

TALENT ACQUISITION 2014: REVERSE THE REGRESSIVE CURSE

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Report Highlights

p2

Companies, on average, have regressed in their talent acquisition efforts and usually wait to fill an opening instead of actively recruiting.

p4

Top companies experienced 15% year-over-year improvement in hiring manager satisfaction.

p7

Candidate experience is important, but only 21% of companies identified it as a top priority.

p10

Make technology work for you - mobile, social, and especially talent communities.

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While the goal of traditional recruitment is to get people in the door as quickly and as cost-effectively as possible, the goal of truly strategic talent acquisition is to drive business outcomes. This report will explore how leading companies design and implement successful talent acquisition programs that move beyond traditional recruiting.



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Aberdeen's 2014 talent acquisition research found that the majority of organizations have regressed in their talent acquisition efforts. In fact, 60% of companies have a reactionary program in place compared to 44% in 2012.

A Step Backwards...

Talent acquisition has shifted over the past decade from an administrative function to a more strategic endeavor. Surprisingly though, Aberdeen's 2014 talent acquisition research found that the majority of organizations have regressed in their talent acquisition efforts. In fact, 60% of companies in 2014 have returned to a reactionary approach, wherein they only recruit when there are open job requisitions instead of actively recruiting no matter the openings, compared to just 44% in 2012. Why are companies failing to mature in their recruitment efforts? How can talent acquisition begin to drive business outcomes? This study of almost 200 organizations, conducted in 2014, will explore how best-practice organizations build successful talent acquisition programs, align hiring objectives with business objectives, and leverage world-class technology to achieve world-class results.

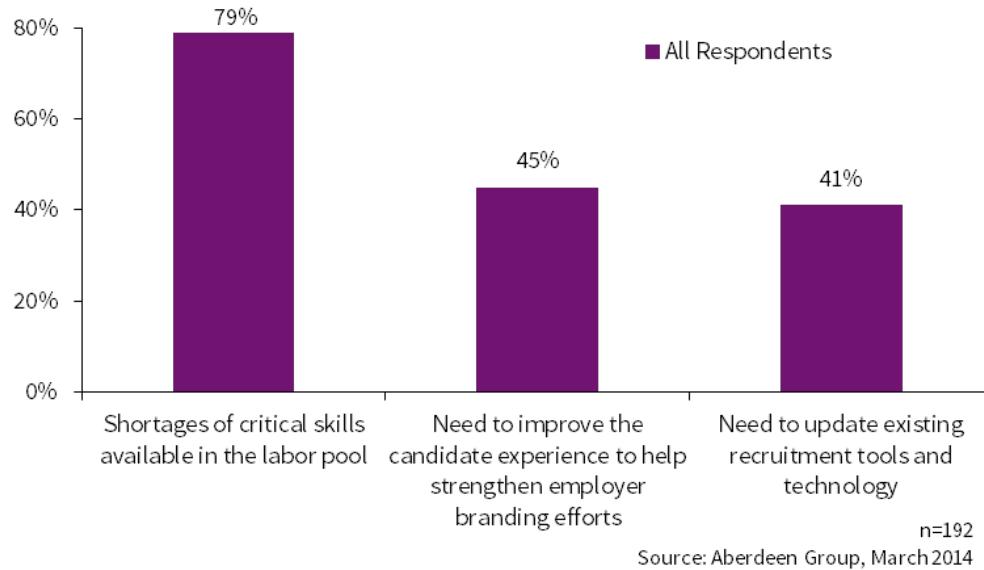
The New Normal

The modern recruiting function faces a new set of challenges. No longer focused solely on the shortage of critical skills or the need to fill positions quickly, today's recruiter must think more strategically about long-term results, such as improving the candidate experience and investing in more innovative tools and technology (Figure 1). Organizations face pressures to move away from antiquated processes and technology and embrace a more efficient and innovative way of identifying, attracting, and, ideally, onboarding talent. Today's workforce has matured and candidates have become increasingly savvy about what they need – both skill-wise and job application-wise – from a potential employer. Organizations must be able to meet candidates' expectations and provide better communication, consistency and transparency throughout the process. For starters, many of

3

these organizations must make changes with how they approach their processes as well as their technology options.

Figure 1: Top Talent Acquisition Pressures



The Maturity Class Framework

Aberdeen used three key performance criteria to distinguish the Best-in-Class from Industry Average and Laggard organizations — the same criteria used in Aberdeen's Talent Acquisition research since 2011.

- **Retention of first-year employees** is defined as the number of employees who remain with the organization after the first year of employment, regardless of whether the turnover was voluntary or involuntary. When an employee stays less than a year, it typically indicates that a mismatch occurred somewhere in the hiring process.
- **Employee performance** is defined as the number of employees who received a rating of "exceeds expectations" as of their first-year performance review.

Almost 80% of companies indicated that the top talent acquisition pressure they face is shortages of critical skills available in the labor pool.

4

This is an indicator of how well organizations align individuals' efforts with the work the organization expects of them.

→ **Hiring manager satisfaction** is defined as the degree to which hiring manager satisfaction with new hires has improved over the past 12 months. This is an indicator of how well the recruiting and staffing organization matches the skills, behaviors, and talents of new employees to the needs defined by the hiring manager.

These three elements in combination indicate how organizations achieve success in talent acquisition (Table 1).

Table I: Top Performers Earn Best-in-Class Status

Definition	Mean Class Performance
Best-in-Class: Top 20% of aggregate performance scorers	79% of employees received rating of “exceeds expectations” on last performance review.
	79% of key positions have at least one willing and able successor identified.
	15% year-over-year improvement in hiring manager satisfaction.
Industry Average: Middle 50% of aggregate performance scorers	50% of employees received rating of “exceeds expectations” on last performance review.
	67% of key positions have at least one willing and able successor identified.
	10% year-over-year improvement in hiring manager satisfaction.
Laggard: Bottom 30% of aggregate performance scorers	22% of employees received rating of “exceeds expectations” on last performance review.
	28% of key positions have at least one willing and able successor identified.
	2% year-over-year improvement in hiring manager satisfaction.

5

The Best-in-Class PACE Model

Transforming talent acquisition into a strategic business initiative requires a combination of strategic actions, organizational capabilities, and enabling technologies that can be summarized as follows:

- ➔ The ability to link talent acquisition initiatives to organizational profitability through validated data;
- ➔ The use of talent communities to engage candidates and strengthen the brand;
- ➔ The measurement of quality of hire based on organizational fit and performance, and;
- ➔ The integration of various talent acquisition processes to create one picture of end-to-end talent acquisition.

Table 2: The Best-in-Class PACE Framework

Pressures	Actions	Capabilities	Enablers
The need for objective data for hiring / promotion decisions.	<p>Build a competency framework to assess against throughout the talent lifecycle.</p> <p>Utilize assessments more consistently as a part of talent processes.</p>	<p>HR and line-of-business management collaborate to ensure that assessment content truly addresses business needs.</p> <p>Support and buy-in for assessments from senior executives and organizational leadership.</p> <p>Formal performance management processes in place for all employees.</p> <p>Success profiles of top performers have been defined.</p> <p>Hiring managers understand how to use the output of assessments.</p>	<p>Assessment portal (a platform designed for the Internet to improve accuracy and test security).</p> <p>Assessment / test building content consulting services.</p> <p>Externally developed competency library.</p> <p>Competency gap analysis tools.</p>

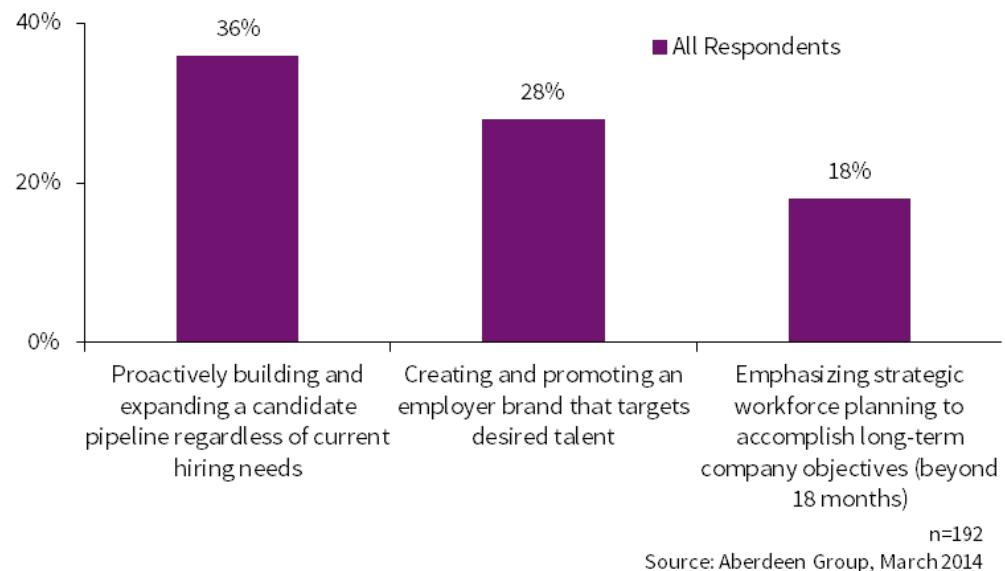
6

Best-in-Class strategies are a balance of two roles — building a relationship through a talent community and strengthening analytical skills through strategic workforce planning.

Best-in-Class Strategies

Talent acquisition professionals are expected to balance two very different and, often times, contradictory roles. On one hand, these individuals are required to become more analytical in the way they measure and monitor talent acquisition efforts consistently throughout the organization. On the other hand, talent acquisition professionals need to continuously build and cultivate relationships with top active and passive talent inside and outside the organization. Best-in-Class strategies are a balance of these two roles - building a relationship (through a talent community) and strengthening analytical skills (through strategic workforce planning) as indicated in Figure 2.

Figure 2: Talent Acquisition Strategies



In addition to these skills, top recruiters today wear a marketing hat too and help create a powerful employer brand for their organization. Aberdeen research found that Best-in-Class organizations are 42% more likely to define the employer brand (37% vs. 26%), 20% more likely to communicate that brand (56%

7

vs. 47%), and almost twice as likely to consistently evaluate the effectiveness of the brand as All Others (76% vs. 40%).

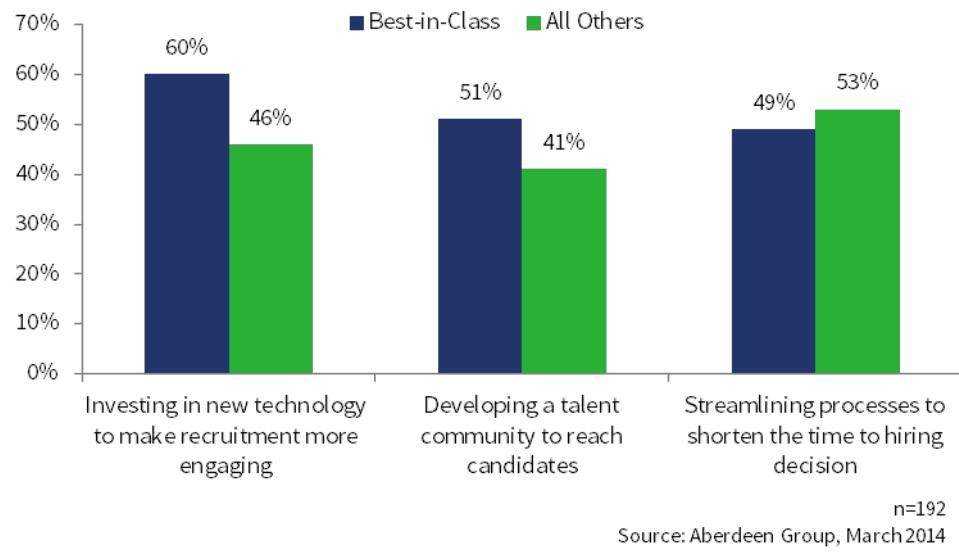
The Candidate Comes First

Despite the recent hype around the “candidate experience,” few companies truly understand what it takes to create a positive one. In fact, only 21% of companies identified the candidate experience as a top talent acquisition priority. In order to remain competitive, particularly for employees with those critical skills that are in high demand, improve quality of hire, and strengthen employer branding, organizations must rethink their approach to candidates and treat them with the same level of attention they place on their customers. In many cases, such an approach requires a different mindset altogether, with new communication plans in place and more innovative tools, too. This focus on the candidate can help solve many of the critical recruiting challenges organizations face today.

When asked why a candidate would want to join their organization, survey respondents identified being challenged by their jobs (36%) as the biggest reason, followed by working for a great place (27%), and then the employer brand (25%). When considering the candidate experience, organizations must ensure that these messages are reflected in the brand and are transparent to both active and passive candidates. In addition to strengthening branding efforts through a positive candidate experience, Best-in-Class organizations invest in new technology and develop talent communities (Figure 3).

Only 21% of companies identified the candidate experience as a top talent acquisition priority.

Figure 3: Strategies to Improve the Candidate Experience



Best-in-Class companies are three times as likely to build an engaging talent community as All Other companies (42% vs. 18%).

As technology plays an increasing role in our lives, organizations need to understand that candidates want to engage with potential employers in new ways. They want an engaging career site, they like to communicate with recruiters via text or video, and they want to connect with other employees to find out more about the organization. Technology plays a huge role in an organization's ability to attract top talent. What's more, Aberdeen's research found that talent communities are one of the fastest growing areas of talent acquisition, with Best-in-Class companies three times as likely to build an engaging talent community as All Others (42% vs. 18%). This speaks directly to the top identified strategy of building a candidate pipeline regardless of hiring needs. By creating a community of individuals who are already aware of your organization and are inclined to think well of it, organizations can greatly speed up the hiring process, as well as have plenty of opportunities to understand who might be best aligned to perform well within their organization.

9

A Holistic Approach

Talent acquisition is arguably the most dynamic and most complex area of talent management. In fact, according to Aberdeen's [2014 HCM Trends](#) research, talent acquisition is the area of human capital management most critical to the business strategy. Surprisingly, many companies don't think about a holistic approach to talent acquisition. Only 36% of companies (including Best-in-Class) invest in an end-to-end talent acquisition solution. Instead, they treat each area of talent acquisition – employer branding, sourcing, screening, assessment, hiring, and onboarding – as disparate processes with separate solutions and sometimes, different owners. In order for candidates to have a positive experience, to effectively measure quality of hire, and align recruitment with business objectives, a more holistic approach to talent acquisition is necessary. Both the processes and technologies need to come together to not only improve the candidate experience but ultimately, the hiring manager experience and business performance as well.

Quality Matters

Strategic talent acquisition is no longer measured in terms of cost-per-hire and time-to-fill. Any organization planning to retain the talent it worked so hard to acquire needs to consider quality above all else. In fact, Best-in-Class organizations are more than twice as likely to define quality of hire as compared to All Others (58% vs. 24%). Quality of hire ensures that recruiters are more accountable for the performance of the hire once they are onboard, instead of simply handing them over to hiring managers.

Although quality of hire is a priority for many organizations, determining the key criteria used to measure quality of hire is no

Best-in-Class organizations are more than twice as likely to define their quality of hire compared to All Others (58% vs. 24%).

10

small task. Unlike time-to-fill and cost-per-hire, quality is unique for every organization and should be measured regularly throughout the talent acquisition process, not simply at the end and not just once either. Talent acquisition professionals must partner with the business to understand what great performance looks like. Whether that is improving efficiency, production output, improved customer service, or some other measure, talent acquisition professionals must align their hiring criteria to what really drives performance within the organization.

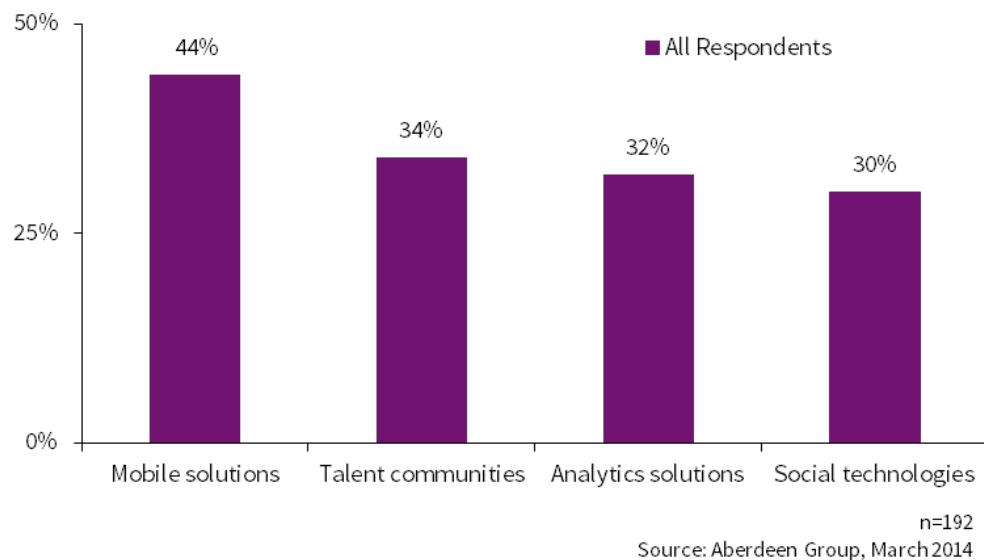
Innovative Technology

Making decisions around replacing technology and selecting providers has become challenging, with confusion around acquisitions, startups, and “new” categories being created over the past few years. When navigating through this complex world, organizations often lose sight of what they should be looking for in a provider; instead, they fixate on what's “hip” in place of what will actually drive results.

When asked to select the greatest area of investment in talent acquisition, organizations identified mobile, talent communities, analytics, and social tools (Figure 4).

11

Figure 4: Greatest Investment in Talent Acquisition in 2014



This represents a significant shift to forward-looking and innovative technology, away from the more antiquated tools that many companies have in place today. And given the importance organizations place on using technology to engage candidates and build talent communities, these technologies play an important role. Overall, companies gravitate toward solutions that will engage candidates and create long-term relationships while driving business results.

Key Recommendations

Whether a company is trying to move its performance in talent acquisition from Laggard to Industry Average, or Industry Average to Best-in-Class, the following actions will help spur the necessary performance improvements:

Laggard Steps to Success

Build a Talent Pipeline. Responding quickly to a job requisition is still important, but having an established, effective process in

12

→ Read this report:
["Social Sourcing: Measuring Social's Effectiveness for Talent Acquisition"](#)

Social media use by Laggards has increased by 10% (55% vs. 50%) since 2012, but there is still plenty of work to be done to truly optimize its use.

place to identify passive and active, external and internal candidates – regardless of open job requisitions – is paramount to success. Just 40% of Laggards proactively build and expand a candidate pipeline regardless of current hiring needs, in comparison with 53% of Best-in-Class companies who do the same.

Optimize the Use of Social Networking Tools. While social media use by Laggards has increased by 10% (55% vs. 50%) in the past year, there is still plenty of work to be done to truly optimize its use. [Social media can serve as a powerful recruitment tool](#) and can assist with building talent communities for organizations, yet still barely more than half (55%) of Laggard organizations have adopted a strategic approach to social media while 67% of Best-in-Class have done so.

Remember, Quality of Hire Truly Matters. As mentioned, one of the most important metrics for organizations to consider is quality of hire. While a defined quality of hire holds the recruiter accountable for the talent they bring in, it also ensures that the business truly receives the talent it needs. Only 20% of Laggards have a clear understanding of how quality of hire is measured at their organization, as compared to 58% of Best-in-Class organizations.

Industry Average Steps to Success

Hone Your Company's Brand. As demonstrated, a strong, unified brand identity can make a world of a difference. An employer's brand, when recognizable, reputable, and well received, can help drive quality candidates and can also result in a better candidate experience. But don't try to hone the businesses' brand by yourself; employ the help of other departments like marketing. In fact, just 38% of Industry Average companies have a clear employment branding initiative that

13

involves marketing and other departments, compared to 67% of Best-in-Class companies.

Don't Leave Onboarding to the Very Last Minute. Top organizations understand that onboarding is a multifaceted process and shouldn't wait until candidates' first day. In fact, while 69% of Best-in-Class companies begin the onboarding process before day one, just 48% of Industry Average companies do so. A detailed onboarding process will engage candidates / new employees and lead to a better candidate experience.

Assess Quality of Hire As Well. The tried-and-true time-to-fill and cost-per-hire talent acquisition metrics still have a time and a place, but an understanding of the quality of hire is where companies can see the true value of a hire. As mentioned, quality of hire ensures that recruiters are held at least partially responsible for the performance of who they hire. Industry Average companies are just 35% more likely to have a clear understanding of how quality of hire is measured, as compared to Laggards (27% vs. 20%), which isn't much of a difference considering more than half (58%) of Best-in-Class companies know and recognize the value.

Best-in-Class Steps to Success

Connect Talent Acquisition with Business Impact. Measuring things like time to hire, cost to hire, and other efficiency metrics is useful to the talent acquisition function, but hiring managers care about business results. Organizations need to measure the impact their talent acquisition efforts have on performance and profitability. While this is never a direct correlation, organizations can start to link data about candidates and new hires to business performance to help them understand where their best talent comes from, and what they should be looking for to hire more great talent. Today, just 32% of Best-in-Class

14

organizations actually have data that correlates their talent acquisition efforts to business performance.

Determine If Innovative Tools Are Truly Effective or Not. The talent acquisition technology space is constantly abuzz with innovation. With popular solutions such as mobile tools and talent communities, as well as analytics solutions and social technologies on the rise, Best-in-Class organizations should re-evaluate what works, what doesn't work, and where gaps need to be filled with alternatives.

Roll Out End-to-End Talent Acquisition. Instead of having various HR entities, such as contingent labor, technology implementations, and traditional recruitment, operate separately; roll the entire process into one with end-to-end talent acquisition. By unifying these services, companies will have a clearer idea of their workforce needs and gaps, as well as being able to more easily link the success of HR with the success of the businesses' bottom line.

15

For more information on this or other research topics, please visit www.aberdeen.com.

Related Research

[HCM Trends 2014: Developing a Critical Eye for Talent](#); January 2014
[Social Sourcing: Measuring Social's Effectiveness for Talent Acquisition](#); September 2013

[Talent Acquisition 2013: Adapt Your Strategy or Fail](#); September 2013
[Next-Generation Talent Acquisition Technology](#); July 2013

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Our process is simple – we conduct thousands of surveys every year to identify top performing organizations and uncover what makes them different. We share these insights back with the market in the form of in-depth research reports and content assets to help our readers build business plans capable of driving better results with the right set of tools to help them get there.

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16

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17



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