# Paycor

## Is Your Next Hire Hiding in Plain Sight?
### HR's Guide to Internal Recruiting

**HR** center of excellence
by Paycor

# What's Inside:

Executive Summary

## EXECUTIVE SUMMARY

If every unemployed person in the country found a job, we would still have 4 million open jobs *(U.S. Chamber of Commerce)*. **Where can growing businesses find workers? 75% of recruiters say internal recruiting will play a major role in talent acquisition in the next 5 years** *(LinkedIn)***.**

Internal recruiting drives retention and saves time and money. But it can also lead to stagnation and jealousy. To succeed, HR leaders should:

1. **Proactively engage employees** by promoting internal opportunities, building career paths, and holding frequent one-on-ones between managers and direct reports.

2. **Plan for talent needs** using competency frameworks, online assessments of hard and soft skills, ongoing analysis of market and industry trends, and a focus on building internal talent pipelines.

3. **Combat talent hoarding** by fostering a performance-driven culture with 9-box talent reviews and inter-departmental collaboration.

**Sample action plans and OKRs inside**

The Pros

## THE PROS

Demographic factors like early retirement, low birth rates, and declining immigration have left us with nearly 3 million fewer workers in the labor force compared to 2020 (*U.S. Chamber of Commerce*). **To grow, organizations must make the most of a smaller pool of talent.** Internal recruiting is one way to do that, and it delivers extra benefits.

- **Boosts Retention:**
  McKinsey found that 40%+ of workers quit between April 2021-2022 due to insufficient career growth. LinkedIn found employees stay almost 2x longer at companies committed to internal hiring.

- **Saves Time & Money:**
  External hiring can be 6x costlier than internal *(Josh Bersin)*. By focusing on internal hiring, 63% of talent professionals report faster hiring, and 69% agree it speeds up new hire productivity *(LinkedIn)*.

- **Your Competitors Are Doing It:**
  In 2019, HBR reported only 28% of recruiters valued internal candidates, but by 2023, 75% considered internal recruiting important for future success *(LinkedIn)*.

The Cons

## THE CONS

Of course, it's not all upside. **Here are the common pitfalls of internal recruiting:**

- Stagnation and groupthink
- Tension and jealousy
- Internal candidates may lack key skills for new roles
- Hiring from within may leave a gap in the team

**But we have a different take on these potential problems.** We think they're actually opportunities to make your company culture stronger, more resilient, and more dynamic. Here's why:

| CON | ACTION PLAN | LONG-TERM BENEFIT |
| --- | --- | --- |
| **Stagnation** | Complement internal mobility with AI recruiting that finds diverse candidates traditional solutions miss. | A hybrid approach works best. Internal recruiting drives retention and AI recruiting brings in fresh perspectives. |
| **Tension & jealousy** | Be transparent about the selection process. Give feedback to those not chosen. | Fosters trust, promotes open communication, helps tackle issues early. |
| **Skills gap** | Clarify job descriptions, formally assess candidates' potential with a 9-box review. | Enhances hiring accuracy, builds a skilled workforce, boosts employee engagement. |
| **Losing talent in key roles** | Develop succession plans for key positions. | Boosts retention and engagement, fills critical roles with skilled employees. |
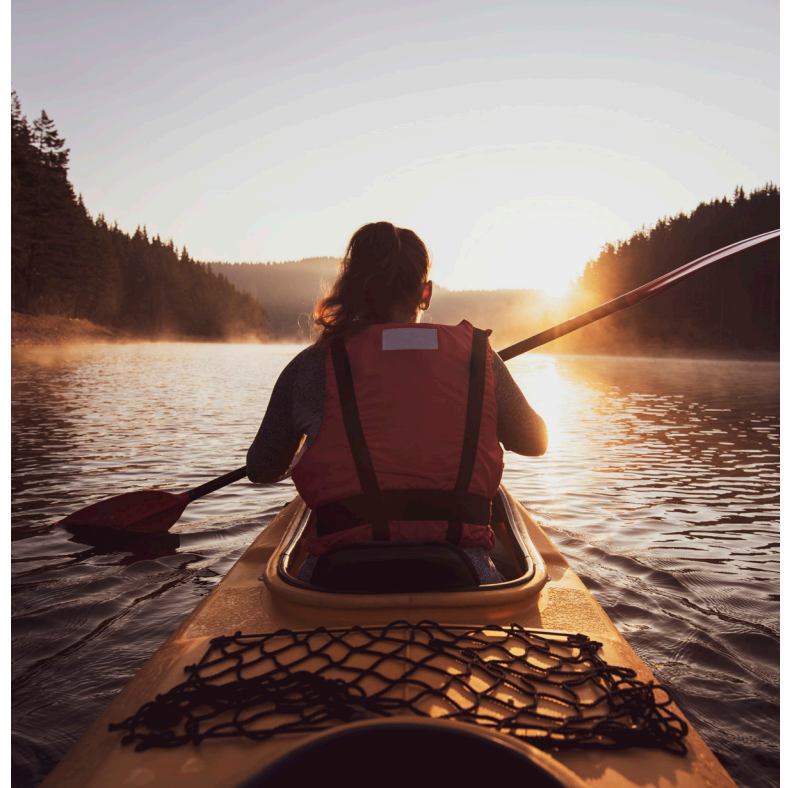
Three Golden *Rules*

**THE 3 GOLDEN RULES OF INTERNAL RECRUITING**

## RULE #1: DON'T WAIT FOR EMPLOYEES TO APPLY

**Challenge**

Only 33% of employees seeking a new role look for opportunities internally at their own company first. *(Gartner)*

**Sample Action Plan:**

**Post & promote jobs internally:**

- **Create an internal talent database** for employees to post profiles advertising their skills and career goals. Promote job postings on an internal website.

- **HR software can be your platform** to deliver a self-paced learning experience, including personality and work style assessments, goal-setting and goal-tracking, and leadership development activities.

10

**RULE #1: DON'T WAIT FOR EMPLOYEES TO APPLY**

**Make career growth a recurring topic of conversation:**

- **1:1 meetings between managers and direct reports** are perfect opportunities to have career path discussions. In most cases, open-ended conversations are best, particularly in the beginning. Online assessments of hard and soft skills are great tools of discovery and excellent conversation starters. Follow up with customized training that builds on employees' strengths.

- **HR software can be your platform** to deliver a continuous discovery and learning process, from 1:1 templates to online employee assessments, self-paced learning modules, goal tracking dashboards, and performance reviews.
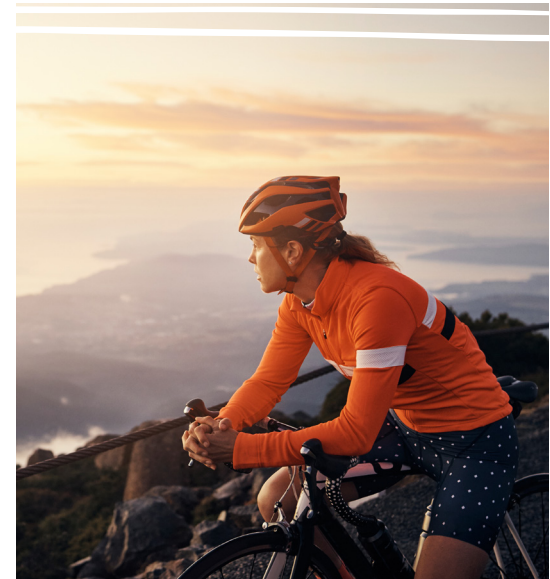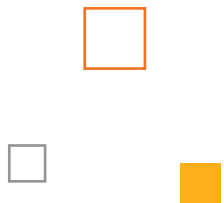
**RULE #1: DON'T WAIT FOR EMPLOYEES TO APPLY**

**Break down silos:**

- **There are so many ways to spark inter-departmental collaboration.** Mentorship programs are a good example: you might pair workers by experience levels or by career interests. A cross-functional project in which representatives from across the company tackle a shared problem is another excellent way to get the ball rolling. Employee resource groups (ERGs) are another approach. The goal is the same: the more you can break down silos, the more organically a culture of internal mobility can grow.

- **HR software can help** by giving HR the ability to communicate to the entire organization, foster active cross-functional dialogue via discussion boards and forums, and launch and promote ERGs.

RULE #1: DON'T WAIT FOR EMPLOYEES TO APPLY

## Sample OKR

**Objective:** Enhance internal mobility by fostering a collaborative work environment and promoting career growth.

**Key Results:**

1. Launch an internal talent database with at least 80% of employees creating profiles by the end of Q2.

    • *Measure: Percentage of employees with completed profiles in the database.*

2. Post at least 90% of job openings on the internal website and track a 50% increase in internal candidates applying for open positions by the end of Q3.

    • *Measure: Percentage of job postings shared internally and the increase in internal applications.*

3. Implement regular 1:1 meetings with managers and direct reports, achieving a 75% increase in career path discussions and personalized training by the end of Q4.

    • *Measure: Percentage increase in career path discussions and customized training participation.*

4. Introduce at least 3 cross-functional initiatives (e.g., mentorship programs, cross-departmental projects, or employee resource groups) to break down silos by the end of Q4.

    • *Measure: Number of cross-functional initiatives implemented and employee participation rates.*

5. Leverage HR software to facilitate communication, provide online assessments, and deliver self-paced learning modules, aiming for a 70% employee engagement rate by the end of Q4.

    • *Measure: Employee engagement rate with HR software features and tools.*
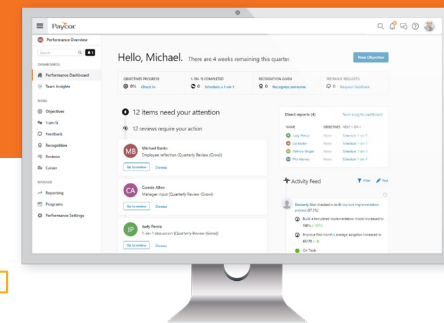
## How Paycor Helps

**Employee Communication:**
Internal job posting, internal talent pipeline, employee recognition, Paycor Engage.

**Talent Management:**
Performance management, goal setting and tracking, 1:1 templates.

## RULE #2: PLAN FOR TALENT NEEDS

**Challenge**

Only 35% of organizations have a formalized succession plan for critical roles.

*(Linkedin)*

**Sample Action Plan:**

**Start with competency frameworks:**

- **A competency framework is a set of measurable knowledge, skills, and behaviors** required for specific roles. They help identify skill gaps and development needs and ensure your recruiting, learning, and performance goals sync up to overall company objectives.

- **HR software can help** by storing and integrating frameworks into your day-to-day processes. It can also help automate skills and personality assessments and track employee progress.

**RULE #2: PLAN FOR TALENT NEEDS**

**Plan for future talent needs:**

- **Here's where HR can lead the way.** Partner with department heads to identify the key roles and skillsets you'll need in the next 1-3 years. Regularly review industry trends, market shifts, and business plans to anticipate future talent needs.

- **HR analytics can help** identify potential skill gaps and track employee development, career aspirations, and performance metrics. The goal here is transparency and alignment. You need to be able to clearly see where you're steering your organization and then ensure your most talented and ambitious employees are on the right paths.

## RULE #2: PLAN FOR TALENT NEEDS

**Build your pipeline:**

- **HR and learning teams can work together** to identify high-potential employees and provide tailored development opportunities, ensuring a ready supply of qualified candidates for key roles. Check in with employees often, ideally during weekly one-on-ones with their managers and quarterly performance reviews.

- **HR analytics and talent management software** can help you identify trends and patterns in your workforce data, pinpoint areas of concern, and develop targeted interventions to address talent gaps.

## Sample OKR

**Objective:** Create an 18-month talent plan for current and future roles.

**Key Results:**

1. Develop competency frameworks for all roles by the end of Q2.
   - *Measure: Completion of competency frameworks for 100% of roles.*

2. Partner with department heads to identify key roles and skillsets needed in the next 18 months by the end of Q3.
   - *Measure: Number of key roles and skillsets identified and documented.*

3. Regularly review industry trends, market shifts, and business plans to anticipate future talent needs on a quarterly basis.
   - *Measure: Quarterly reviews completed and documented.*

4. Use HR software to store, integrate, and automate competency frameworks and skills and personality assessments by the end of Q2.
   - *Measure: Implementation of HR software for competency frameworks and assessments.*

5. Use HR analytics and talent management software to identify high-potential employees and provide tailored development opportunities for key roles by the end of Q4.
   - *Measure: Number of high-potential employees identified, and percentage enrolled in development opportunities.*

6. Conduct weekly one-on-ones with employees to discuss their career aspirations and development needs, and quarterly performance reviews to track progress towards development goals.
   - *Measure: Percentage of employees engaged in weekly one-on-ones and quarterly performance reviews.*

## How Paycor Helps

**Strategy software:**
OKRs, HR analytics, COR Leadership Insights, position management.

**Talent Management:**
Skills & interpersonal assessments, employee survey sentiment analysis, Paycor Paths development activities and pre-built content, performance reviews, 9-box, career paths.
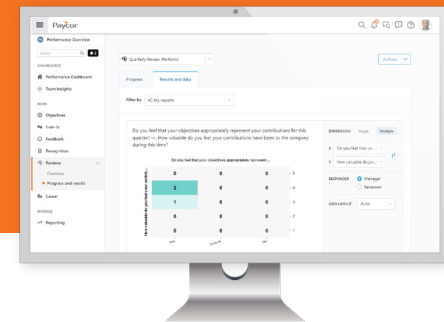
## RULE #3: OVERCOME MANAGERS' TENDENCY TO HOARD TALENT

**Challenge**

Talent hoarding by managers, who may restrict access to internal career opportunities, is the #1 barrier to internal recruiting.

*(Linkedin)*

**Sample Action Plan:**

**Create transparent policies and processes:**

- **Make internal mobility part of company culture.** "Employee guarding" (*Utah State*) is an academic term for managers who work behind the scenes to retain their top performers at all costs. HR should be clear and straightforward about their company's belief in internal mobility. Create an internal mobility policy to get the ball rolling.

- **HR software can help** you share the policy company-wide and solicit feedback in the form of surveys and sentiment analysis.
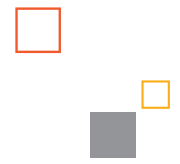
## RULE #3: OVERCOME MANAGERS' TENDENCY TO HOARD TALENT

**Measure what matters:**

- **Now, back up the policy with metrics.** Choose the right KPIs for your organization. If employee guarding behaviors are rampant, consider metrics that can help identify where the holdouts are (e.g., tracking the number of managers who take actions to promote internal mobility). **You'll also want to track retention rates, time-to-fill open jobs, and internal mobility rate (the % of internal moves within the company).**

## RULE #3: OVERCOME MANAGERS' TENDENCY TO HOARD TALENT

**Hold talent review meetings:**

- **HR can lead a recurring company-wide meeting** to evaluate employees' potential and performance. It's a win for employees to know where they stand and where their careers can go. It's a win for the company because the added, formalized attention to career pathing lays the groundwork for a culture of performance. And it's a win for HR leaders who want to make internal mobility a driver of business success.

- **Talent software** that features a 9-box assessment tool can help. The 9-box plots employees along two axes: their current job performance and their potential for future growth. It's helpful in developing coaching plans for all employees, and it has the extra benefit of being the perfect tool to kick off intentional, actionable conversations about internal mobility.

## Sample OKR

**Objective:** Increase internal mobility and create a culture of career growth and development.

**Key Results:**

1. Develop and implement an internal mobility policy by the end of Q2.
   - *Measure: Completion of policy and percentage of employees who received it.*

2. Track internal mobility metrics and analyze data on a quarterly basis.
   - *Measure: Regular analysis of selected KPIs and identification of trends and areas for improvement.*

3. Conduct quarterly talent review meetings using the 9-box assessment tool.
   - *Measure: Percentage of employees assessed, number of high-potential employees identified, and coaching plans created.*

4. Distribute the policy company-wide and solicit feedback through HR software.
   - *Measure: Percentage of employees engaged in providing feedback through surveys and sentiment analysis.*

5. Use HR analytics to support data tracking and analysis.
   - *Measure: Effective use of HR analytics tools for data-driven decision-making.*

6. Identify high-potential employees for internal mobility opportunities and create coaching plans.
   - *Measure: Number of employees participating in development opportunities and progress in coaching plans.*
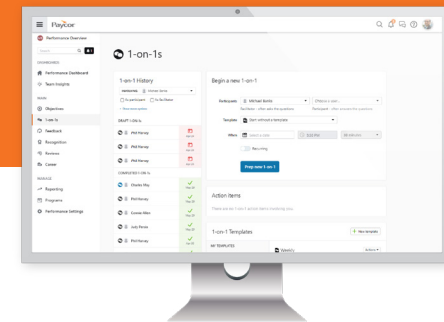
## How Paycor Helps

**Strategy:**
OKR software, performance dashboard, compensation benchmarking, position management.

**Talent Management:**
1:1 tool, performance reviews, Paycor Paths, COR Leadership Dashboard.

About Paycor

EMPLOYEE EXPERIENCE

HR
LEARNING MANAGEMENT
CAREER MANAGEMENT
PULSE

ANALYTICS

MOBILE

WORKFORCE MANAGEMENT

TIME
PAYROLL
TIME OFF MGR
SCHEDULING
EXPENSE MANAGEMENT
ONDEMAND PAY (EWA)
MOBILE WALLET

Leaders

TALENT MANAGEMENT

PAYCOR SMART SOURCING
RECRUITING
ONBOARDING
COMPENSATION
TALENT DEVELOPMENT

MOBILE

ANALYTICS

BENEFITS ADVISOR

ACA

BENEFITS ADMINISTRATION

## About Paycor

Paycor's human capital management (HCM) platform modernizes every aspect of people management, from recruiting, onboarding and payroll to career development and retention, but what really sets us apart is our focus on leaders. For more than 30 years we've been listening to and partnering with leaders, so we know what they need: a unified HR platform, easy integration with third party apps, powerful analytics, talent development software, and configurable technology that supports specific industry needs. That's why more than 30,000 customers trust Paycor to help them solve problems and achieve their goals.

**LEARN MORE AT PAYCOR.COM**

**CALL 844-981-0040**

23