Improving Candidate Quality

New Signals for Hiring in the Innovation Economy

KORU Predictive Hiring for Fit™

Traditional hiring strategies are proving inadequate in today's business world. While in the past it was acceptable to recruit based on tangible, traditional "fit" signals like GPA and technical abilities, the current economy — the innovation economy — demands an additional focus on a separate set of skills. These are non-cognitive or soft skills — communication, collaboration, creativity, and more — that are fundamental to succeeding in an environment in which ingenuity is key.

Because these skills are more abstract, they can be difficult to identify and measure. Machine learning and artificial intelligence solve this, and enable a predictive hiring approach.

We'll do the following in this guide:

- Define the innovation economy
- Discuss major ramifications on talent acquisition
- Identify the new signals for hiring success
- Delve into the fundamentals of predictive hiring

→ →

Hiring in the Innovation Economy

Our present economy is an innovation economy. It's something we all see, feel, and intuitively understand — it's apparent that work and business are wildly different than they were for previous generations — but perhaps haven't been consciously defined. **Let's define it.**

The Innovation Economy: Defined

At its most basic level, we can think of the innovation economy as an ideas-based economy fueled by disruption. Compare this to the previous economic system coming out of the Second Industrial Revolution, of which manu-facturing was the core, and growth depended on the market's response to price signals.

Technology, globalization, and entrepreneurship have refocused everything and accelerated the pace of business. Today, steady, incremental improvements are not enough for success; businesses must be innovating constantly — with rapid learning cycles or "failure loops" — and advancing exponentially to gain and maintain dominance. They must be in a constant state of growth. As a result, workplaces and roles have evolved from clear, constant, and certain to ambiguous and constantly changing. Talent acquisition teams must pivot in response. They must gain the ability to rapidly assess candidates on essential "soft skills" — the skills that are foundational to innovation. (More on these later.)

What an Innovation Economy Means for Talent Acquisition

The strategy of hiring the "smartest" candidate and training them up on tried-and-true tactics is no longer a successful approach. The reason is twofold:

1 The average tenure of 20-somethings currently is at 18 months, which means they are on their way out by the time they've ramped to full performance.

2 As mentioned, jobs are now less defined — some have just been invented and are being performed for the first time. These days, it's not about knowing the answers, it's about knowing what questions to ask.

Talent acquisition teams need to be looking for candidates with the inherent skills required to drive innovation: an entrepreneurial mindset, comfort with ambiguity, and the ability to define and do a job that may never have existed before.

Enter predictive hiring. Predictive hiring empowers talent acquisition teams to evaluate candidates against the full spectrum of skills required in the innovation economy, and to use data to rapidly identify higher quality hires with less effort. Before we dig into predictive hiring though, it's important to get clear on precisely what skills the innovation economy demands. They're different "success signals" from what has traditionally been used for hiring.

The Grit Over Grades Revolution

For decades, we've been using the same criteria as signals of success: attendance at top schools, GPA, class standing, and previous household-name employers. We assumed these variables were good proxies for workplace performance, but we now know otherwise.

Grades Fail to Forecast Job Success

Research first revealed almost two decades ago that the Fortune 500 was increasingly prioritizing competencies like strong oral and written communication, problem solving, and teamwork in new hires — a shift from more traditional knowledge and skills. More recently, Google published research analyzing all their applicants and tracking hires and performance. Their conclusion, as Laszlo Bock, Google's former SVP of People Operations put it, was that **"...GPAs are worthless as a criteria for hiring, and test scores are worthless..."** Yet many talent acquisition teams are still using elite brand schools, grades, academic performance and big-name employers as criteria for resume filtering.

To be clear, this is entirely understandable: recruiting teams are frequently understaffed, overwhelmed with work, and under pressure to fill roles quickly. They need easily identifiable criteria to efficiently filter the vast quantities of resumes they receive. Schools and GPAs are easy to see, while the more abstract attributes are not. Even when talent acquisition pros recognize that traditional success signals are inadequate, they are ill-equipped to modify their process without risking falling significantly behind.

Yet innovation economics create an unavoidable tipping point for talent acquisition teams: they must evolve the signals they use to evaluate candidates, or do a disservice to their organizations.

In the innovation economy, a person's interpersonal skills, curiosity, initiative, and emotional maturity have proven to be better predictors of future performance.
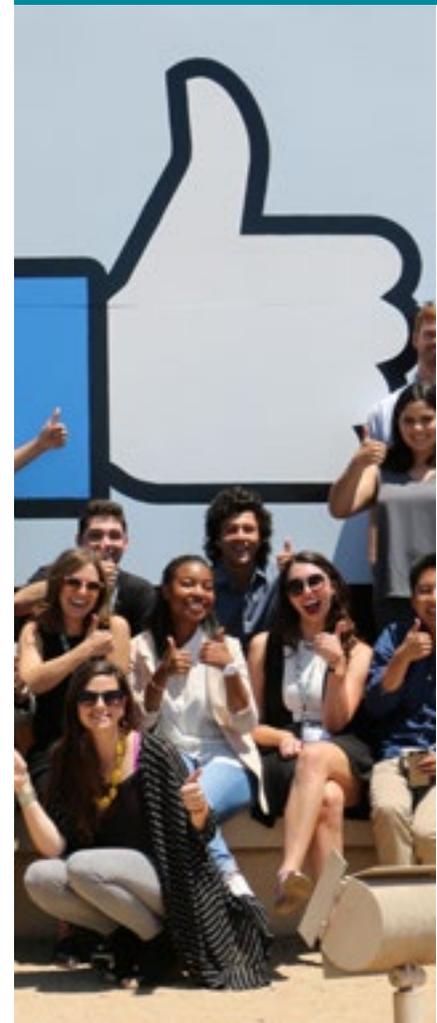
New Signals to Predict Performance

In predicting a candidate's performance, a combination of three things matter: raw intelligence, technical skills, and non-cognitive characteristics (aka "soft skills," "interpersonal skills," or "impact skills").
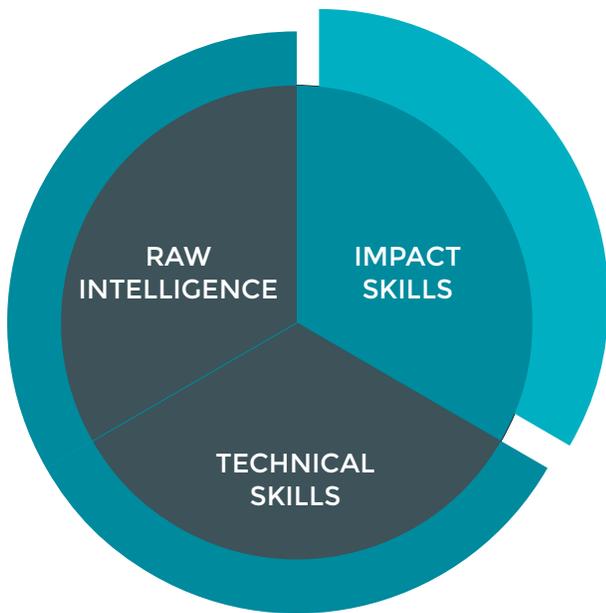
RAW INTELLIGENCE: knowledge — or the ability to acquire and apply knowledge — as demonstrated by education level and/or academic achievement

TECHNICAL SKILLS: the ability to perform specialized skills, as evidenced by certifications, specific degrees, and technical reviews

NON-COGNITIVE CHARACTERISTICS: a group of abilities, including communicating and collaborating with others, adapting to rapidly changing circumstances, thinking creatively, remaining determined when problems are hard, providing leadership, and more.

The Koru7 Impact Skills: Hiring Signals That Matter

The Koru7 Impact SkillsTM are seven key signals for predicting job performance. Over three years of research, a review of 100+ studies, and work with hundreds of employers, thousands of job-seekers, and two domain-expert PhDs went into the development

Grit: The ability to stick with it when things get hard. Hires make sense of ambiguous situations without explicit directions.

Ownership: Working in service of others and taking initiative when things are not clear. Those with ownership make positive and empathetic hires.

Curiosity: Hires that are curious beyond their specific role tend to be better informed, have a better eye for detail, and often ask the right questions.

Polish: Effective communicators with co-workers and clients alike. From writing effective emails to asking thoughtful questions, workers with polish are great collaborators.

Teamwork: There are no dark corners in organizations anymore. Everyone must collaborate to produce work and drive results.

Rigor: Innovative companies care about data in all areas. Hires with rigor have the ability to read, interpret, and process data quickly and in a detail-oriented way.

Impact: Great hires understand their contribution and impact to the larger organization's objectives — not just their individual goals.

Done well, predictive hiring allows you to bypass resume interviews and phone screens and focus on having meaningful interactions with individuals who are highly qualified for a particular role.

Predictive Hiring 101

Most of us come across predictive analytics in use every day. From Netflix's movie suggestions based on previous viewing to Amazon's product recommendations based on prior purchases, we're constantly witnessing the deployment of technology to create a meaningful, relevant experience — and to help us make better, faster decisions.

Predictive hiring extends that concept to talent acquisition. It uses machine learning to develop predictive models and artificial intelligence to rapidly assign a fit "score" to candidates and stack-ranks them according to best fit for an organization's hiring profile.

Predictive Hiring Reveals Best-Fit Candidates

The traditional hiring process of six-second resume scans, timely phone screens, and interviewing based on intuition is highly ineffective and riddled with bias.

Predictive hiring creates a streamlined, objective hiring process. It helps companies develop effective hiring profiles that can be measured, and employs impact-skill assessments and smart algorithms to evaluate and stack-rank candidates based on fit. This data-driven approach empowers talent acquisition teams to work more efficiently and hire candidates who will make a lasting contribution to organizational success.
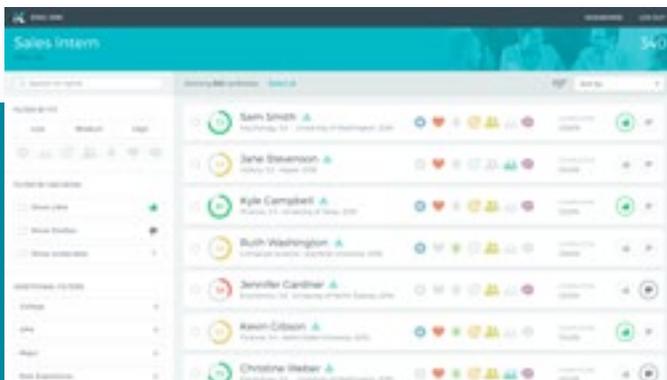
RECRUITER DASHBOARD

CANDIDATE PROFILE

5 Steps to Get Started

First things first: Make sure you're starting with a very clear and discrete project — usually one or two roles that are high volume and high value to your organization. Pull in someone from your HR analytics team if you have one, or consider contracting with an outside expert who's done this before.

STEP 1

Identify the business outcome(s) you're aiming for. It's critical to start with the end in mind and to identify what improvement will make a meaningful difference to your business. Is it performance? Retention? Efficiency? Diversity? It's important to drive alignment within your organization with all of the stakeholders related to the position(s) in question.

STEP 2

Collect data that could be predictive. Start with your hypotheses and cast a net from there. Don't fall victim to the trap of "throw all the data in and the algorithms will find magical patterns." Rarely does that happen. Start with the data you already have that you believe carry signal, and/or signal-rich data that you can quickly capture.

STEP 3

Run the analysis to test your hypotheses. You can run a regression or correlation in Excel; an analytics pro may use a basic regression to pick up on strong patterns or signals that exist. More complex machine learning algorithms will be required to boost weak signals and to get smarter over time. **Important note: Ensure your model does not have any adverse impact by gender, race, ethnicity, etc., and complies with EEOC and Uniform Guidelines recommendations.**

STEP 4

Put data in the hands of decision makers. You must make your findings actionable to capture any value. Otherwise, it's just a research project. Your decision makers (e.g., recruiters, hiring managers, executives) will also give your findings an important face validity test.

STEP 5

Iterate, iterate, iterate.
Remember: It's an ongoing process, and it gets better as it goes.

Predictive Hiring With Koru

At Koru, we believe it's not enough for talent acquisition teams to simply work faster. They must also use tools to work smarter in order to increase new quality hires without the extra effort. The Koru7™, our approach to identifying and assessing a candidate's soft skills, empowers talent acquisition teams to recruit from wider candidate pools and improve the quality of new hires, significantly contributing to the long-term success of the organization.

Koru Hire, our proven predictive hiring solution, combines sophisticated analytics and machine learning to make candidate screening more effective (faster and less biased), minimizing the effort required and improving time-to-fill rates. This drives better business outcomes; our customers see improvements in:

+30% PERFORMANCE

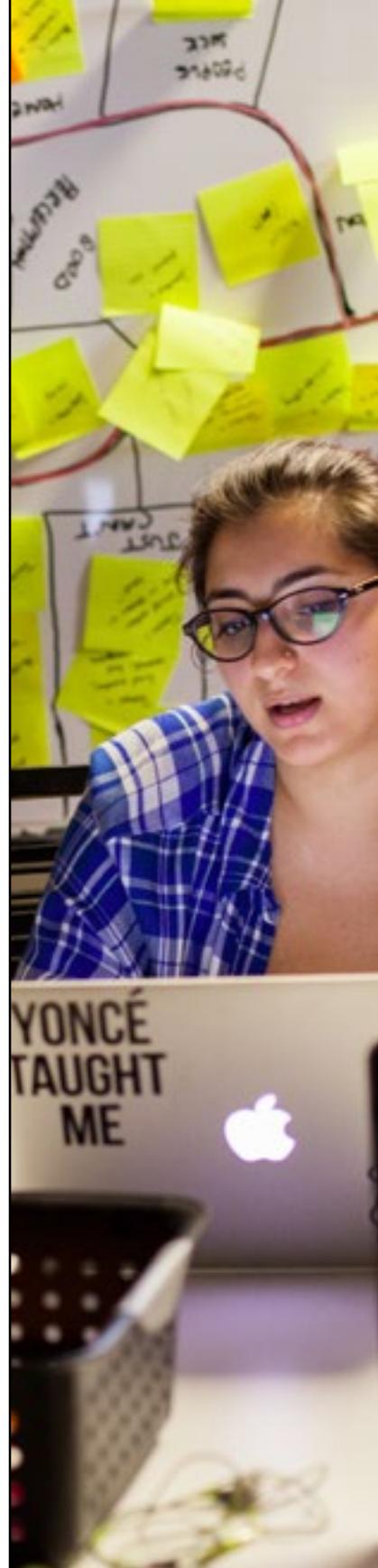More high performers hired

+++ RETENTION

Definition and measurement of retention causes

5X DIVERSITY

increase in offer rate to underrepresented minorities

10–20% EFFICIENCY

shorter time to hire, elimination of phone screens

READY TO LEARN MORE ABOUT PREDICTIVE HIRING?

Download "The Science Behind Predictive Hiring for Fit" or request a demo today!

GRIT

OWNERSHIP

CURIOSITY

POLISH

TEAMWORK

RIGOR

IMPACT

About Koru

Headquartered in Seattle, WA, Koru is the leader in predictive hiring based on real drivers of performance, retention, and diversity — grit, ownership, teamwork, curiosity, rigor, impact, and polish. We're mobilizing the "Grit over Grades" revolution with forward-leaning talent acquisition and business leaders in medium to large enterprises, from high growth technology companies to Fortune 100 investment banks.

Koru was founded by veteran entrepreneurs Kristen Hamilton, co-founder at Onvia and former COO at World Learning, and Josh Jarrett, former head of Higher Education Innovation for the Bill & Melinda Gates Foundation and consultant with McKinsey & Company. Koru has raised $15 million in funding from First Round Capital, Maveron, Battery Ventures, Andreessen Horowitz, City Light Capital, Trilogy Equity Partners, and Queensbridge Venture Partners.

If you are a talent acquisition or line of business leader who wants to be part of the exciting shift to predictive, data-driven hiring, we're here for you. For more info, visit www.joinkoru.com.