moving toward more objective, data-driven hiring strategies to assess candidates more holistically and build more resilient teams equipped to meet the demands of the rapidly evolving industrial landscape.

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Appendices

Methodology

We conducted an online survey targeting professionals with hiring experience in the industrial sector. Participants came from a range of industries and organizations of varying sizes. The survey was fielded over a 7-day period, from **March 28 to April 4, 2025**.

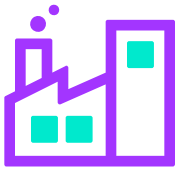
A total of 904 individuals responded, with **N = 855** meeting the qualification criteria.

Participant criteria / invited participants:

- Qualifications: Working in the industrial sector with hiring responsibilities.
- Recruitment method: Participants were recruited via the crowdsourcing platform Prolific and received a monetary incentive for completing the survey.
- Geographic location: A total of **13 countries** were represented, with the majority of participants from the United States and United Kingdom.

Respondent firmographics:

- **Company size:** Organizations ranged from under 10 to over 1,000 employees.
- **Geographic location:** Company locations were identified by operating region(s).



MANUFACTURING



LOGISTICS



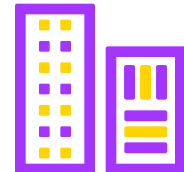
DISTRIBUTION



TRANSPORTATION



ENERGY



CONSTRUCTION

Survey information:

- Administration: Conducted online via Prolific.
- Language: English.
- Content: The survey included 36 questions.

Sample demographics

Job level

Non-Manager	n=88	10.3%
First-Line Manager	n=218	25.5%
Middle Management	n=346	40.5%
Executive/Senior Management	n=187	21.9%
Other	n=13	1.5%
Prefer not to say	n=3	0.4%

Organization size

1 - 10	n=86	10.1%
11 - 50	n=179	20.9%
51 - 200	n=207	24.2%
201 - 500	n=112	13.1%
501 - 1,000	n=78	9.1%
1,001 - 5,000	n=79	9.2%
5,001 - 10,000	n=42	4.9%
10,001+	n=72	8.4%

Organization sector

Manufacturing	n=409	47.8%
Construction	n=148	17.3%
Transportation	n=111	13.0%
Logistics	n=56	6.5%
Energy/Utilities	n=46	5.4%
Distribution	n=36	4.2%
Other	n=49	5.7%

Organization region(s)*

North America	n=564	66.0%
Europe	n=384	44.9%
Asia Pacific	n=122	14.3%
South America	n=100	11.7%
Middle East	n=76	8.9%
Africa	n=65	7.6%

*N.B. 20% of respondents indicated their organization operates in more than one region, with 5% of respondents reporting their organization operates in all six regions. Therefore, the figures reported exceed 100%.

Age

19 - 25	n=52	6.1%
26 - 30	n=105	12.3%
31 - 35	n=147	17.2%
36 - 40	n=155	18.1%
41 - 45	n=96	11.2%
46 - 50	n=103	12.0%
51 - 55	n=94	11.0%
56 - 60	n=48	5.6%
61+	n=54	6.3%
Prefer not to say	n=1	0.1%

Gender

Male	n=555	64.9%
Female	n=298	34.9%
Non-binary or gender queer/fluid	n=1	0.1%
Prefer not to say	n=1	0.1%

Country of residence

United States	n=483	56.5%
United Kingdom	n=288	33.7%
Canada	n=49	5.7%
Australia	n=10	1.2%
South Africa	n=7	0.8%
New Zealand	n=6	0.7%
Ireland	n=3	0.4%
Denmark	n=1	0.1%
Germany	n=1	0.1%
Mexico	n=1	0.1%
Netherlands	n=1	0.1%
Portugal	n=1	0.1%
Sweden	n=1	0.1%
Prefer not to say	n=3	0.4%

