

A large, stylized circular graphic composed of multiple concentric rings. The outermost ring is white, followed by a purple ring, and then a white ring. The innermost ring is split into segments of teal and yellow. The text is centered within the white space of the innermost ring.

ASIAN REFLECTIONS ON
DEFINING, MEASURING
AND ACTIVATING
QUALITY OF HIRE

This report summarizes the discussion during a Think Tank held in Singapore in June of 2016 to explore the adoption of Quality of Hire metrics by multinational organizations in the Asia-Pacific region. The discussion followed a simple agenda and allowed attendees to share anecdotes, examples, questions and challenges with their assembled peers. Also included throughout this summary report are facts, figures and statistics that the leaders found informative and actionable in their own organizations.

DEFINING QUALITY OF HIRE

Quality of Hire is a group of meaningful measurements, unique to each company and role, which define success in hiring and retaining the right talent to fuel the business.

Broken into the individual elements:

Meaningful Measurements to Fuel the Business

Measure quantifiable (or feasibly converted into numbers) elements that objectively contribute to the organization's success.

Unique to Each Company and Role

No single company or role can share a definition of success for another because skills and business drivers differ significantly.

Define Success in Hiring and Retaining the Right Talent

The data you measure should identify key performance indicators on an individual level — how does a person in this role add value to the organization?

As indicated in this definition, Quality of Hire must be defined uniquely for each organization, each department and each role. Because of the perceived complexity of this, few organizations have successfully defined Quality of Hire for their business – according to CEB, less than one-third of global organizations. But despite this, leaders agree that there is a clear case for the importance of Quality of Hire.

THE CASE FOR EMBRACING QUALITY OF HIRE

The real cost of each low-quality hire is substantial, particularly as role-complexity increases, given the high costs of turnover and low productivity.

THE TRUE COST OF LOW PERFORMERS

High-performing employees outperform their low-quality peers across all major job roles.



+40%

Productivity in
Operations Roles



+49%

Profit in General
Management Roles



+67%

Revenue in Sales Roles

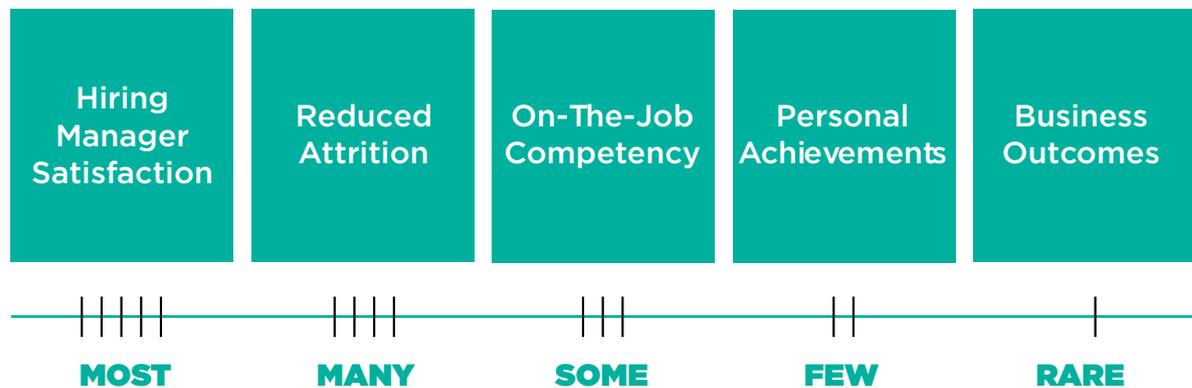
Source: McKinsey and Co.

With a clear case (why) and shared definition (what), we move to the how – the ways to measure Quality of Hire.

The most important question to remember when choosing Quality of Hire measures is: “How does our organization define success?”

MEASURING QUALITY OF HIRE

QUALITY OF HIRE MEASUREMENT CONTINUUM



Cielo’s Quality of Hire Measurement Continuum is a scale of the ways organizations measure their Quality of Hire from “Most” to “Rare” in order of the frequency organizations use each measurement.

A large portion of organizations self-identify with the “Most” category, with Quality of Hire considered a judgement of the talent acquisition process based on a personal assessment of whether or not the hiring manager is pleased with the recruiter’s performance. Others feel retention, particularly 90-day and one-year, is their chosen method, siding in the “Many” category. While a passionate, but smaller minority of choose “Some” as they feel Quality of Hire must be measured based on a new hire’s business contributions specific to their role over their first two years.

Organizations often see themselves in multiple Continuum categories. This was consistent with the definition element “Unique to each company and role” and most likely points to an organization’s increased sophistication as none of the methods are better than others. They are equally valid and merely identify how an organization measures value.

Hiring Manager Satisfaction (Most)

Research has verified that delivering quality hires consistently is what hiring managers desire most from their talent acquisition teams. As referenced before, tracking their satisfaction with the recruitment process is a good way to determine how well recruiters are aligned with hiring managers’ needs and expectations.

Reduced Attrition (Many)

Generally speaking, the longer an employee stays at your company, the more valuable they become. The minimum desired retention duration to be labeled a Quality Hire (or probation pass) may be months or years, depending on seniority and average tenure.

On-the-Job Competency (Some)

The organization defines clear competencies (at an organization-, function- or role-level) and assesses each criteria at defined intervals. Quality is ‘achieved’ when the new hire is meeting a predefined level of competence (time-to-productivity).

Personal Achievements (Few)

Employees who are highly satisfied in their role and at their company are more engaged and effective. They challenge themselves to hit stretch goals, get more involved in their work community and push for better business results. Measuring cultural fit can be just as important to quality performance as assessing competencies.

Business Outcomes (Rare)

The new hire as an individual delivers results that have a direct impact on quantifiable business outcomes (e.g. revenue growth, sales-per-hire, error rate, etc.). This approach is well suited to volume roles or senior leaders where measurable outcomes are clearly defined.

Remember, which of these is most appropriate will vary by company, department and role. Trying to evaluate all employees is one reason companies struggle to measure Quality of Hire. To start, evaluate only the highest priority roles within your organization, the highest revenue generators or 40% of a prioritized list. Work closely with hiring managers and senior leaders to arrive at consistent and mutually-agreed-upon definitions to keep the practice manageable by providing only the most meaningful and impactful data. This will help you overcome the top four challenges regarding measuring Quality of Hire.

1. No common agreement of critical roles
2. Difficulty tracking and reporting
3. Perceptions are subjective
4. Expectations are unclear

It is also critical to understand who should be held accountable for integrating Quality of Hire into an organization. Accountability for Quality of Hire should never be relegated to one function. Senior leaders, talent management, talent acquisition and hiring managers all play critical roles in answering the following questions:

- What are our most critical roles in the organization?
- What are the traits that correlate most directly with quality performance in those roles?
- How can we quantifiably measure those traits?
- When and how often should those measures be assessed?
- How can we use what we know to predict future success?

ORGANIZATIONS THAT COLLABORATE ON TALENT PRACTICES OUTPERFORM

	Topic in which most capable and least capable companies were compared	The impact that the most capable companies achieve over the least capable companies	
		revenue growth	profit margin
1	Delivering on hiring talent	3.5x	2.0x
2	Onboarding of new hires and retention	2.5x	1.9x
3	Managing talent	2.2x	2.1x
4	Improving employer branding	2.4x	1.8x
5	Performance management & rewards	2.1x	2.0x
6	Developing leadership	2.1x	1.8x

Source: Boston Consulting Group

ACTIVATING QUALITY OF HIRE

There is no silver bullet or no magic formula for integrating Quality of Hire into an organization. But, there are proven steps, like the questions above, that can increase an organization's chance of success. Three additional strategic levers that should be leveraged to activate Quality of Hire are:

Employer Branding & Candidate Engagement

A strong Employee Value Proposition (EVP) is key to achieving better Quality of Hire. Integrated employer branding strategies will attract and engage the right candidates while turning away those who would not make a good fit. The right message will create an emotional connection with your target audience, and highlight points of difference that encourage them to work for your business instead of another.

Hiring Manager Partnerships

Recruiters must act as consultative partners (or Talent Advisors), not simply order-takers. They must work with hiring managers to identify what a "high-quality hire" looks like and source specifically for a short list of candidates with the critical skills, knowledge and abilities are needed to achieve that.

57% of recruiters feel that hiring managers do not understand recruiting, while 63% of hiring managers feel that recruiters do not understand the jobs they are trying to fill

Pre-employment & Onboarding

Organizations must use robust onboarding programs that orient to both the company and the role to hire and retain high-quality employees. By partnering with hiring managers to keep candidates engaged from the point of hire, talent acquisition has influence on delivering a successful onboarding experience.

KEY TAKEAWAYS

Quality of Hire, while complex, is essential to organizational success. Measuring, leveraging and predicting new hire quality inspires real business results. While there is no single metric for Quality of Hire, organizations should start with their most business-critical roles and increase sophistication and scope as they learn. Organizations cannot wait for a perfected set of measures to implement or they will never get started.

Rather than being considered a metric that indicates the success of the talent acquisition process, Quality of Hire should have shared accountability throughout the organization because it is critical to delivering business value. Strategic levers such as employer branding techniques, hiring manager partnerships and onboarding practices should be used to maximize an organization's investment in adopting Quality of Hire measurements.

By identifying the traits of high-performing employees, organizations can hire individuals who have the greatest likelihood of succeeding and driving business success.

About Cielo

Cielo is the world's leading pure-play provider of global Recruitment Process Outsourcing (RPO) solutions. Cielo leverages its global reach, local talent acquisition expertise and customized solutions to help clients achieve a sustained advantage and outstanding business outcomes through their talent practices. Under its **WE BECOME YOU™** philosophy, Cielo's dedicated recruitment teams primarily serve clients in the financial and business services, consumer brands, technology and media, engineering, life sciences and healthcare industries. Cielo knows talent is rising – and with it, an organization's opportunity to rise above.

For more information, visit cielotalent.com.