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How do you Measure the Impact of Effective Onboarding Practices?

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Abstract

Onboarding is an important way for organizations to help new hires adjust to social and performance aspects of their jobs quickly and smoothly. Therefore, it is essential to measure the impact of onboarding practices such as pre-hire activities, orientation, and business-specific training, in order to justify the investment.

Firms must utilize rigorous and consistent methods of measurement to identify the impact of changes to onboarding practices. We propose the following as the most successful measures of onboarding effectiveness. Our research reflects onboarding practices primarily from the U.S.

Keywords

human resources, onboarding, performance management, culture, social integration, employee surveys, questionnaires, organizational commitment, interviews, retention, turnover reduction, measurement, 360 feedback, feedback, assessments, employee engagement, talent management

Comments

Research Question & Introduction

How do you measure the impact of effective onboarding practices?

Onboarding is an important way for organizations to help new hires adjust to social and performance aspects of their jobs quickly and smoothly.[1] Therefore, it is essential to measure the impact of onboarding practices such as pre-hire activities, orientation, and business-specific training, in order to justify the investment.

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Employee Feedback

Among researchers and practitioners, employee feedback was by far the most predominant method of measurement of onboarding effectiveness. However, when obtaining feedback from onboarding participants, it is important to understand what you are looking to measure. For example, successful onboarding programs ensure that employees achieve the following:[2]

- **Role clarity** – Employees understand their role, the expectations associated with it, and how to perform in order to achieve expected results.
- **Self-efficacy** – Employees feel confident in their ability to contribute.
- **Social integration** – Employees feel connected, valued and trusted.
- **Knowledge of culture** – This includes understanding and adjusting to company politics, language, goals, values, and history.[3]

Use **employee surveys** to target these key adjustment indicators as well as subjective individual outcomes associated with them, including job satisfaction, organizational commitment, stress, intention to remain,[4] and engagement.[5] Request survey responses at regular intervals throughout the onboarding process to address any questions, concerns, and suggestions that may arise.[6]

Interviews are also a useful tool to obtaining more detailed feedback.[7] Companies with thousands of new employees each year can interview representative samples of the new hire population in order to gauge the efficacy of various onboarding programs. Additionally, comments and data from exit interviews can provide invaluable insight into your onboarding processes.[8]

Retention Rates

Retention outcomes are of high interest due to their direct relation to financial outcomes.[9] Effective onboarding practices reduce turnover rates, and more specifically dysfunctional turnover rates. For example, new employees at Corning Glass Works who attended a formal orientation program were 69% more likely to remain compared to those who didn't.[10]

Consistent measurement of turnover rates allows an organization to compare year over year the impact of their onboarding practices. Dysfunctional turnover measures whether the employees leaving the organization have a significant impact on the organization, or in other words the extent to which high value employees are leaving. Throughout this process, it is important to keep in mind that onboarding is only one of the many reasons why an employee may leave an organization.

Time to Proficiency

Time to proficiency is the length of time it takes for a new hire to reach full productivity according to your firm's standards.[11] Use time to proficiency to measure whether onboarding practices are effective in preparing employees to work independently. For consultants, for example, it will be elapsed time before the new-hire can work on projects/teams/assignments independently.

While difficult to quantify directly, onboarding is an important mechanism to improve employee time to proficiency.[12] One approach to quantifying time to proficiency is by using *perceived* time to proficiency. Perceived time to proficiency data can be gathered through a survey questionnaire designed to address effects of onboarding practices on the employee's transition.[13] While effective for statistical analysis, the data source itself may not be objective. More objective techniques would be standard performance management tools such as 360 degree feedback.

Additional Measurements

Though not as commonly cited, these other measurements may provide valuable insight into the value of your onboarding practices:

HR efficiency – This includes consistency of legal compliance; speed and accuracy of data entry; cost of printing and shipping onboarding materials;[14] quick access to company technologies, and even the number of phone calls HR receives concerning benefits.[15] Increasing HR efficiency leads to shorter learning curves for new hires, which can have a significant impact on the new hire's time to full productivity.[16]

Pre- and post-onboarding videos – In addition to focus groups, one CAHRS partner records participants before and after various learning initiatives to highlight how much the participant learned.[17]

Testing – Comprehension tests, especially during orientation, can help identify program weaknesses.[18]

Emoticon surveys – In these quick, one-question surveys, GE measures engagement by asking employees to respond with an emoticon over their mobile device.[19] This may be most useful during orientation activities.

Positive employment differentiation – This refers to whether or not the company's onboarding program is a positive factor in candidates' decisions to apply to and work for your company.[20]

Conclusion

Onboarding is an effective means of deriving value from a new hire. Just as the marketing department creates customer profiles in order to target engagement efforts to drive sales, the HR department should utilize the above measures to create profiles of new hires. In doing so, HR can identify intervention opportunities to improve engagement, performance, and retention.[21] Continuously gathering data on feedback, retention, and time to proficiency allows the organization to experiment with and enact more targeted onboarding practices.

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Appendix I

ROI of Onboarding

Figure 2. Sample of costs associated with onboarding a new hire

Lost productivity (e.g., workspace, tools & supplies not ready, training not scheduled)	40 hours	Average hourly net contribution of $25	$1,000
Offline mailing-related costs	Forms printing, data re-entry & handling	Supplies + 6 forms, 5 minutes each=30min at $25/hr	$15
	Mailing cost (priority mail, out and back)		$8.10
HR Admin FTE time-cost	Form Processing Time	30 minutes per form at an average of 6 forms = 3 hours @ $25/hour	$75
	Benefits & payroll data entry, new employee setup	2 hours @ $25/hour	$50
	Employee setup process time (e.g., IT, desk or location, phone extension)	4 hours @ $25/hour	$100
Mistakes due to manual data entry that require correction	~10%	1 hour @ $25/hour	$25