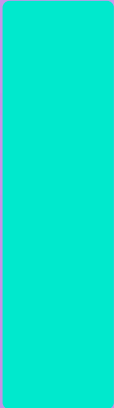


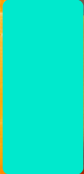
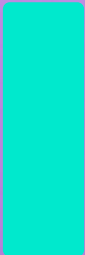


QUALITY HIRES QUALITY OUTPUT

Smart talent strategies
for industrial hiring



EXECUTIVE
SUMMARY



Building workforce strength through quality of hire

As technology continues to advance, workforce expectations rise, and pressure for operational efficiency grows, the industrial sector is transforming. 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

Aligning job requirements with candidates that have the right skills and fit for the role and organization is crucial but challenging, especially for entry-level roles which often involve physical demands, challenging environments, and high expectations.

In our latest research, we explored the top hiring challenges industrial sector employers are facing– identifying practical strategies to overcome them and demonstrate how defining and implementing an approach that focuses on quality of hire can help attract, engage and retain skilled talent.

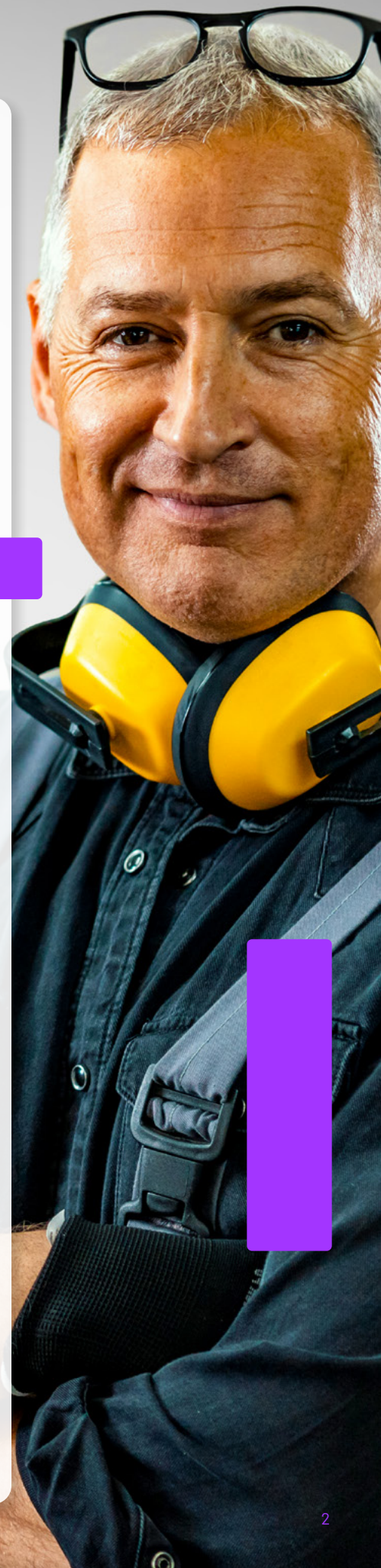
In this global study we surveyed over **800 professionals** in the industrial sector involved in hiring and people management covering industries such as **manufacturing, construction, logistics, distribution, transportation, energy, warehousing, utilities, motor, engineering, and other related areas.**

A focus on quality of hire to address top industrial hiring challenges means moving beyond filling roles to making more informed, data-driven hiring decisions. When organizations focus on aligning candidate skills, attitude, and fit for the job, they build a workforce who are not only capable of doing the work, but who are motivated to be there and grow with the organization

1. National Association of Manufacturers. (2021, May 4). 2.1 million manufacturing jobs could go unfilled by 2030. <https://nam.org/2-1-million-manufacturing-jobs-could-go-unfilled-by-2030-13743/?stream=workforce>

2. Supply & Demand Chain Executive. (2024, September 10). Maximizing warehouse efficiency in the face of labor challenges. <https://www.sdcexec.com/professional-development/retention/article/22919798/syspro-maximizing-warehouse-efficiency-in-the-face-of-labor-challenges>

3. Associated General Contractors of America. (2022). 2022 AGC workforce survey analysis https://www.agc.org/sites/default/files/users/user22633/2022_AGC_Workforce_Survey_Analysis.pdf



Industrial hiring challenges

The physical demands and environmental hardships of entry-level industrial work can make finding and keeping the right people in these roles an ongoing struggle. To get a clearer picture of what is standing in the way, we asked professionals directly involved in hiring and workforce management to share their top concerns. They identified 4 top challenges:

1 Hiring candidates with the right skills

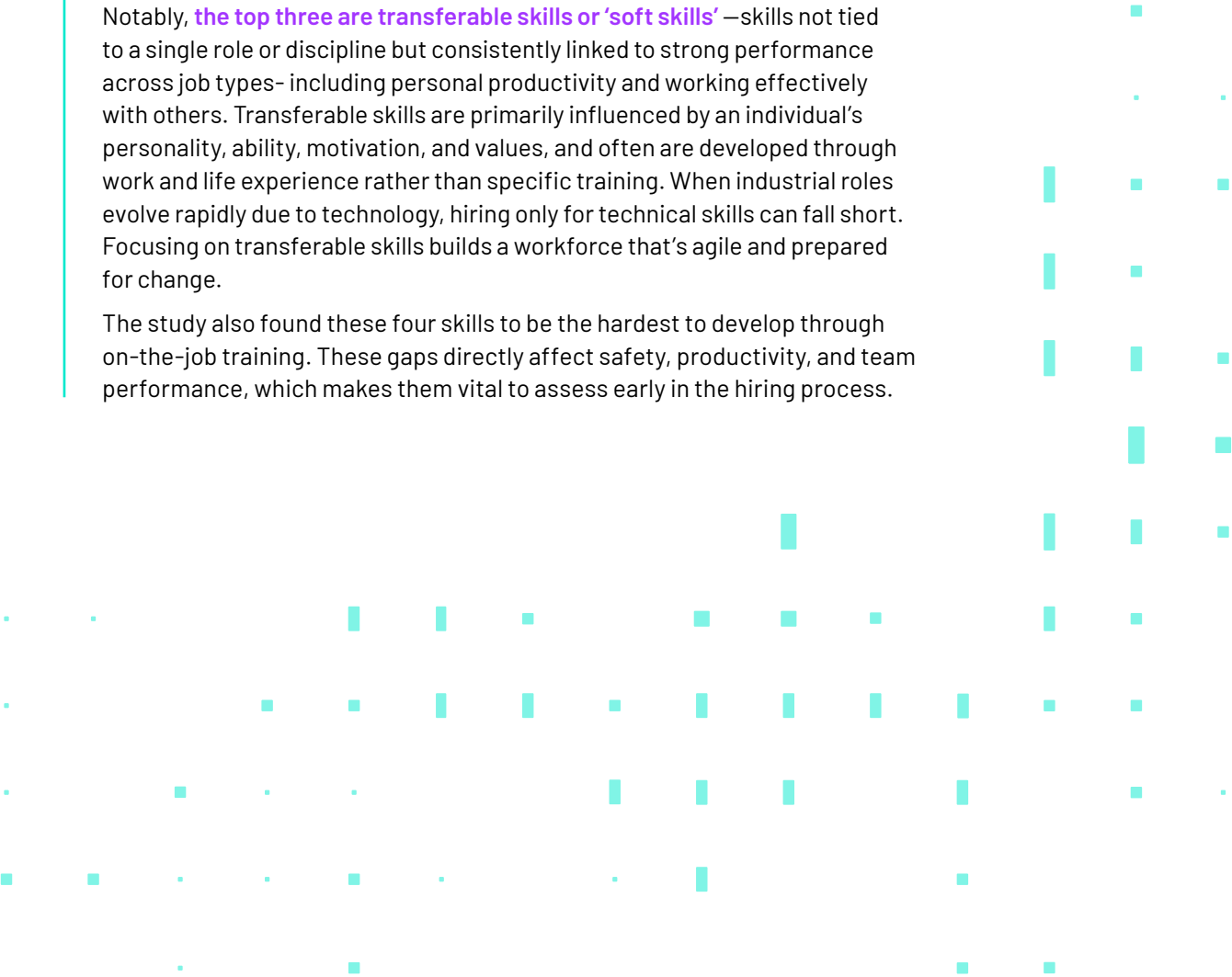
The speed of technological change in sectors like manufacturing has outpaced workforce skills development- widening the gap. In our survey, nearly 40% of organizations indicated they always or often have a skills shortage when hiring in the industrial sector. Only 12% say they rarely or never experience a skills shortage.

Our survey revealed four skills most commonly lacking in new hires:

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

Notably, **the top three are transferable skills or ‘soft skills’**—skills not tied to a single role or discipline but consistently linked to strong performance across job types- including personal productivity and working effectively with others. Transferable skills are primarily influenced by an individual’s personality, ability, motivation, and values, and often are developed through work and life experience rather than specific training. When industrial roles evolve rapidly due to technology, hiring only for technical skills can fall short. Focusing on transferable skills builds a workforce that’s agile and prepared for change.

The study also found these four skills to be the hardest to develop through on-the-job training. These gaps directly affect safety, productivity, and team performance, which makes them vital to assess early in the hiring process.



2.

Retention issues

Nearly 44% of participants in our survey indicated misalignment of skills and job design as the main factor driving first year turnover.

Example responses include:

- "... can be dirty and loud. Some people don't realize beforehand"
Sales estimator, Manufacturing industry
- "Lack of candidates willing to work hard"
HR manager, Manufacturing industry
- "Many want a job but don't want to work in the heat, cold, early in the morning..."
Electrician, Construction industry
- "People don't realize how much work it is"
Landscape laborer, Waste management industry
- "Danger of the job"
Operations manager, Transportation industry

Survey responses demonstrate how even 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.

3.

High competition for talent

In the industrial labor market, competition for entry-level talent remains high. As workforce demographics shift, younger talent is increasingly drawn to industries such as healthcare and technology where roles are perceived as less physically demanding and offering greater long-term stability. As a result, industrial employers are struggling to find and keep essential frontline workers.

Survey responses revealed the intensity of today's talent war-many respondents emphasized the urgency and pressure they're facing. Here are several examples:

- "Heavy competition with other employers"
Landscaper, Construction industry
- "Favorable wages and better opportunities in competing firms"
Data analyst, Distribution industry
- "High quality talent is always taken by our bigger competitors"
Director, Manufacturing industry
- "Competition in the same industry with fewer employees to fill the roles"
Manager, Transportation industry
- "Competition for workers from other industries that may offer more predictable schedules, less physically demanding work, or better perceived benefits."
Engineer, Manufacturing industry
- "...the best operatives available constantly move between companies offering the best wages."
Project manager, Construction industry

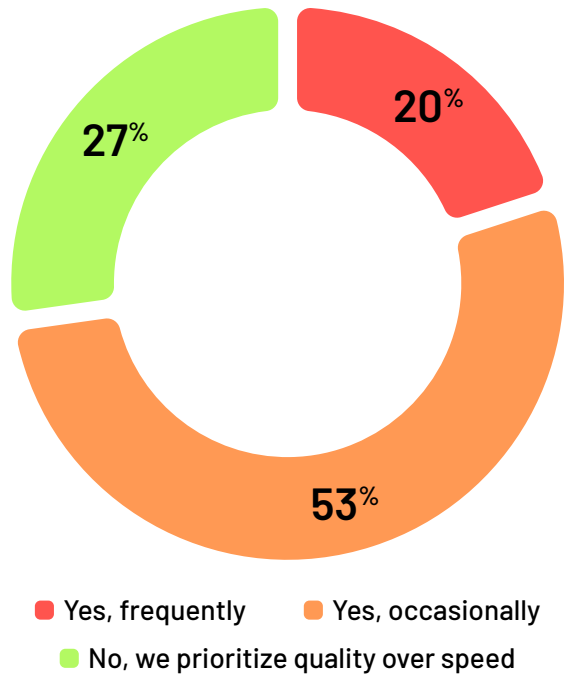
Industrial employers are facing increasing difficulty competing for talent, especially against organizations offering better pay or working conditions. With more options available, job seekers are becoming more selective, pushing employers to rethink wages, schedules, and benefits—often without guaranteed results.

4.

Rush to fill roles 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**.

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



In these fast-paced environments, time-to-fill metrics from our survey 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. What follows is that many employers will hire whoever is available and call the "best fit" agenda- a luxury they can't afford. This may result in skipping key hiring steps such as behavioral assessments and structured interviews which 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 short-term and long-term consequences.

The critical role of quality of hire

In fast-paced industries, hiring quickly can seem necessary—but rushing often leads to poor decisions. In the industrial sector, where employee performance directly impacts safety, productivity, and efficiency, quality of hire is crucial. A strong hire brings the right skills and mindset, reduces errors, minimizes downtime, and supports continuous improvement. Poor hires, on the other hand, can significantly hurt output and profitability.

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

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

To avoid these negative impacts, it is crucial for organizations to invest in effective hiring processes, ensuring they select individuals who are not only capable but also a good fit—increasing employee retention and ensuring time and resources spent on hiring and onboarding aren’t wasted.

Defining quality of hire

Though systems and machinery are essential to industrial work, it’s people who drive performance. More organizations are identifying quality of hire as an imperative to assess a new hire’s impact. However, quality of hire remains a complex and inconsistently defined metric. It generally reflects how well a hire contributes—through performance, safety, attendance, retention, skill development, collaboration, leadership potential and more—but the weight of each factor may vary by role and company. Ultimately, quality of hire is vital but context-specific—shaped by organizational goals, role demands, and industry norms.

Survey respondents were asked how their organization defines quality of hire.

Response themes were 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

Many respondents reported a lack of clarity regarding how quality of hire is defined within their own organizations 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, yet tailored approach to defining and measuring quality of hire to ensure it effectively drives hiring decisions and workforce success

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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.

HSEQ Manager
Manufacturing industry

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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.

Warehouse manager
Distribution industry

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Impact of a bad hire

Respondents did agree that there are consequences to a bad hire. Highlighting that quality of hire, although not consistently defined across an organization, can have a direct impact on the bottom line.

Percentage of respondents experiencing each consequence of poor-quality hires



A smarter path to quality of hire

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.

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.

Tactics and resources you can use

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 industrial hires more consistently.

- 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.

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.

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.

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.





Summary

The connection between quality of hire and organizational success in the industrial sector is undeniable. When efficiency, safety, and stability are required, new hires need to provide value beyond technical qualifications and skills. Employers face growing challenges- not only from a limited talent pool, but from a more fundamental issue- alignment on what a “good” candidate looks like, resulting in costly mis-hires.

Keeping up with ongoing industrial transformation requires a hiring shift- focused on not only job-specific or technical skills, but transferable or ‘soft’ skills that help build a reliable and resilient workforce equipped to meet the demands of the dynamic industrial landscape. These findings demonstrate that forward-thinking employers are moving towards objective, data-driven hiring, including skills-based hiring, to assess not only the candidate’s capabilities, but potential.

To view the more detailed results and additional insights from this research, [click here](#) to download the full report.

Talogy’s extensive industry experience and largest database of industrial-specific content globally can help give you a competitive advantage when screening and selecting industrial talent. [Reach out to our expert team](#) to learn more about how Talogy can help you hire a high-quality, future-ready and reliable industrial workforce.

