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REVISITING THE VALUE OF STRATEGIC PARTNERSHIPS IN RECRUITING

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In 2017, Aberdeen found that Best-in-Class companies were reworking their recruiting efforts to rely on a centralized talent pipeline model that recruits top talent – regardless of open positions. Heading into 2018, the Best-in-Class are turning to subject-matter experts (SMEs) in recruiting to better develop and manage the resources needed for this new approach.

The Case for the Centralized Talent Pipeline

By the end of 2017, Aberdeen found that Best-in-Class companies were 2.1 times more likely than All Others (39% vs. 19%) to centralize the talent pipeline while optimizing their efforts in recruitment marketing and candidate sourcing to populate it.

Figure 1: Simplified Centralized Candidate Pipeline Model

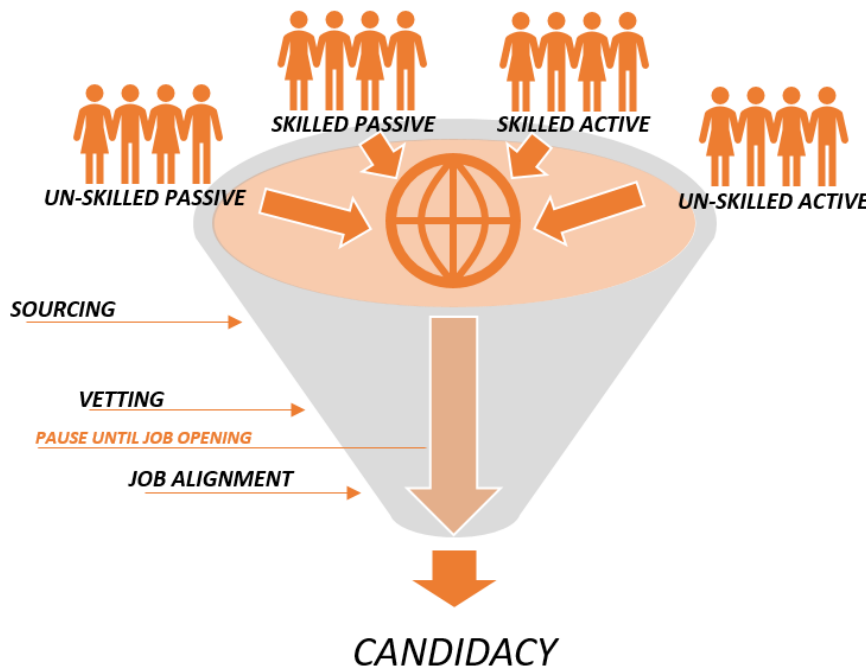


Figure 1 shows a simplified version of the centralized candidate pipeline model in talent acquisition. In *Recruitment Marketing Trends: Getting to*

The Aberdeen maturity class framework is comprised of three groups of survey respondents. This data is used to determine overall company performance. Classified by their self-reported performance across several key metrics, each respondent falls into one of three categories:

- ▶ Best-in-Class: Top 20% of respondents based on performance
- ▶ Industry Average: Middle 50% of respondents based on performance
- ▶ Laggard: Bottom 30% of respondents based on performance

Sometimes we refer to a fourth category, All Others, which is Industry Average and Laggard combined.

the Inbound Candidate (December 2017), Aberdeen found that employers largely draw candidates from four universal recruitment categories:

- ▶ **Active Skilled:** Candidates actively seeking a new role, and who readily match the job or skill sets required in the immediate term
- ▶ **Active Unskilled:** Candidates actively seeking a new role, but who do not completely match the job or skill sets required in the immediate term
- ▶ **Passive Skilled:** Candidates not actively seeking a new role, but who readily match the job or skill sets required in the immediate term
- ▶ **Passive Unskilled:** Candidates not actively seeking a new role, and who do not readily match the job or the skill sets required in the immediate term

Within the centralized candidate pipeline model, employers spend more of their time and resources in recruitment, focusing on drawing in high-potential candidates from each of the four recruitment categories. As Aberdeen noted in *Recruitment Marketing Trends: Getting to the Inbound Candidate* (December 2017), the centralized model helps construct ongoing, populated talent pools. Hiring teams can use these talent pools to reference pre-vetted talent when a job opens up inside the organization. By automating the job-match criteria, employers can target larger swaths of the workforce beyond the shrinking pool of active, skilled candidates.

In fact, as Best-in-Class companies adopt the centralized model as a best practice, they reach active and passive candidates by a ratio of 2.5 to 1 whereas All Other companies are at 9.7 to 1. Furthermore, Best-in-Class companies are 56% more likely than All Others (56% vs. 36%) to find that a centralized recruitment strategy that automates internal match criteria leads to better, faster candidate matches.

As Best-in-Class companies ramp up their efforts to implement a centralized talent pipeline model, their resource redevelopment and deployment strategies are already showing results. At the end of 2017, for example, Best-in-Class companies were 2.1 times more likely than All Others (41% vs. 20%) to have increased the amount of top-quality talent available for their roles. Projecting into 2018, Aberdeen found that Best-in-Class companies are 2% more confident than they were in the fourth

Best-in-Class companies using a central talent pipeline model are reaching active and passive candidates by a ratio of 2.5 to 1 whereas All Other companies are at 9.7 to 1.

quarter of 2017 (42% vs. 41%) that they will have resolved their candidate quality problem, especially during anticipated hiring peaks.

Strategizing for Broader Talent Acquisition Success

Heading into 2018, employers are 68% more likely than they were in 2017 (37% vs. 22%) to shift to the centralized talent pipeline model. By focusing on early-stage candidate sourcing, regardless of job openings, recruiters, hiring teams, and HR can better strategize around the long-term potential needs of the workforce – before the company needs to source top talent.

By mid-2017, Aberdeen found that Best-in-Class companies were 72% more likely than they were in 2016 to recognize that recruiting reactively, based on emerging needs of the organization, was failing to produce a large volume of readily available, high-quality candidates. Projecting into 2018, this figure rose 36%, indicating that Best-in-Class companies are rejecting reactive hiring techniques. The Best-in-Class are aware that recruiting solely on the needs of the internal organization, while reacting to emerging labor demand, fails to deliver on the promise of hiring top talent.

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Table 1: Best-in-Class Features of a Successful Talent Pipeline

	2017	2018	% Change
Automated Candidate Nurture	11%	77%	+600%
Marketing Channel Analytics	26%	77%	+196%
RPO Partnerships	39%	77%	+97%
Recruitment Marketing Partnerships	59%	78%	+32%
Recruiting Events	63%	81%	+29%
Recruiter/Staffer Strategy Partnerships	57%	73%	+28%
Job Boarding	79%	88%	+11%

Source: Aberdeen (November 2017) n = 150
 Aberdeen (January 2017) projected n = 128

Table 1 shows the top features that Best-in-Class companies are integrating into their talent acquisition strategies from 2017 into 2018. Heading into 2018, Best-in-Class companies plan to expand their SME partnerships that help them align corporate talent acquisition goals with those of employer- or recruiter-sourced candidates. As Aberdeen found in *Recruitment Marketing Trends: Getting to the Inbound Candidate* (December 2017), shifting labor market mechanics are to blame for the need to make the recruitment process more candidate-centric. In the same report, Aberdeen also found that engaging SMEs in understanding the external workforce is vital to populating the talent pipeline.

As Table 1 shows, in 2017, the biggest Best-in-Class functional partnership focused on job advertisement and traditional recruitment efforts through blind partnerships with staffers, recruiters, and internal hiring teams. Best-in-Class companies allowed their talent-acquisition and candidate-sourcing strategies to separate from their talent-branding efforts, making the point at which a job is requisitioned the point at which the candidate hunt begins. In *Hiring Tomorrow's Workforce Today: The Talent Pipeline* (January 2018), Aberdeen found that companies that rely on a job-centric formula for talent outreach, sourcing, and acquisition lose out on hiring top-qualified candidates.

The job-centric model cannot compete anymore because the shorter time window to source top talent reduces the ability to target passive candidates. The active skilled talent pool also shrinks because roles become more specialized as innovation rates slow. In *In Pursuit of Productivity: How Technology Can Map It* (February 2018), Aberdeen found that low c-suite investment in workforce development contributes to declining innovation rates. And, as *Solow and Swan* found in their economic theory, declining innovation rates require increasingly specialized labor to support micro-differentiation of existing products and services, especially when low innovation rates reduce the profitability of existing markets.

In *Hiring Tomorrow's Workforce Today: The Talent Pipeline* (January 2018), Aberdeen also found that pressure from within the organization to hire quickly (and by whatever means necessary) reduces the quality of incoming candidate engagement, which results in slower advancement in the applicant channel. Today, Aberdeen has found that the average active-skilled candidate has more than four job offers to choose from. Candidate-sourcing channels that touch only the active workforce, and that fail to make a good impression on the applicant, will consistently fail to attract top talent.

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In 2018, the Best-in-Class are aware of these challenges. While the highest adoption and spend growth rates for functionality pertinent to the centralized talent pipeline have been in automation for candidate vetting and analytics, SME strategy partnerships are not far behind. As Table 1 shows, Best-in-Class companies implement full-scale automation that drives candidate matches from an existing, populated talent pipeline. The Best-in-Class use this as a first stage to automate more of the hiring back office before moving ahead with strategic branding and job awareness partnerships with recruitment marketing firms, recruitment marketing platforms, and recruitment process outsourcing (RPO) firms. In other words, SME partnerships help to fuel the success of the talent-sourcing strategy that populates the ongoing, centralized talent pipeline.

At-a-Glance: RPO Partnerships for the Talent Pipeline

In *Recruitment Process Outsourcing: A Lifeline in the War for Top Talent* (August 2017), Aberdeen found that RPO partnerships have an outsized and positive effect on improved reach into the workforce.

Table 2: Comparative Metrics of RPO and Non-RPO Users

	User	Non-User
Awareness of internal and external candidate-match drivers	53%	25%
Improved relevance of labor performance data to match candidate goals	44%	33%
Stronger, better-aligned talent brand	44%	17%
Cross-functional labor data references for improved candidate-match analytics	31%	42%
Population of the talent pipeline ahead of a job requisition	29%	0%
Improved understanding of candidate behavioral analyses	19%	0%

Source: Aberdeen (January 2017) n = 104
Aberdeen (November 2017) n = 150

In early 2017, and again towards the end of 2017 into 2018, Aberdeen found that engaging an RPO partner in the development of a comprehensive recruitment strategy dramatically improved the odds of hiring top-quality talent that was also a good behavioral match for the

Best-in-Class companies are forging ahead with full-scale automation that drives candidate matches from an existing, populated talent pipeline.

organization. As Table 2 shows, partnering with an RPO firm as an external labor market SME improves the alignment between the organization's goals for hiring talent and the goals of both active and passive candidates.

While RPO firms are tasked similarly to staffing and recruiting firms, a main differentiator is that they engage clients to build a centralized strategy that best supports the hiring needs of the organization. In this way, recruitment process outsourcers go beyond the call of the job requisition to focus more on how varying talent pools can align with the central employer persona of the company. To this end, Aberdeen has found that companies that do not partner with an RPO provider are almost 83% more likely than those that do (33% vs. 18%) to fail at establishing a centralized talent pipeline that is successfully and continuously populated. Furthermore, RPO users are 25% more likely than non-RPO users (10% vs. 8%) to find that more than 50% of their workforce is top quality after the first year of employment.

At-a-Glance: Recruitment Marketing Partnerships for the Talent Pipeline

The justification for RPO makes for an easy transition from the old world of staffing and recruiting to the new world of managing a centralized talent pipeline. Simply put, moving from an external recruiter partnership to a recruiter partnership that facilitates improvements to the hiring strategy and central employer brand awareness is a small transition that nets big results. The harder justification for HR to make in 2018, however, is the introduction of new resources further up the talent pipeline in recruitment marketing.

At the end of 2017, Aberdeen found that Best-in-Class companies were 3.1 times more likely than All Others (88% vs. 28%) to take measures to build a strong employer brand that resonates well with incoming candidates. The problem is that most companies that don't engage a recruitment marketing partner in the design of a brand awareness and promotion strategy fail to promote the brand without a job requisition. At the end of 2017, Best-in-Class companies were 14% more likely than All Others (57% vs. 50%) to feel that they had developed an engaging talent brand – but promoting the brand through only the job requisition caused 43% of them to revert to the job-centric recruitment model. Adding insult to injury, 62% of companies, overall, stop their talent branding efforts once the brand is created, failing to promote it all.

RPO users are 17% more likely than non-RPO users to find that more than 50% of their workforce is top quality after the first year of employment.

At the beginning of 2018, 52% of organizations felt that they still suffered from weak employer brand awareness, and that the weakness is stifling their talent acquisition efforts. To that end, 37% of companies are revamping their employer brand, putting it into the market earlier to develop a more robust, centralized talent pipeline before engaging in hiring for specific jobs. While just 7% of organizations are committing to fully partnering with a recruitment marketing firm in the development of a promotional strategy, 23% are turning to marketing automation functionality in recruitment marketing platforms (to take advantage of the expertise of the solution provider in the optimization of the employer brand channel promotions).


Table 3: Best-in-Class Functions in Recruitment Marketing Promotions

	2017	2018	% Change
Talent/career branding	38%	73%	+92%
Social media marketing	58%	81%	+40%
Campus recruiting	68%	88%	+29%
Career sites/job boarding	53%	46%	-13%
Employee referrals	90%	88%	-2%
Recruiting events	63%	42%	-33%

Source: Aberdeen (October 2017) n = 184
Aberdeen (January 2018) projected n = 128

Table 3 shows the Best-in-Class functionality and service deployment in recruitment marketing in 2017, as well as the projection for increased spend into 2018. As Table 3 shows, the more the Best-in-Class push for a centralized talent pipeline model, the more they step up their employer brand promotions to engage in inbound candidate submissions, regardless of current job openings. What this means is that strategic branding elements, such as career projections, social media marketing optimization, and campus recruiting are gaining momentum as candidate sourcing generates its own marketing cycle.

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Looking deeper at the marketing cycle, Best-in-Class companies are moving towards a model that develops the employer brand with a strategic, external market partner, and then promotes the brand with an emphasis on the company being a great place to work. As the branding effort draws in applicants, the company's automated applicant processing capabilities divide candidates into layered pools that consist of general, pre-vetted talent; talent matched to existing job openings; and high-potential talent for whom it is worth it to create or source a new role. As the talent pipeline populates, recruitment marketing metrics and applicant tracking metrics will sift the job pipeline and indicate which positions are lacking in relevant talent. The final stage of the marketing cycle is to promote brand awareness specific to the underserved role.

As Table 3 shows, the implementation of a central candidate pipeline, capped by an early marketing cycle strategy, reduces corporate dependence on employee referrals and event-based hiring. In both instances, these hiring techniques draw valuable labor and resources away from other company goals. Furthermore, these hiring methodologies are often department- or role-specific, meaning that they adhere to a job-centric hiring model. While referrals still hold some promise of producing high-quality talent, they run the risk of furthering an individual employee's ideals, goals, or interpretation of company goals, producing a candidate that may not be as well-aligned to the company as one sourced through the candidate pipeline.

Connecting the Dots

Heading into 2018, Aberdeen expects to see rising growth in the adoption of the centralized candidate pipeline model for recruitment and hiring. Economically, this model helps companies handle both supply-side and demand-side hiring whenever the labor market shifts in response to industry trends, spend, and goals. In terms of hiring results, the pipeline model focuses first on building a relationship with potential candidates, and then on working to find a suitable position match for them inside the organization. From the candidate perspective, this helps drive engagement with the organization on many different metric levels, contributing to a stronger employee drive to deliver for the company once the candidate is hired. From the employer perspective, building the relationship first helps to better understand candidate goals as they relate to realizing the full potential of the existing and future workforce.

While the talent pipeline model is a great ideal, getting to it requires rethinking how the company's employer brand goes to market. To face



this challenge in a time- and cost-effective way, Best-in-Class companies are working with RPO firms and recruitment marketing providers to optimize their employer brand and to direct how it gets promoted. In this way, the Best-in-Class are developing a multi-stage marketing strategy that reduces dependence on job-centric hiring techniques and expands the use of promotional brand awareness and messaging. As branding priorities shift in response to the talent pipeline model, Aberdeen expects that organizations will differentiate between recruitment marketing and traditional marketing as they seek to resolve the growing skills gap. Furthermore, the necessity to make the distinction will come from the need to promote stronger personal and professional alignment with how companies source candidates from the greater workforce beyond the shrinking pool of active, skilled workers.



Related Research

*Recruitment Marketing Trends: Getting to the Inbound Candidate;
December 2017*

*Recruitment Process Outsourcing: A Lifeline in the War for Top Talent;
August 2017*

Hiring Tomorrow's Workforce Today: The Talent Pipeline; January 2018

*In Pursuit of Productivity: How Technology Can Map It; February
2018*



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