

RECRUITMENT SOURCE RATIO

Application	This measure will be most useful for organizations that frequently use internal candidates to fill positions or that have established strategies around hiring internal talent to reduce turnover and improve development opportunities.
Description	Number of internal hires for every external hire.
Formula	Internal Hires / External Hires

Interpretation Recruitment Source Ratio compares the number of internal hires to external hires. For example, a Recruitment Source Ratio of four means that the organization has made four internal appointments to vacant positions for every one external hire. Internal hires are often calculated to include all internal movements, such as transfers, promotions, and demotions.

Many organizations consider internal hires (also called internal movements) to be a positive contributor to employee development, where employees are either moving upward into positions of greater responsibility or are moving laterally to gain additional, beneficial functional or business unit experience. Internal hires also improve organizational costs and efficiencies in instances where employees who would have otherwise sought a new position externally instead find new roles internally that suit them. While demotions would not likely signify positive employee development, most organizations very rarely demote employees.

However, organizations filling positions internally to an excessive degree may in some instances forego superior external talent, reducing productivity in the long term, to speed ramp-up time, increasing productivity in the short term. Recruiting personnel and hiring managers must focus balancing these costs and benefits. The difficulty of assessing external talent versus internal employees with documented performance history makes this balance more difficult to manage.

This measure is similar to Internal Placement Rate. Internal Placement Rate views internal hires as a percentage of all hires (a part to a whole), while Recruitment Source Ratio relates internal hires to each other as two separate components (a whole to a whole).

Data Sourcing Organizations typically source data related to both external hires and internal movements from the job table of an HRIS. An alternative method of calculation for this measure is to use only those internal hires that are documented as filling a requisition in a recruitment system. This is a more difficult method of capturing internal hires and is more difficult to benchmark, but it might suit certain organizations well for the particular information they seek from this measure.



Volume



Ratio



Bench-E



Data-E

Considerations

Analysis	Limitations
<p>Because this measure relates to the filling of roles within the organization, analysis is commonly performed by position or structural analysis dimensions, such as job function, job family, employment level, pay grade, managerial levels, or organizational units.</p>	<p>This measure indicates the volumes of external and internal hires only relative to one another; it does not show the volume of hires relative to the size of the workforce. The measure does not indicate the cost of hiring either internally or externally nor the quality of any hires. Also, the measure does not indicate which internal movement opportunities might have prevented a likely termination.</p>

Targets Targets for Recruitment Source Ratio will depend in part on the degree to which hiring represents growth in headcount. Targets will also vary based on employers' policies and norms around internal movement. Organizations that are not growing rapidly and wish to make heavy use of internal hires will likely target moving results toward the 75th percentile of a benchmark group, or an absolute result of approximately 2.0 to 3.0.

Variations
<ul style="list-style-type: none"> • Recruitment Source Ratio—Executives • Recruitment Source Ratio—Exempt • Recruitment Source Ratio—Managers • Recruitment Source Ratio—Non-Exempt

Related Measures
<ul style="list-style-type: none"> • Average Time to Fill • Career Path Ratio • Cross-Function Mobility • External Hire Rate • Internal Hire Rate • Internal Placement Rate • Net Hire Ratio • New Position Recruitment Rate • Operating Expense per FTE • Organization Tenure Staffing Breakdown • Recruitment Cost per Hire • Termination Rate