



Source of Hire – Do you know? Should you care?

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Of course we know the answer to the second rhetorical question asked above. As talent acquisition professionals, understanding where our hires come from ultimately determines where we will spend our time and money. Applicant Tracking Systems have come a long way in their ability to help us understand what sources really provide us with the candidates we ultimately hire. In addition, every year we wait with baited breath for the previous year's source of hire reports.

In February CareerXroads published their 8th Annual Source of Hire Study. This well developed and eagerly anticipated study found that 27.3% of all external hires came from referrals, 12.3% of external hires came from job boards, 20.1% of external hires are attributed to the specific company's employment website, and 7.8% of external hires came from direct sourcing. College recruiting, agency use, and other sources made up the remaining 32.5% with no overwhelming winner.

Armed with this information, I began to ask Talent Acquisition professionals across the country whether they track this information and what decisions are made upon reviewing this information. One VP of Talent Acquisition from a Fortune 100 company indicated that she DOES use this information to determine where sourcing dollars would be spent in the following year. She went on to indicate that they make it a point under the "direct sourcing" channel to list specific activities/tools/websites (LinkedIn, Twitter, Facebook, Blogs, etc) that the recruiters utilize successfully.

As I thought about this issue, I began to realize that the source of hire metric utilized by most organizations does not tell the whole story because it makes certain assumptions. This first assumption it makes is that all candidates hired are created equal. In other words, we make the assumption that candidates from all sources are of the same caliber and quality so the source that provides the most hired candidates is the best – this is obviously not true. For example, if source A provides you with 10 hires who last an average of 13 months, yet source B provides only 7 hires with an average tenure of 24 months – is source A really better? Tracking just the source of hire does not ultimately tell us if that source truly produces exceptional candidates and has a tendency to create a false sense of security for many organizations because they have no comparative data.

The second assumption made by only tracking the source of hire is that each recruiter if utilizing each tool equally. In other words, the time and effort a recruiter spends on LinkedIn is equal to that on Twitter and all of the other available tools. Obviously each recruiter utilizes the tools that they prefer

tracking this information tells you more about the tool each recruiter focuses on, rather than which is really better. Source of hire only tracks volume of candidates and volume of use – it does not really track true success.

In order to truly understand the success of a specific source, a number of different variables must be tracked and reviewed together. If you really want to understand what sources provide the best solution for your recruiters and your organization (and each company is different), a number of additional data elements must be tracked. These include:

of Hires by Source – Most ATS systems have the ability to track this information. The more specific the data, the more accurate and actionable the resulting decisions will be.

Quality of Hire by Source – This is the most overlooked data element. Tracking the success of each candidate placed, by source of hire, indicated whether or not that specific source provides the appropriate level of candidate. Do they last 6 months or 6 years from the date of hire? Does volume of hires always equal quality of hire? You should know the answer to the second question.

Efficiency by Source – Notice this is not labeled as ‘cost per hire by source’. There are so many ‘free’ tools available today including Twitter, Facebook, and LinkedIn that we often forget the time associated with utilizing these sources. Assigning a value to the time spent by the recruiter on each tool gives you a better understanding of the efficiency cost of that tool and its effectiveness.

Tracking the source of hire is only effective in decision making and planning if you truly have a holistic view of the success realized by each source. Comparing volume along with candidate quality and efficiency provides you with that view.

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