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Human resource management — Quality of hire metric

Management des ressources humaines — Indicateur de la qualité du recrutement

iTeh STANDARD PREVIEW
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Contents

Foreword

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For an explanation of the voluntary nature of standards, the meaning of ISO specific terms and expressions related to conformity assessment, as well as information about ISO's adherence to the World Trade Organization (WTO) principles in the Technical Barriers to Trade (TBT) see www.iso.org/iso/foreword.html.

This document was prepared by Technical Committee ISO/TC 260 *Human resource management*.

Any feedback or questions on this document should be directed to the user's national standards body. A complete listing of these bodies can be found at www.iso.org/members.html.

Introduction

Measurement, analysis and improvement of the recruitment process is essential, as highlighted in ISO 30405. The quality of hire metric (QoH) is critical for determining the effectiveness of the recruitment process and has a consequential impact on an organization's performance. As such, the QoH has emerged as the single most important performance metric for talent acquisition teams.

According to Jac Fitz Enz[1], quality is defined by the customer and depends upon the satisfaction of the customer. For recruitment, quality of hire relates to the satisfaction of the stakeholders with the performance of the new hire, and can be assessed as the percentage of products/services that meet or exceed expectations.

Recruitment is a gateway or entry into an organization and all stakeholders are interested in assessing the QoH. Regardless of who uses what measures, one thing is obvious: everyone is concerned about the quality of hire and wants to use a credible framework to determine the success of the recruitment process.

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Human resource management — Quality of hire metric

1 Scope

This document provides a range of options to measure the quality of hire that can be aligned to various business and organizational conditions. The QoH structure includes:

— purpose;

— formula;

— definition;

— how to use the metric:

— intended users;

— contextual factors for interpretation.

This document excludes measuring the "Impact of Hire" and "Retention of Hire" as these are covered by separate technical specification documents. QoH is intended to be scalable to the needs of any organization regardless of size, industry or sector and is relevant to people with an interest in workforce planning, organizational design and development, talent management succession planning, recruitment and human capital reporting.

2 Normative references

The following documents are referred to in the text in such a way that some or all of their content constitutes requirements of this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

ISO 30400, *Human resource management — Vocabulary*

3 Terms and definitions

For the purposes of this document, the terms and definitions given in ISO 30400 and the following apply.

ISO and IEC maintain terminological databases for use in standardization at the following addresses:

— ISO Online browsing platform: available at https://www.iso.org/obp

— IEC Electropedia: available at http://www.electropedia.org/

3.1
quality of hire
measurement of the *performance* (3.6) of the employee after hire compared to pre-hire expectations during a defined period

[SOURCE: ISO 30400:2016, 6.9]

3.2
impact of hire
measurement of the new hire's contribution to the success of the organization during a defined period

[SOURCE: ISO 30400:2016, 6.10]

1

3.3
retention rate
ratio of the total workforce that is retained over a defined period

[SOURCE: ISO 30400:2016, 6.11]

3.4
turnover rate
ratio of separations against total workforce during a defined period

Note 1 to entry: Separations can be voluntary or involuntary.

[SOURCE: ISO 30400:2016, 6.12]

3.5
pre-hire expectations
minimum acceptable performance criteria set before hiring to determine success of new hires

3.6
performance
measurable result

Note 1 to entry: Performance can relate either to qualitative or quantitative findings.

Note 2 to entry: Performance can relate to the management of activities, processes, products (including services), systems or organizations.

Note 3 to entry: In the context of human resources, performance relates to the execution or accomplishment of work by people, groups or organizations.

[SOURCE: ISO 30400:2016, 4.12]

4 Purpose

The QoH metric reflects the effectiveness of an organization's recruitment process. This metric assesses the extent to which the new hire aligns with the requirements of the job and/or the values of the organization. The information provided in the data captured in this metric provides organizations with critical information from which they can determine the extent to which the recruitment process is hiring talent with the required characteristics according to the level of expectations in terms of skill set and performance. When the QoH metric falls below organizational requirements, this information cues decision makers to re-examine the recruitment process. Thus, quality of hire is a checkpoint to ensure that the recruitment process is effective. However, other dependencies need to be considered.

The guiding principles for the QoH metric are:

— quality is a ratio or comparison of actual against expected parameters;

— quality of hire can be multidimensional;

— each dimension is measurable for a defined period (3 months, 6 months, 9 months or 1 year).

5 Range of options to measure quality of hire

5.1 General

Depending upon the performance criteria of a job in the organization, measuring the quality of hire is always context based. The following are two viable, but not exclusive, options for measuring quality of hire. Organizations may use one or both options.

5.2   Approach A: Measurement of performance objectives versus target

5.2.1   General

Performance evaluation is an objective instrument to measure the quality of new hires by comparing objective versus attainment. This framework is useful when a new hire is assigned measurable objectives. After completion of a performance review period, the performance is assessed against assigned objectives. Since performance ratings are linked to achievement of organizational objectives, and the ratings attributed by the line manager also capture their level of satisfaction, this approach is a strong and objective indicator of quality of hire.

5.2.2   Formulae

Mean performance rating of new hire(s).

5.2.3   Definition

Sum of performance rating of the new hires on completion of review period divided by number of total new hires.

EXAMPLE

Six new hires are evaluated on a performance scale of 1 to 5 (1 is lowest, 3 is acceptable and 5 is highest).

— Performance rating of employee A: 2

— Performance rating of employee B: 2

— Performance rating of employee C: 3

— Performance rating of employee D: 4

— Performance rating of employee E: 5

— Performance rating of employee F: 4

— New hire mean performance rating: $\frac{2+2+3+4+5+4}{6}=\frac{20}{6}=3,33$

In this case, 3 being the median rating is pre-hire expectation. Here the QoH is 3,33, which is 11 % above the acceptable performance of 3.

5.2.4   How to use the metrics

5.2.4.1   Contextual factors to consider

Assuming all other things are normal, an increase in the QoH figure indicates better quality of hire and, likewise, a decrease indicates a deterioration in quality. Positive/negative trends do not always reflect quality as they may be due to the varying (lenient/tough) performance rating styles of line managers. Organizations should decide for how long to evaluate the performance of new hires (3, 6, 9 or 12 months). Contextual factors include cost per hire, time to hire, turnover and retention rate, impact of hire, which may vary according to the size, type, sector and growth phase of individual organizations.

5.2.4.2   Intended user

This document can be used by anyone performing, analysing or reporting this function.