

A SilkRoad
TalentTalk REPORT

The Definitive Report on the Most Effective Recruiting Sources

ABSTRACT



Everyone's talking about talent acquisition as employers worldwide perform the complex act of juggling cost containment against anticipated future growth while coming to terms with an increasingly online, social, networked, and next-generation hiring marketplace. Continued recovery from a global economic slump makes companies cautious about recruitment spending and where to spend those limited resources. At the same time, they recognize the need to grow their workforce and close skills gaps to keep a competitive edge.

Recruitment is a high-stakes activity. Current data shows that companies around the world can spend more than \$3,300 per hire on recruiting¹—depending upon the region, business size, and the worker's skill set. Moreover, if an employee jumps ship, the turnover and total replacement costs have been estimated to run as high as 150 times annual

salary for specialized senior level positions, much less for lower level positions, but still substantial.² Hiring the wrong person drains money and productivity; hiring the right person helps control costs and contributes to a healthy bottom line.

Wherever you recruit, from high-tech campuses in Mumbai, a hospital in San Diego, or a factory in Tokyo, you're expected to find and access a pool of best-fit candidates. Sourcing taps into a pipeline of talented individuals who will drive business results.

The Looming Talent Shortage

Talent shortages affect more than one in three businesses globally. Business performance is likely to be impacted by talent shortages in terms of reduced client service capacity and reduced competitiveness, according to hiring managers.

Source: 2013 Talent Shortage Survey, Manpower, Inc.

¹ "Corporate recruiting explodes," Josh Bersin, Forbes.com, May 23, 2013.

² "How Much Employee Turnover Really Costs You," Suzanne Lucas, Inc. Magazine, August 13, 2013. Note also that replacement costs are highly industry-dependent.

Sourcing effectively eliminates administrative time, helps reduce employee turnover, and optimizes precious recruitment dollars.

For the last three years, the Top Sources of Hire Report, has provided insights to help professionals understand top recruitment sources used by other companies.

The purpose is to provide the data that can help companies develop their own top recruitment strategies. Objective and substantial in both scope and depth, the report includes quantitative source data extracted directly from the talent management systems of more than a thousand employers.

In some instances, we've supplemented our findings by citing research from outside experts, such as Pew Research and the

Society for Human Resource Management, to give greater context to our analysis. This year we also examine several new source categories in more detail: campus recruiting, former employees, veterans, state job boards, and social media. We've turned a spotlight on these categories because they either show evolving trends, represent topics in the news, or reflect new legislation governing recruitment compliance.

Read on to learn more and see comparisons of sources used by your peers.

The Employment Outlook: A Sourcing Challenge

Over the 2012 to 2022 decade, 50.6 million total job openings are expected in the U.S alone. While growth will lead to many openings, more than two-thirds (67.2%) are expected to come from replacement needs.

Source: U.S. Bureau of Labor Statistics, Employment Projections 2012 – 2022, December 19, 2013

TOP SOURCES: WHAT SETS THIS REPORT APART

This report differs from others in three ways:

1. Unbiased data. The findings are based on source data extracted directly from applicant tracking systems.
2. Online source data gets identified automatically. An ATS with automated source tracking identifies the source and reports it, removing any subjectivity or interpretation on the part of the recruitment professional about the candidate. This is particularly true for online sources, where the data is passed directly to the ATS without human intervention.
3. The scope of the sample is substantial in both its size and its variety of recognized employer brands.

The data that comprises this report was pulled directly, with permission, from employers who use the SilkRoad OpenHire applicant tracking system (ATS). It is primary data — valid, untainted and objective — without the anecdotal or subjective information found in typical surveys or interview-based studies.

SCOPE OF THE SAMPLE SIZE

The 1,140 participating companies ranged in size from as few as 100 employees to mid-market and large employers.

Combined, the data gave us insight into:

- More than 164,000 jobs posted
- Almost 10 million applications
- More than 150,000 interviews
- More than 150,000 hires

SOURCE EFFECTIVENESS = INTERVIEWS AND HIRES

Four common metrics are frequently used by businesses to evaluate source effectiveness: applicants, interviews, offers, and hires. In conversations with a broad spectrum of businesses, we asked them to identify which were most important in evaluating effectiveness of recruiting sources. They generally agreed on two key metrics: interviews and hires.

1. A candidate qualifies for an interview. The source-- at least at that early stage—is judged effective. Beyond that, other elements are added to the mix that might determine whether a candidate receives an offer, such as salary requirements or fit with the company culture. But ultimately, the interview is the first important step.
2. Hires, the second key metric, combine other factors such as external costs for agency fees and internal costs for staffing efforts and physical infrastructure.

Together these elements give professionals cost-per-hire information, one of the most widely used measurements in the industry. Furthermore, cost-per-hire calculations should be coupled with other metrics, such as quality of hires, including their time-to-productivity and tenure rates to determine the return on recruiting investment (ROI). ROI ties recruitment efforts directly to business results and enables organizations to compare spending relative to the return that the costs produce.

³ An American National Standard for Human Resource Management, SHRM, February 2012.

⁴ Dr. John Sullivan, "The Silliness of Measuring Cost Per Hire," www.ere.net, August 6, 2012

THE TOP TEN FINDINGS

1. SilkRoad customers agreed that interviews and hires are the two most important metrics they use to evaluate source effectiveness.
2. Internal and external sources produced equal numbers of interviews, but internal sources provided more hires.
3. Among external sources, online sources proved to be the most effective. They produced an impressive 84% of interviews and a substantial 73% of hires.
4. Indeed.com is the leading external source of interviews and hires. Indeed provided three times as many interviews as CareerBuilder, which was the next largest external source. Moreover, Indeed provided two and a half times more hires as the next two top branded sources—CareerBuilder and LinkedIn.
5. Of all the internal sources, employee referrals dominate the field for recruiting, accounting for the majority of interviews and hires.
6. Of all the internal sources, customer career websites were the second most prevalent source of both interviews and hires.
7. Of all online sources—internal and external—Indeed provided the largest number of interviews and hires.
8. Among all the online external recruitment sources in this study, job boards and job search engines showed an approximate 50-50 split as sources of interviews and hires.
9. A deep analysis of job search engines and job boards showed that job search engines actually outperformed job boards. The study included dozens of job boards, but only two job search engines—Indeed and Simply Hired. These two job search engines provided a substantial amount of recruitment activity—50% of external online interviews and 47% of external online hires.
10. Of the top 5 branded job boards, CareerBuilder was the leading source, providing approximately a third of all interviews and hires.

For the complete report statistics and findings, download the report here:

<http://pages.silkroad.com/source2014>

ABOUT SILKROAD

SilkRoad is a leading global provider of cloud-based end-to-end HR solutions that enable customers to find, attract, develop, and retain the best talent. Why simply manage talent when you can unleash it? The award-winning SilkRoad Life Suite of Talent Acquisition, Talent Development, and HRMS Solutions is delivered through a Talent Portal to drive greater user engagement, collaboration, and adoption.

- SilkRoad OpenHire for recruiting
- SilkRoad RedCarpet for onboarding and life events
- SilkRoad WingSpan for performance management
- SilkRoad GreenLight for learning management
- SilkRoad Point for social collaboration and content for content & intranets
- SilkRoad HeartBeat for HRMS

The Life Suite is ideally suited for businesses of every size because of its unique and open “start anywhere” architecture: you can implement the complete suite or begin with one product and add functionality as you need it. Either way, it’s the fastest path to develop more productive and empowered employees who can rapidly boost business performance.