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# 2019 QUALITY OF HIRE TRENDS REPORT:

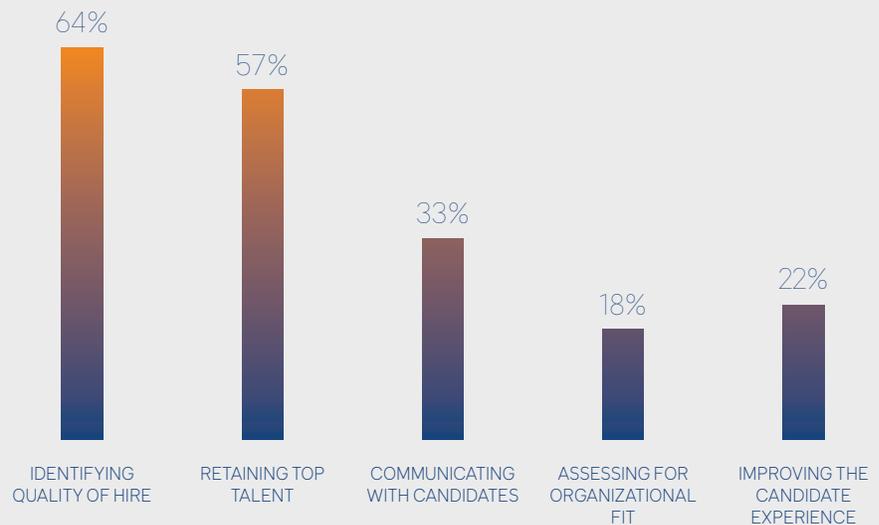
Defining, Measuring and  
Improving Your Most Critical  
Metric

**MARCH 2019** | BY: MADELINE LAURANO, APTITUDE RESEARCH

## EXECUTIVE SUMMARY:

The difference between a good hire and a great hire can have a dramatic impact on business results. Also, while quality of hire is a priority for HR and talent leaders, organizations have no standard for defining, measuring and improving this critical metric. Over 60% of companies cited identifying quality hires as the top challenge they are facing in the next year (see Figure 1). As a result, talent acquisition professionals are responsible for ensuring that new hires are going to meet organizational goals and expectations.

**FIGURE 1: TOP TALENT ACQUISITION CHALLENGES**



Source: Aptitude Research 2019 Quality of Hire survey, n=325

While quality of hire is undoubtedly not a new priority, the responsibility has shifted from hiring managers to HR and talent acquisition leaders. **Over 80% of organizations in this survey believe that quality of hire is a recruitment metric and not a hiring manager metric.** As a result, talent acquisition leaders are being held accountable for what happens beyond when a candidate accepts an offer. Improving quality of hire is an exceptional opportunity for talent acquisition leaders to become more strategic within their organizations.

**COMPANIES THAT IMPROVE QUALITY OF HIRE ARE:**



More likely to see an improvement in first-year retention



More likely to see an improvement in first-year performance



More likely to see an improvement in first-year productivity

**STRATEGIES FOR SUCCESS**

Companies that improve quality of hire share four characteristics:

**INVEST IN THE RIGHT TECHNOLOGY SOLUTIONS**

**USE DATA TO DRIVE DECISIONS**

**COLLECT FEEDBACK FROM NEW HIRES WITHIN IN THE FIRST YEAR**

**LINK RECRUITMENT AND RETENTION STRATEGIES**

For organizations to be able to achieve these results, they need a clear understanding of what makes a great hire and the characteristics to consider during both the recruitment of a candidate and development of a new hire. Quality of hire at a basic level is defined as success in an employee's first year. Yet, the work that needs to be done to improve quality of hire happens during the pre-hire stages of talent acquisition.



The goal of this report is to provide standardization and a methodology for defining, measuring, and improving quality of hire in order to help organizations achieve success.

**DEFINE:**

How should quality of hire be defined and communicated internally?

**MEASURE:**

How is quality of hire measured and what is the right approach to calculating quality of hire?

**IMPROVE:**

What strategies and technology solutions can help organizations to not only measure quality of hire but improve it?

# #1 DEFINING QUALITY OF HIRE

Organizations will not be able to understand or improve quality of hire until they explain what it means for their organization. **Currently, only 26% of companies have a formal methodology for defining quality of hire.** Most companies use an outdated definition of quality of hire, or they interpret it differently throughout the organization. These challenges are compounded by the fact that many of the ATS providers define quality of hire simply as any candidate that receives an offer. When determining quality of hire, companies must start by recognizing the difference between quality of hire and quality of applicant.

Quality of applicant is a pre-hire metric that addresses the candidate's performance at previous jobs or through past experiences. Quality of hire measures post-hire metrics including first-year retention, performance, and fit. Historically, talent acquisition was only responsible for quality of applicant. **Today, over 70% of companies recognize the difference between these metrics.**

For companies to successfully define quality of hire, they must start with three steps:

## IDENTIFY WHAT MAKES SOMEONE A GREAT HIRE:

Companies need to consider what makes someone a great hire. They can do this by looking at existing employees and post-hire metrics. Identifying the unique requirements that are important to your organization is the first step yet something that is too often ignored. **One in three companies said that they would like to track quality of hire, but they don't know how to start.**

Too often, the discussion of quality of hire is confused with selection practices and not an employee's experience once onboard. Organizations need to start by looking at what are the characteristics of a great employee first (post-hire data). Then, look at how we can try to predict those among candidates.



### **COLLABORATE WITH KEY STAKEHOLDERS AT THE ORGANIZATION:**

Fifty-four percent (54%) of companies stated that they were better able to track quality of hire when hiring managers and talent acquisition professionals collaborate. However, 58% of hiring managers reported that they don't have the data they need to make hiring decisions. The relationships between hiring managers and recruiters have historically been difficult with little confidence in decisions being made.

To define what quality of hire means for an organization, collaboration and collective intelligence are critical. One way to enable this collaboration on what quality of hire looks like is to collect feedback from hiring managers on each new hire's performance post-hire. This collaboration will allow talent acquisition to correlate activities including the interview process, screening process, and onboarding process and leave biases aside.

However, talent acquisition professionals also need to gather information from hiring managers on what they think is essential in defining quality of hire so that they can provide valuable data back to hiring managers to help inform decisions. For instance, hiring managers identified information collected during the interview process as the most valuable to informing their decisions, but is it reliably gathered and leveraged to make the best decisions without bias?

**COMMUNICATE THE DEFINITION ACROSS THE ORGANIZATION:**

Sixty-two percent (62%) of companies that improved quality of hire had a strong talent acquisition strategy in place. Communication is an essential component of that strategy. One challenge many organizations face is that after quality of hire is defined, it is not communicated consistently across the organization. During a recent interview with a large technology company, it had spent several months defining quality of hire through focus groups, surveys, and internal meetings only to neglect to communicate that definition throughout their company. Delivering that message should not happen in a company email. It should be ingrained in the company culture through various forms of communication and discussions. It's at that point it becomes a business initiative.

**KEY TAKEAWAYS:**

- **Identify the characteristics that influence quality of hire**
- **Enable better collaboration between hiring managers and talent acquisition professionals through shared objectives, better feedback channels, and data collection**
- **Communicate the definition of quality of hire throughout the organization**

## #2 MEASURING QUALITY OF HIRE

Once an organization agrees on the definition of quality of hire, it must agree on the metrics that enforce that definition. When companies were asked how quality of hire is currently being tracked, hiring manager satisfaction, first-year retention, organizational fit, and performance data were top of the list (see Figure 2).

**FIGURE 2:** MEASURING QUALITY OF HIRE



Source: Aptitude Research 2019 Quality of Hire survey, n=325

Unfortunately, most talent acquisition teams do not even have access to this data. Measuring quality of hire is dependent on the availability of data. This data is what helps to link recruitment and retention strategies. While many of these key performance indicators are common in discussions around quality of hire, more organizations do not have visibility into this data. Hiring manager satisfaction is not measured consistently throughout the organization while the organizational fit is often not measured at all. Post-hire data can be easy for hiring managers to access through payroll or HRIS systems but it is not always communicated with talent acquisition teams and leaders.

For companies to be successful at measuring quality of hire, they must consider post-hire metrics. We have identified four post-hire key performance indicators that companies consider as a standard when measuring quality of hire. To the right is a table that will help organizations understand the indicators, the strategies to collect this information, and the technology to enable them.

**FIGURE 3:** POST-HIRE INDICATORS USED TO MEASURE QUALITY OF HIRE

	STRATEGIES	TECHNOLOGY
SHORT TERM RETENTION	Track short term retention, net of short term involuntary turnover*	Payroll & HRIS solutions; Performance management solutions; Onboarding systems
PERFORMANCE	Collect performance data regularly and informally in the first year	Performance management systems; Feedback and communication solutions
HIRING MANAGER SATISFACTION	Understand hiring manager expectations and satisfaction with employees	Onboarding systems; Survey solutions; Talent decision platforms**
360-DEGREE FEEDBACK	Collect ongoing feedback from more than managers, including peers	Assessments; Talent decision platforms

\*Involuntary turnover = This termination, firing or discharge, is when an employee's termination is for reasons that may include poor job performance, absenteeism or violation of workplace policies.

\*\*Talent decision platforms are software solutions that help the organization to make better decisions around talent including Artificial Intelligence, assessments, 360, reference check, interview consolidation tools.

Companies should use these indicators to guide questions and feedback collected from hiring managers and recruitment teams. Once organizations are using post-hire indicators to measure quality of hire, they can begin to make adjustments to their recruitment (pre-hire) strategies. The figure to the right highlights the pre-hire indicators that need to improve once an organization has measured quality of hire.

FIGURE 4: PRE-HIRE STRATEGIES TO IMPROVE QUALITY OF HIRE

	STRATEGIES	TECHNOLOGY
INTERVIEW FEEDBACK DATA	Create a standard approach for interviewing, tracking and collecting feedback; prepare hiring managers and candidates	Interview management systems; interview feedback solutions, Talent decision platforms
REFERENCE FEEDBACK DATA	Collect unbiased reference data that can better inform decisions; collect reference data in a more documented way	Online reference check provider, Talent decision platform
SCREENING DATA	Screen consistently across the organization and verify candidate information to help inform decisions	Background screening solutions; verification of ID and employment solutions
ASSESSMENT DATA	Assess candidates for organizational fit, skills, personality or behavior	Traditional assessments; game-based assessments

**KEY TAKEAWAYS:**

- Identify post-hire key performance indicators
- Be consistent when collecting data throughout the recruitment process and in the employee’s first year
- Leverage your existing technology solutions to help gather and collect this data

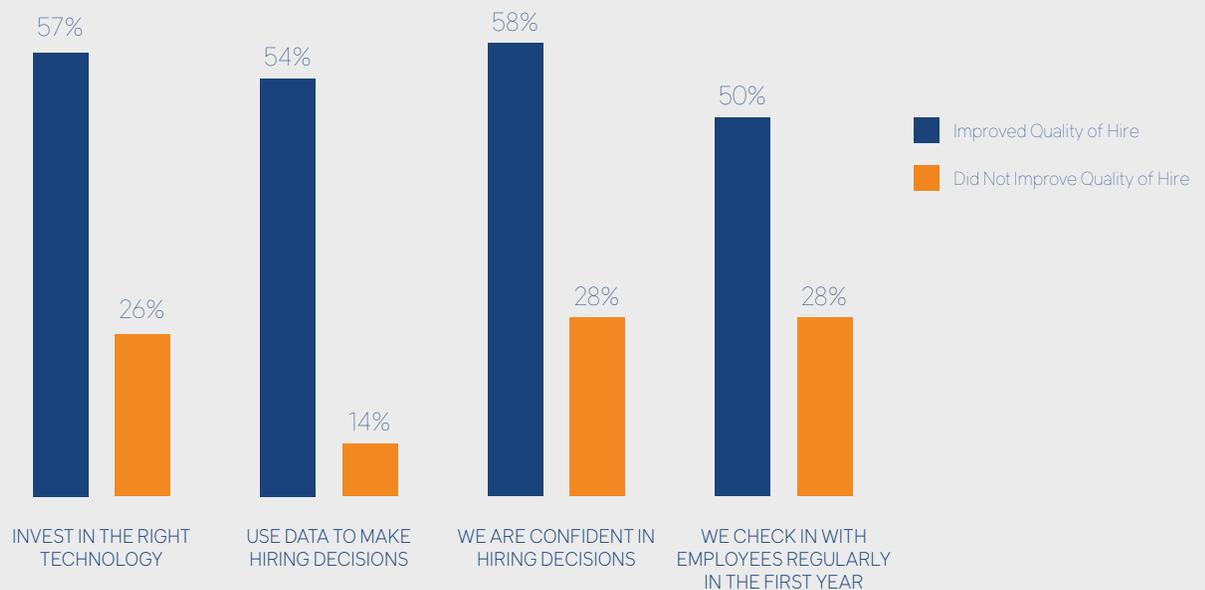
# #3 IMPROVING QUALITY OF HIRE

Companies that do improve quality of hire have three common characteristics: invest in technology, use data to make hiring decisions, and gather ongoing feedback (see Figure 5). The chart below compares companies that have improved quality of hire with those that have not and the strategies they used to see results.

## INVESTING IN THE RIGHT TECHNOLOGY:

The number one strategy for improving quality of hire is investing in technology providers for nearly 60% of organizations across all industries. The top areas where organizations want to see innovation and are increasing investment are mostly strategies with impact on quality at the top of the funnel.

**FIGURE 5:** STRATEGIES FOR SUCCESSFULLY IMPROVING QUALITY OF HIRE



Source: Aptitude Research 2019 Quality of Hire survey, n=325

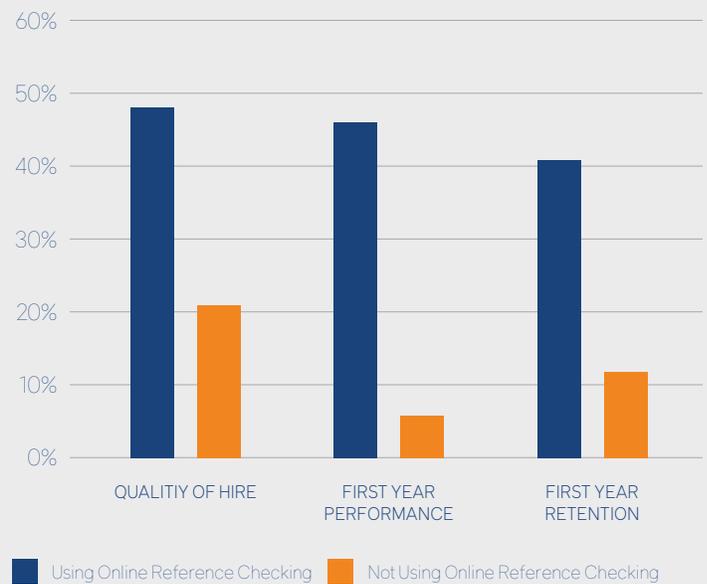
While attracting talent is critical to competing for talent, the key to success for quality of hire is in what happens from interview to offer. Organizations cannot ignore solutions that play further down in the funnel including interview solutions, assessments, background screening, online reference checking, and onboarding solutions. Companies that use technology during these later stages have a better understanding of a candidate and gather more meaningful information beyond what is found on a profile or in a resume.

### ONLINE REFERENCE CHECKING

Many organizations are currently investing in background screening and interview management providers. One area that is lacking awareness is online reference checking. These solutions automate the reference process to collect more accurate information on candidates in a faster and more effective way. These solutions can help inform decisions and give a more precise picture of the quality of a candidate and avoid the syndrome of "getting only positive references."

Companies that invest in online reference check solutions saw significant improvements in quality of hire, first-year retention, and first-year performance. Figure 6 shows the difference between companies investing in online reference check solutions and those that do not.

FIGURE 6: THE IMPACT OF ONLINE REFERENCE CHECK SOLUTIONS



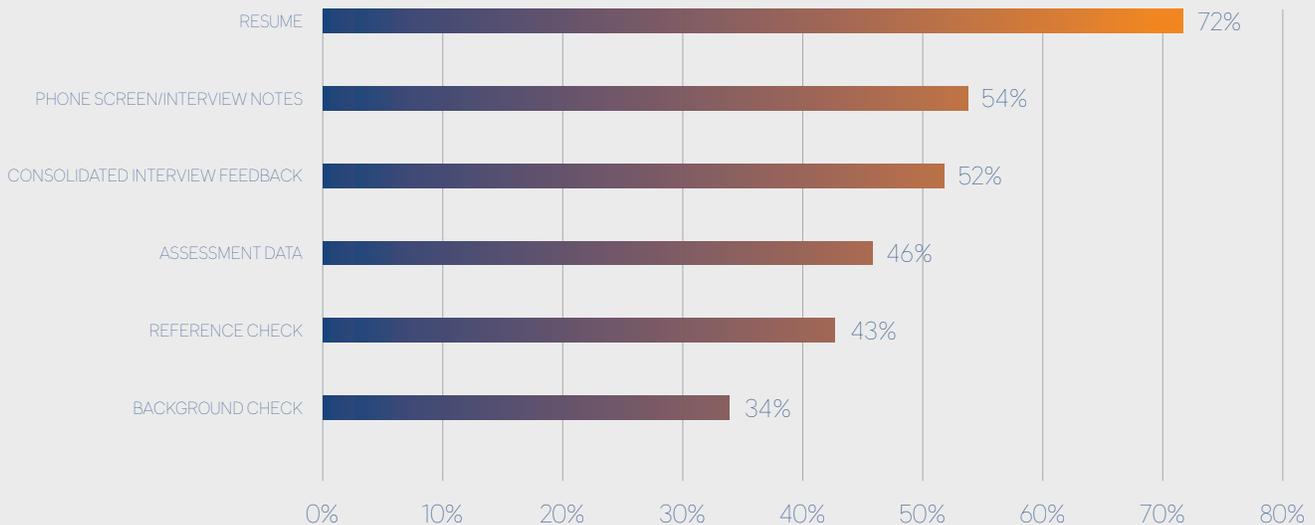
Source: Aptitude Research 2019 Quality of Hire survey, n=325

## USING DATA TO DRIVE DECISIONS

The greatest obstacle to improving quality of hire is the availability of data. If talent acquisition does not have visibility into post-hire metrics and hiring managers do not have access to pre-hire data, quality of hire is nearly impossible to track. **Companies need to be able to provide a link between recruitment and retention.**

Organizations that want to improve quality of hire need to prioritize the availability of data. **Only 22% of talent acquisition professionals are even tracking post-hire metrics and checking-in with employees in their first year.** Hiring managers are also frustrated with the lack of visibility they have into key performance indicators. In reality, 67% of talent acquisition and HR professionals are not providing hiring managers with the right data to make decisions, and only 32% of senior leaders are confident in the data that they have available to make decisions. When asked what type of information they receive to inform decisions better, hiring managers are relying on resumes more than any other source. When considering all of the processes in talent acquisition where organizations could collect information on candidates, companies need to do a better job of making this data available to hiring managers. The following figure reveals that companies rely heavily on the resume (72%) instead of critical processes such as interview feedback and assessment data.

**FIGURE 7:** CURRENT DATA USED TO MAKE DECISIONS



Source: Aptitude Research 2019 Quality of Hire survey, n=325

Companies are only able to improve quality of hire when they have visibility into the data they need to make decisions that include both post-hire and pre-hire indicators.

## GATHER ONGOING FEEDBACK

Companies that improve quality of hire have a process for regularly checking in with employees in the first year. Employee communication has become a critical job of today's modern HR professional. Any workforce challenge can be linked to poor and inconsistent discussion around engagement, retention, productivity, and performance. Communication needs to start in the first year of employment.

Communication is really about setting expectations. No matter what the business strategy, performance management philosophy, or organizational culture, employees are more comfortable when they know what to expect. Communication should consistently align expectations in both directions. When employees do not receive the information they need to do their jobs and connect them to an organization's culture, they are more likely to underperform and/or to leave. **Although 96% of companies recognize that stronger communication drives business results, most employee communication is ineffective and inconsistent.**

Companies need the right solutions to check-in with employees and create a culture of ongoing feedback- especially in the first year. This communication needs to be bidirectional, frequent and meaningful.

### KEY TAKEAWAYS:

- **Invest in recruitment technology solutions that provide insight on candidates beyond what is found on a resume or profile**
- **Leverage both pre-hire and post-hire data when improving quality of hire**
- **Communicate with employees regularly in the first year of employment**



## CONCLUSION

Quality of hire is the most critical metric in talent acquisition yet the most misunderstood. More than ever before, talent acquisition professionals are being held accountable for impacting quality both during the recruiting process and in the first year of employment. Once these characteristics are understood, companies can begin a strategy to define, measure and improve quality. Organizations that will enhance quality of hire are leveraging the right technology, using data to drive decisions, and gathering ongoing feedback.



## ABOUT CHECKSTER

Better people decisions drive better business outcomes. Checkster cuts through today's data overload and gives companies a consolidated, real-time view into the quality and fit of its people. Using collective human intelligence, Checkster empowers talent and team leaders to make smarter, faster and more confident talent decisions and build high performing teams that compete to win. More than 500 global organizations use Checkster to power their people decisions and improve quality of hire.

**For more information visit**

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## ABOUT APTITUDE RESEARCH

Aptitude Research Partners is a research-based analyst and advisory firm focused on HCM technology. We conduct quantitative and qualitative research on all aspects of Human Capital Management to better understand the skills, capabilities, technology, and underlying strategies required to deliver business results in today's complex work environment.

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