The Complete Guide to
Data-Driven Recruiting

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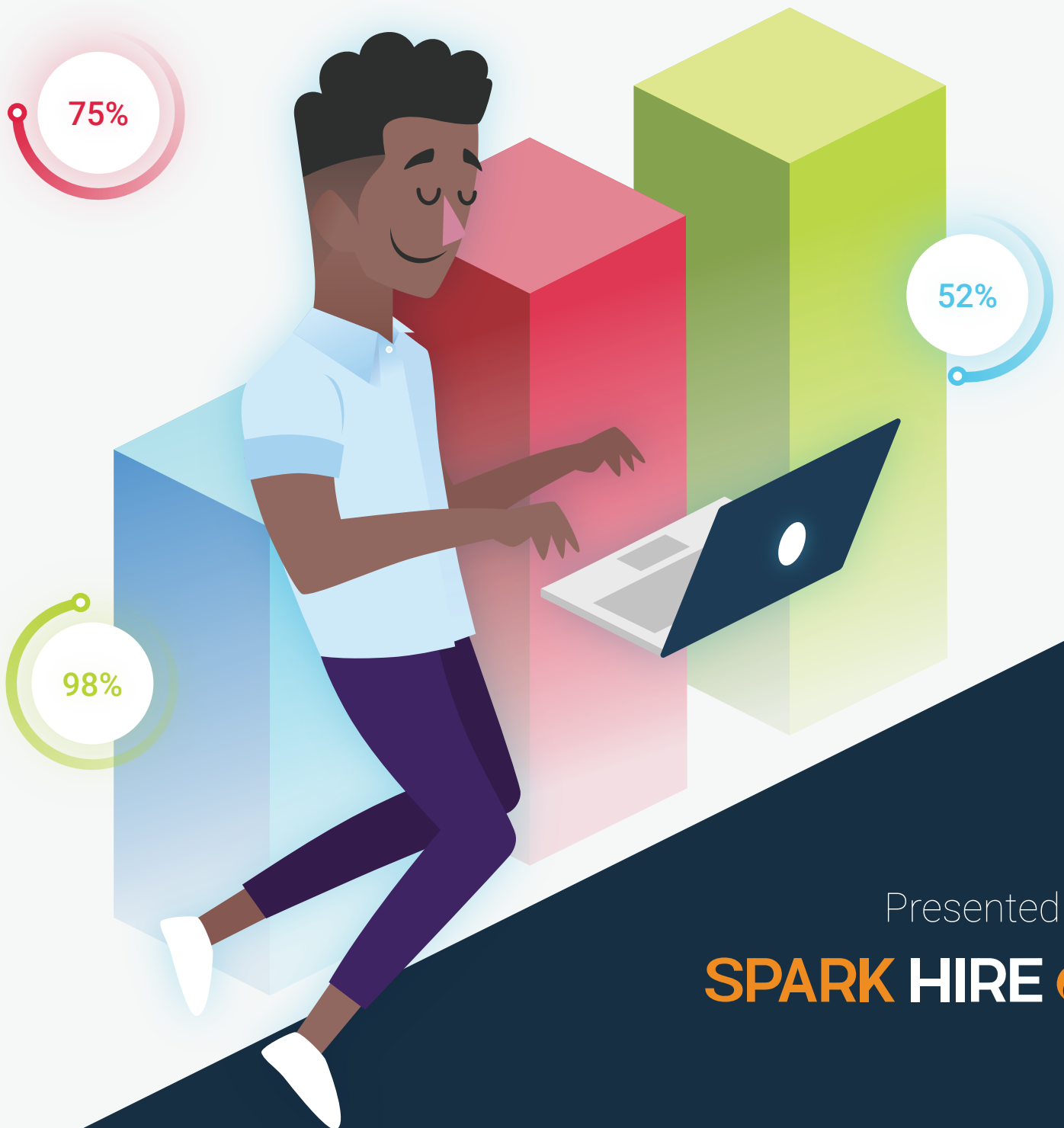
SPARK HIRE

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Bad hires caused by insufficient recruitment processes are costly at any time. When your team is rapidly filling vacancies and/or newly-created roles, bad hires can truly be devastating.

January 2020 data from the Bureau of Labor Statistics shows most currently open roles are caused by voluntary turnover. Furthermore, a CareerBuilder survey revealed 74% of employers admit they've hired the wrong person for a position. Many hiring professionals are now turning to data-driven recruiting to end this cycle of bad hires.

Simply stated, data-driven recruiting optimizes each step of your hiring process by leveraging data. It identifies which candidates, talent sources, and internal processes will produce the best hires, increasing the accuracy of your efforts. Additionally, data offers key insights to help your team learn from hiring mistakes.

Update your recruiting process and drive hiring results by focusing on these top metrics:

Metrics to include in data-driven recruitment

✓ Sourcing metrics

Source of hire

How to measure:	How to use:
Source of hire quality = number of hires generated by a source / number of applications generated by a source	Sources offering the most candidates aren't always the best for your hiring needs. Use source of hire quality to assess which ones bring in the most hire-worthy candidates.

For example, if a job board sends you 1,000 applicants and you hire 10 new employees from there, you hired 1% of the applicants. However, if you had 500 applicants on social media and hired 20, you hired 4%. With this information, you can decrease the number of job boards you use and focus more on social media recruitment.

20 ÷ **500** = **4%**

number of hires generated by a source | number of applications generated by a source

Pass-through rates

How to measure:

Pass-through rate = (number of applicants who advance to the next stage / total number of applicants) x 100

How to use:

To accurately use pass-through rates, recalculate the metric at the end of each recruitment stage. Each new metric helps you identify trends and issues throughout your entire process. If there's significant fluctuation with a specific stage, you may have a larger issue that needs to be addressed.

Employee referral data

How to measure:

Percentage of referrals who become new hires = (number of referrals hired into open positions / total number of referrals) x 100

How to use:

This metric helps you determine how well your employee referral program is working at acquiring new hires. If the percentage of referrals who become new hires is low, there are two pain points to investigate. Perhaps you're not making requirements, qualifications, and other key details clear. Otherwise, it's likely employees don't take referrals seriously because its benefits aren't seen as valabule.

⊘ Per hire metrics

Time to hire

How to measure:

Time to hire = average number of days from when a job is posted to the signing of employment contract

How to use:

Time to hire starts the day a job is posted to the signing of an offer. This means it benchmarks the recruitment process, and can highlight improvements. Consider the number of moving parts and many people involved in each stage. Time to hire data may show you one person or department is taking longer than others. Use this valuable information to dig deeper into why there's a problem and work together to resolve the issue.

Cost per hire

How to measure:

Cost per hire = (total internal hiring costs + total external hiring costs) / total number of hires

How to use:

You want a low cost per hire without jeopardizing the integrity of your recruitment strategy. Compare cost per hire to other data points—such as source of hire metrics—to see how your processes are working together. If a source isn't providing the most hired candidates but is taking up a large portion of the budget, it's time to consider cutting or changing how you use it.

✓ Quality of hire metric

Quality of hire

How to measure:

An example: quality of hire (%) = (job performance + ramp-up time + engagement + cultural fit) / 4

Overall quality of hires = [average quality of hire score + (100 - turnover rate)] / 2

How to use:

To assess the quality of a hire, you must first establish key indicators of employee success. Some hiring pros use performance, retention, feedback scores, and ramp-up time when calculating quality of hire. They rate a new hire on a standard scale for each indicator and divide them by the number of total factors. Standardize your company's approach to further improve the accuracy of this metric and receive the most unbiased information.

Average performance of employee per source

How to measure:

Success ratio = (number of satisfactory new hires / number of total new hires) x 100

How to use:

If you don't know the average performance of employees by source, you can't be intentional with your strategy. You need this information to focus on one source proven time and time again to produce the best candidates for openings.

If a particular source isn't providing high-quality candidates, try to figure out why. Once you do, consider if it's worth changing up branding details or job description materials for that specific source or if it should be cut entirely.

First-year turnover rate

How to measure:

First-year churn = number of hires who leave within a year / total number of hires

How to use:

Having the concrete number of first-year turnovers allows you to strategize further. Maybe the majority of those who left had different expectations for the role or company. Or they underperformed in areas where their application materials claimed they'd excel. No matter the cause, be prepared to change aspects of your hiring process to align with reasons for turnover.

✓ Conclusion

Data-driven recruiting empowers you and your team to move forward strategically. To implement data-driven recruiting strategically, you must identify company goals and key hiring problem areas. Once they're established, you and your team can choose a few metrics to start recognizing where your hiring process needs improvements.

The key with implementing a data-driven recruiting strategy is to do it piece by piece so you can learn and see the impacts of your efforts at every stage.

About Spark Hire

Spark Hire, the world's fastest growing video interviewing platform, delivers robust and affordable online video interviewing solutions for employers and staffing firms. Since its launch in early 2012, Spark Hire has helped thousands of companies eliminate phone screens, streamline recruiting efforts, and gain more insight into candidates. Plans include unlimited one-way and recorded live video interviews, giving customers the best value in the industry with no contracts or setup fees.

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