HOW TO MEASURE QUALITY OF HIRE

A beginner's guide to building your custom quality of hire (QoH) metric.

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INTRODUCTION

In the modern world of data and analytics, there is no shortage of people metrics to track. Quality of hire (QoH) allows organizations to make concrete connections between talent acquisition and on-the-job performance. While cost per hire allows you to track the amount it costs to bring new talent on board, QoH helps teams identify any points of the hiring or onboarding process that require attention.

So how do you get started? There's no one simple answer when it comes to building a metric that represents success in your organization. Thankfully, we've partnered with Namely's Manager of People Analytics, Eric Knudsen, and JazzHR to bring you this comprehensive guide to building and using your custom quality of hire metric.

Ready? Let's get started.

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WHAT IS QOH

Laying the foundation.

In its broadest definition, quality of hire is the metric used to understand how accurately your talent acquisition process predicts new hire performance.
In reality, there is no one-size-fits-all definition of a "high quality" hire. Every company will have a different set of criteria based on overall business goals and company culture.

The quality of hire metric is a quick index on a new hire's adjustment, acclimation, and performance since joining a company. To define this metric, you'll want to talk to leaders at your company to distill what values and competencies are most highly valued, and use these to shape your metric.

Though it may sound overwhelming at first, you'll find that quality of hire is actually just a collection of data points. So to get started you'll have to decide *which* of those data points are indicative of a successful hire.

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WHY TRACK QOH

Here's why it's worth the time.

In the competitive landscape of modern talent acquisition, it is imperative that your hiring process becomes increasingly efficient and effective over time. It can be challenging to quantify the impact of bringing new employees, so creating a customized quality of hire metric is a crucial part of turning qualitative observations into quantitative and actionable insights.

Measuring quality of hire can help teams identify and resolve flaws in the recruiting process—be it an unclear description of job responsibilities or miscommunicated expectations during the interview process. It can also be the key to identifying the root cause of high employee turnover, mis-hires, or low performance.

Each data point that feeds into quality of hire offers its own actionable insights, such as which competencies an organization is consistently predicting well and which they are not. With this knowledge, an organization can revisit the way it interviews for core competencies, and identify what contributes to successful and unsuccessful hires.

Beyond the actionable insights it provides, quality of hire is a metric that executive leadership teams care about. As your organization grows, you need to prove the ROI of your recruiting, hiring, and performance practices, and quality of hire is the best metric to showcase HR's direct impact on the company.

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HOW TO BUILD QOH

Collecting data points.

To build the quality of hire metric that will be most helpful to your company, start by making a comprehensive list of employee success criteria. This list could contain anything from how well a new hire fits with your culture, to their embodiment of the company values.

In addition to any qualitative success criteria, list the data points you're already tracking. This will help you evaluate what you've been measuring thus far and what you're missing. Your first list will likely be lengthy and overwhelming, but once you have a comprehensive understanding of all possible factors, ask yourself:

• What is a successful hire?
• What signals suggest a new hire is doing well?

With these questions in mind, you can start to eliminate metrics that are not as relevant to your definition of a high quality hire. Don't be afraid to whittle it down to a handful of data points.

PRO TIP

"Try not to use more than four or five data points when calculating QoH. After eliminations, Namely selected four data points: Bar raising performance, values fit, jobs skills fit, and ramp to productivity."

- Eric Knudsen
Manager of People Analytics

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LET'S START CALCULATING

What to do with your data.

If you've identified a handful of metrics for your QoH, you want to first make sure that each one uses the same scale: such as 1-5 or 1-10. If you currently use more than one ranking scale, fear not! You can normalize your ratings to align all of your existing data.

Once you've selected your metrics, it's time to start collecting and organizing the data. Determine a timeline that makes sense to survey managers on new hire performance. After a new employee has spent anywhere from two to six months on the job, send managers a survey to measure their impression of the new hire thus far.

After collecting a good sampling of data, you're ready to calculate quality of hire. QoH is simply an average of your success criteria, such as (Performance + Productivity + Job Fit + Culture Fit) / 4. This allows you to measure quality of hire both at the individual and the organizational level.

QUALITY OF HIRE =

$$\frac{\text{SUM OF SELECTED DATA POINTS}}{\text{\# OF SELECTED DATA POINTS}}$$

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If you use a rating scale of 1-5, you might define anything above 4 as a high quality hire. At an organizational level, you may then want to look at the percent of total new hires that are above a 4, but more on this in the next section.

If you don't have the technology to survey on a regular cadence after employee start dates, you can bulk send surveys on a monthly or quarterly basis, as is most convenient for your organization. It doesn't need to be complicated, something as simple as a Google Form can still collect valuable data.

PRO TIP

"Stop worrying about whether or not you have the best tools to measure quality of hire. Having the data is better than not having it all."

- Eric Knudsen

Manager of People Analytics

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CONCLUSION

How to use your QoH metric.

QoH is useful across the organization for HR professionals, managers, and executives alike. Here are a few ways to use your metric to impact the business.

Calculate company score. Though individual scores can provide valuable insights as you work to refine your initiatives, the executive team typically doesn't want to hear individual scores, but instead wants an idea of how the company is doing as a whole. When rolling up individual scores up into an organizational score, you can take one of two approaches. You can either take an overall average of the individual quality of hire scores, or you can set a threshold (e.g. anyone over 4.0), and identify the percentage of employees who meet or exceed the threshold.

Use findings in other HR initiatives. Historically, quality of hire has largely been the responsibility of talent acquisition teams—but as long as performance and retention drive business results, all members of the HR and leadership team should take an active interest in this metric. The same new hire competency scores that allow organizations to improve their interview effectiveness can help pave the way for new trainings and performance management. Which competencies are new hires consistently scoring low in? These scores could reflect skill or competency gaps that can be addressed through learning insights or onboarding plans.

Track results over time. Quality of hire is a journey. You should start simple with one or two measures of success and focus on setting up a regular cadence with your hiring managers. Once you have built a scalable process, track the QoH metric over time to see where you are getting better and identify areas that still need improvement. There is endless opportunity to build and develop your initial quality of hire measurement.