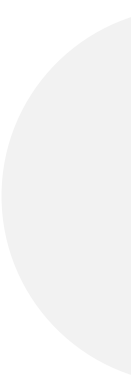
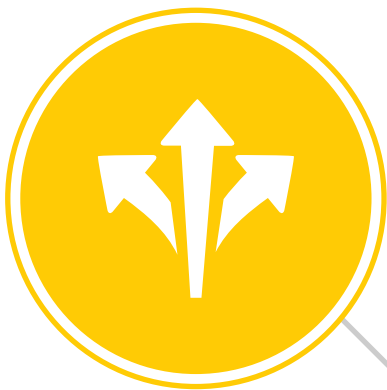




EUROPEAN TALENT ACQUISITION TRENDS

PRODUCTIVITY, PROFITABILITY & PERSONAL IMPACT



UK and European employment levels are at an all-time high. Productivity, however, is the lowest it has been since the end of 2007 (ONS). A key productivity driver for businesses must be their Talent Acquisition function.

Building on our previous **Talent Acquisition 360 research**, Cielo recently surveyed more than 400 Talent Leaders and C-Level professionals with talent responsibility across seven European countries to identify:

- How their businesses are performing
- How effective their Talent Acquisition strategy is at delivering business and talent outcomes
- How this ties to an organisation's productivity and profit levels

The Cielo Talent Acquisition 360 whitepaper identified 12 key dimensions present in high-performing Talent Acquisition functions. Using self-reported performance against those 12 core and strategic dimensions as a ranking, Cielo has categorised respondents as High, Medium or Low and highlighted additional shared characteristics of organisations in each category.

Although the survey revealed that organisations in the High category – those with mature Talent Acquisition strategies – realised the highest profit and productivity levels, many still struggle with some of the core tactics of Talent Acquisition. This report highlights areas of focus to unleash Talent Acquisition as the productivity driver organisations require for business success.

At the close of this report, you will:

- Understand the 12 dimensions of high-performing talent acquisition functions and the characteristics of High, Medium and Low-performing talent functions
- Have data to support the key challenges facing your Talent Acquisition function
- Complete a self-assessment of your own organisation against the 12 Core and Strategic Dimensions of Talent Acquisition

KEY FINDINGS



PRODUCTIVITY

Productivity is an economic measure of output per unit of input. Inputs include labour and capital, while output is typically measured in terms of revenue. This measure is increasingly being reported due to the pressures placed on organisations to be as effective and efficient as possible. We asked survey respondents: ‘How productive is your organisation compared to what you think it could be at its maximum and most efficient’? A fifth reported their organisation as being unproductive, and **only 12% reported that their organisation was operating at a level that is as productive as it could be.**



PROFITABILITY

Despite having gone through a disruptive period of change, impacted by external political and economic factors as well as internal changes due to technology, complexity and competition for talent, the overall business landscape is optimistic. Only 7% of respondents stated their company profits decreased over the last year.

That almost half of the organisations surveyed have been through a merger or acquisition in the last two years further strengthens the view that businesses overall are robust and coping well despite substantial change.



PERSONAL IMPACT

Overall, 58% of the Talent Leaders surveyed feel valued in their role. However, these were mostly professionals leading High Impact functions. For those in Low Impact functions, only one quarter feel valued. These professionals are also likely to be working for the companies with the lowest average profit.

12 CORE AND STRATEGIC DIMENSIONS OF TALENT ACQUISITION

Survey participants were asked to self-report their effectiveness against the 12 Core and Strategic Dimensions of Talent Acquisition, and were categorised as High, Medium or Low Impact. Of the 418 organisations surveyed, 93 scored High, 203 scored Medium and 122 scored Low.

The 12 dimensions are in ranked order based on respondents' collective ratings of their effectiveness. Respondents believe they are most effective at communicating their employer value proposition and least effective at crafting a comprehensive strategy.

- 1 > **Communicating your employer value proposition**
- 2 > **Innovating to meet the demands of the business**
- 3 > **Providing strategic thinking to shape business decisions**
- 4 > **Delivering great experiences for candidates and hiring managers**
- 5 > **Delivering quality hires consistently**
- 6 > **Measurably impacting major organisational initiatives**
- 7 > **Demonstrating agility to meet changing demands**
- 8 > **Simplifying recruiting processes**
- 9 > **Generating insights contrasting workforce needs with market supply of talent**
- 10 > **Using recruitment analytics to inform business decisions**
- 11 > **Sharpening recruiting acumen**
- 12 > **Crafting a comprehensive strategy**

TALENT ACQUISITION IMPACT MODEL

Further analysis of the similarities of the High, Medium and Low Impact Talent Acquisition functions resulted in the Talent Acquisition Impact Model, which identifies additional shared characteristics of High, Medium and Low Impact functions.

	TALENT ACQUISITION TEAM	ORGANISATION
HIGH	<ul style="list-style-type: none"> Using recruitment analytics to inform business decisions Innovating to meet the demands of the business Detailed understanding of each talent segment across geographies Providing strategic thinking to shape business decisions Understanding competition for talent and where our EVP is meaningfully differentiated for each talent segment 	<ul style="list-style-type: none"> Highest level of profit Highest level of productivity Highest level of respect for Talent Managers
MEDIUM	<ul style="list-style-type: none"> Weakest at tactical talent acquisition tasks such as telephone interviewing and interview scheduling Communicates EVP well Successfully measures impacting organisation initiatives Low internal recruitment team capabilities 	<ul style="list-style-type: none"> Reported no change in profit from the previous trading year Organisation not viewed to be as productive as it could be Good respect for talent managers Cost per acquisition is too high
LOW	<ul style="list-style-type: none"> Ineffective at measurably impacting organisation initiatives Unable to effectively bring engaged candidates through recruitment marketing due to lack of detailed candidate and employee personas Unable to develop talent communities for each region and skill set 	<ul style="list-style-type: none"> Least likely to report an increase in profit Low respect for talent managers Weak cost per hire management

RESULTS

ORGANISATIONS WITH MATURE TALENT ACQUISITION STRATEGIES RANK HIGHEST FOR PROFITABILITY, PRODUCTIVITY AND RESPECT FOR TALENT MANAGERS

The study found, reassuringly, that functions ranking as High Impact are at companies with the highest profit margins. The results show that as talent acquisition impact level grows, so does profitability.

Of those surveyed, the average profit margins of organisations with Low Impact Talent Acquisition functions are 18.75%. In comparison, High Impact functions are part of companies with average profit margins of 41.94%.

Whilst it is understood that Talent Acquisition is not the only influence on the profitability of an organisation, the difference in profitability between the Low Impact and the High Impact functions is so significant that it has to be considered as a core contributing element. The correlation between mature Talent Acquisition functions and profitability cannot be ignored, and should be a key consideration for future business decisions.

PROFITABILITY
INVESTING IN TALENT ACQUISITION COULD INCREASE PROFITS BY

>20%

PROFITABILITY
68%
OF HIGH IMPACT ORGANISATIONS REPORT AN INCREASE IN PROFITS
COMPARED TO THE PREVIOUS TRADING YEAR

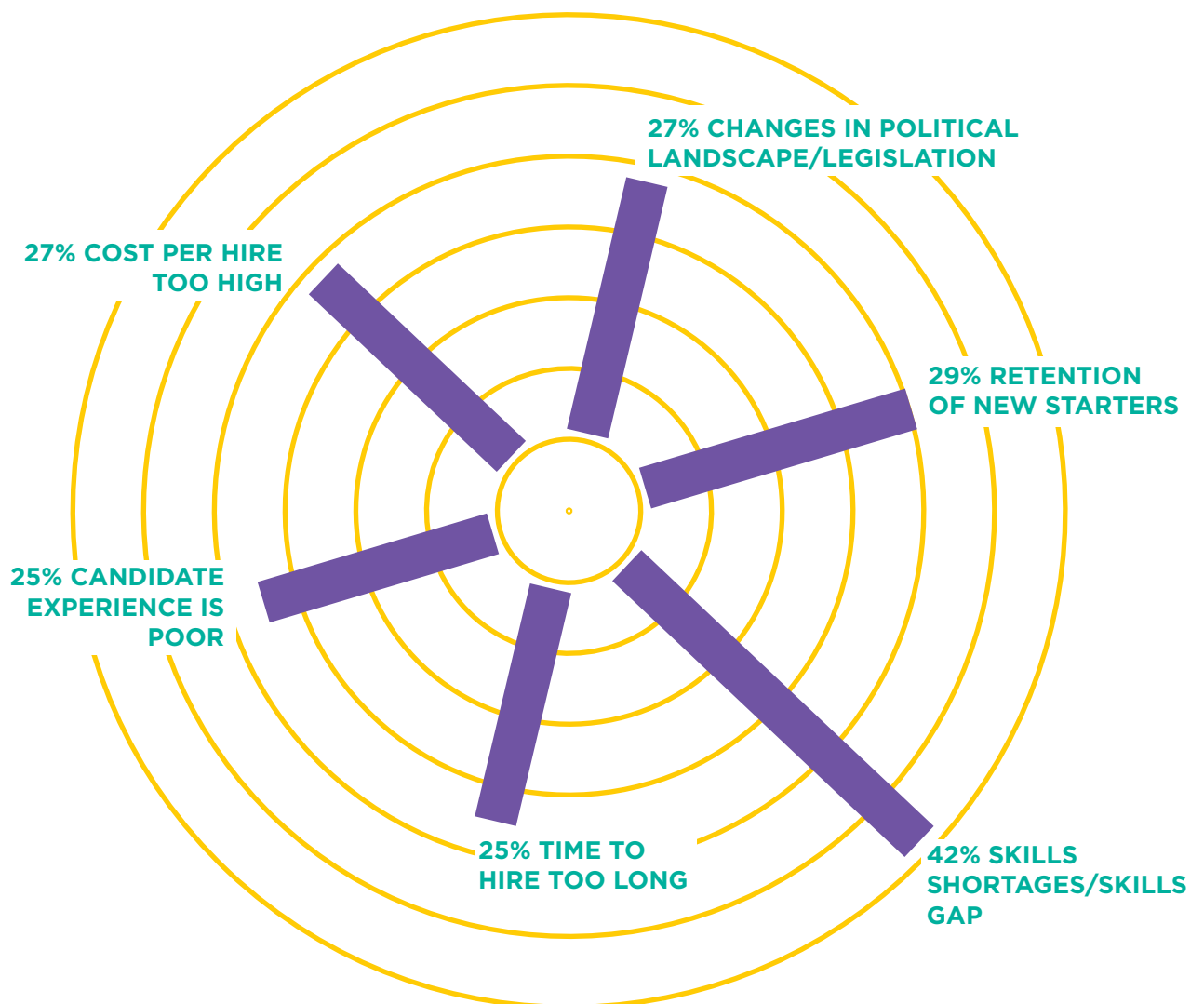
PRODUCTIVITY
31%
OF HIGH IMPACT ORGANISATIONS FEEL THAT THEY ARE
OPERATING AT MAXIMUM PRODUCTIVITY

RESPECT
81%
OF HIGH IMPACT ORGANISATIONS FEEL THE ROLE OF THE TALENT
ACQUISITION MANAGER IS VALUED

TOP CHALLENGES FACING TALENT ACQUISITION LEADERS

The digital, cultural and generational changes affecting today's workplace are driving a radical shift which, in turn, is giving rise to a whole new set of Talent Acquisition challenges.

WHAT DO YOU SEE AS THE KEY PROBLEM AREAS WITHIN YOUR TALENT ACQUISITION STRATEGY?



SKILLS SHORTAGES

The biggest challenge by far that Talent Acquisition leaders are facing, as agreed by 46% of those interviewed, are skills shortages. As competition for talent grows, and candidate expectations of the hiring experience evolve, Talent Acquisition must implement sophisticated, high-touch, innovative processes to secure top talent.

To combat the skills shortages, High Impact functions:

- Have a detailed understanding of each talent segment across all geographies
- Regularly review and refresh talent intelligence and use detailed candidate and employee personas to strengthen recruitment marketing and candidate engagement to help maintain competitive advantage

Medium and Low Impact functions also struggle with:

- The retention of new starters
- The ability to provide a positive candidate experience
- A lack of resources in the Talent Acquisition function

In the Cielo Talent Acquisition 360 research report, the most important of the 12 Dimensions to all stakeholder groups was the ability to consistently deliver high quality hires. From a European perspective today, the more core need to find and retain necessary people have taken priority. It seems that European Talent Acquisition leaders are having to compromise on quality to fill roles because of the skills shortage.

FOCUS ON CORE SKILLS

When surveyed regarding weaknesses, even High Impact functions are looking to strengthen fundamental Talent Acquisition practices. Video interviewing, telephone interviewing and keeping candidates warm between selection

and start date are top concerns. This highlights the importance of creating a solid competency around the core elements, whether via additional training, adopting new technologies, or partnering with third-parties.

Video interviewing (40%)

Telephone interviewing (33%)

Keeping candidates warm between selection and start date (30%)

CV assessment (26%)

Creating and circulating of competency based interview templates (25%)

Interview scheduling (25%)

Creating and running assessment centres (23%)

Face to face interviews (21%)

Creating candidate shortlists (20%)

Communicating the outcome of all stages to candidates (20%)

Creating and circulating of strength based interview templates (19%)

Communicating the outcome of all stages to hiring managers (17%)

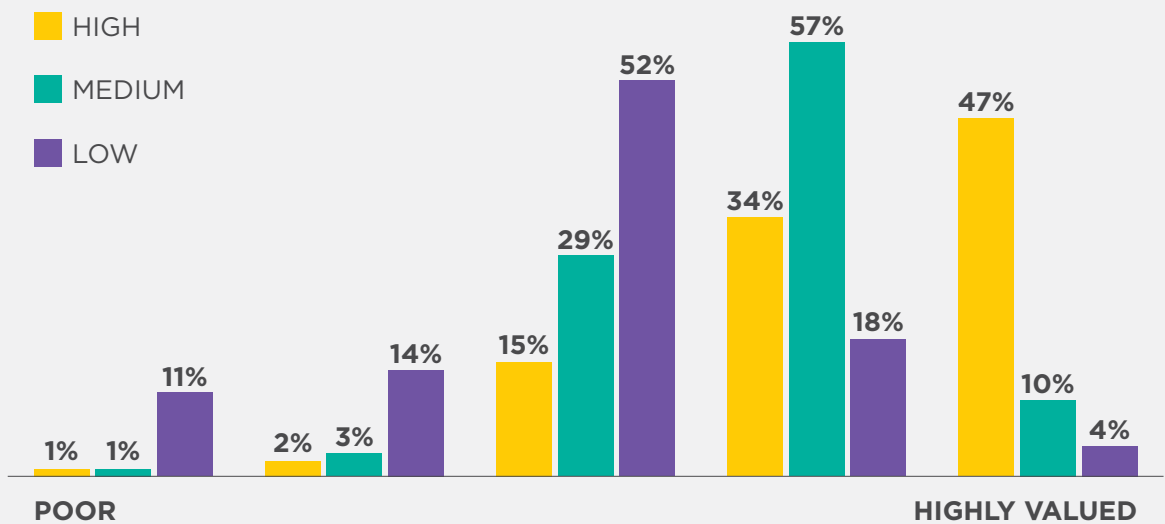
Other (3%)



PERSONAL IMPACT

Being seen as a respected leader who has a personal impact across the organisation remains a challenge for many talent leaders. The most effective organisations have the most highly respected managers, with 47% of High Impact functions stating that their Talent Acquisition Leader is highly

respected. This indicates that those Talent Acquisition leaders have built partnerships with key stakeholders, and are promoting the link between Talent Acquisition and the profitability and productivity of their organisation.



Key regional differences across Europe include Talent Leaders in the Czech Republic not feeling that they are highly valued, and 20% in Belgium feeling they

are poorly valued. In the UK, 91% regard themselves as valued by the business, rating a 3, 4 or 5.

	UK	BELGIUM	CZECH REPUBLIC	GERMANY	NETHERLANDS	POLAND	HUNGARY
1	4%	20%	5%	1%	7%	4%	6%
2	4%	-	25%	5%	7%	8%	18%
3	30%	33%	45%	34%	40%	28%	41%
4	37%	40%	25%	49%	40%	48%	29%
5	24%	7%	-	11%	7%	12%	6%

1 = Poor, 5 = Highly Valued

SOURCING

Sourcing candidates in a time- and cost-efficient way is another challenge area shared by respondents, with all three categories having “extremely agreed” that:

	HIGH	MEDIUM	LOW
We receive too few referrals	32%	15%	7%
We receive too many referrals	41%	11%	2%
We rely on agencies to fill less than 20% of our roles	28%	13%	15%
We have a well-researched and monitored media and sourcing strategy	52%	16%	6%
We do well at proactive internal mobility and promote where possible	57%	21%	3%
We develop talent communities for each region and skillset	59%	23%	-

Neither Medium nor Low Impact functions emphasize creating talent pools for their business areas, highlighting a key area to provide quick wins and future return on investment. Even High Impact functions have an over reliance on recruitment agencies with 72% of those functions relying on agencies to fill more than four fifths of their roles. This is a symptom of a reactive approach to talent acquisition.

EMPLOYER VALUE PROPOSITION

A challenge area where High Impact functions overwhelmingly outperform their Medium Impact and Low Impact peers is Employer Branding. It is notable that a large proportion of Low Impact respondents are not at all active in this area.

Respondents “strongly agreed” with the following statements:

	HIGH	MEDIUM	LOW
We have a detailed understanding of each of our talent segments across all of our geographies, including their needs, drivers, preferred communication platforms, etc.	69%	19%	6%
We use detailed candidate and employee personas to bring our talent segments to life for the purposes of planning employer branding, recruitment marketing and candidate engagement	49%	18%	3%
We understand our competition for talent and where our offer is meaningfully differentiated for each of our talent segments	55%	22%	4%
We regularly review and refresh our talent intelligence to make sure it is relevant and up to date	52%	20%	2%
We have a clearly articulated and fully validated EVP that differentiates our offer in the marketplace and dovetails perfectly with our consumer/corporate brand	63%	17%	9%
We've tailored our EVP to different talent segments, to make it relevant and compelling for each group	48%	18%	2%
Our EVP is supported by a messaging framework and a set of evidence statements for each talent segment and geography	52%	15%	3%

Organisations with 250-499 employees tend to have a clearer, more effective Employer Value Proposition. Larger organisations, however, often struggle to define a single EVP across multiple business areas and geographies due to organisational complexity.

RECRUITMENT PROCESS OUTSOURCING (RPO)

37% of respondents surveyed use a Recruitment Process Outsourcing (RPO) partner to support all or part of their Talent Acquisition process. These functions outperformed their peers at:

- Innovating to meet the demands of the business
- Delivering quality hires consistently
- Demonstrating agility to meet changing demands

Talent leaders who partner with an RPO provider are three times more likely to be perceived as highly-valued within their organisation, based on their forward-thinking strategic choices that give them high levels of accountability and visibility.

Respondents who use RPO also ranked more highly for having seen an improvement in their core capabilities, and verified that an RPO solution significantly improves key areas of the candidate experience such as 'keeping candidates warm between stages' and 'communicating the outcome of all stages to candidates.'

46% of High Impact functions rely on agencies for at least 20% of their vacancies, meaning their impact on productivity and profitability is despite the cost-waste and the negative impact using an agency can have on their brand. Imagine the multiplier effect if those respondents joined the 37% of their peers using a Recruitment Process Outsourcing (RPO) partner to establish stronger direct access to talent.

**NO LOW IMPACT FUNCTIONS
THOUGHT THEY WERE EFFECTIVE AT
DELIVERING
QUALITY HIRES
CONSISTENTLY.**

69%

**OF HIGH IMPACT FUNCTIONS THOUGHT THEY WERE
EXTREMELY EFFECTIVE AT DOING SO.**

TALENT ACQUISITION PRIORITISATION WORKSHEET

- › Use this worksheet to identify the most pressing Talent Acquisition needs within your organisation.

First rank the 12 dimensions of talent acquisition in order of how important they are to you (with 1 being the most important) then evaluate your Talent Acquisition Team's effectiveness against each of those dimensions (with 1 being most effective). After completing for yourself, take your Business Unit Leaders through the exercise as well. Finally, compare the results.

RANK (1-12)	DIMENSIONS RANKED IN ORDER OF IMPORTANCE TO YOUR ORGANISATION (1 BEING HIGHEST)	EVALUATION OF TA FUNCTION'S EFFECTIVENESS (1 BEING MOST EFFECTIVE)
	Innovating to meet the demands of the business	
	Providing strategic thinking to shape business decisions	
	Demonstrating agility to meet changing demands	
	Generating insights contrasting workforce needs with the market supply of talent	
	Delivering quality hires consistently	
	Measurably impacting major organisational initiatives	
	Communicating your employer value proposition	
	Delivering great experiences for candidates and hiring managers	
	Crafting a comprehensive strategy	
	Simplifying recruiting process	
	Sharpening recruiting acumen	
	Using recruiting analytics to inform business decisions	



CONCLUSION

HAVING A HIGH IMPACT TALENT ACQUISITION FUNCTION IS ESSENTIAL TO PRODUCTIVITY AND PROFITABILITY.

Organisations that understand the importance of the 12 Core and Strategic Dimensions of Talent Acquisition, and measure their performance against each element, will thrive. Talent leaders need to maintain a High-Impact status by being efficient and effective in a continually changing political and cultural environment – no easy feat. The need to invest in areas of weakness is critical given the skills shortage, and other market challenges, as demonstrated in this study.

For Low Impact functions, there is a great deal of work to be done. Creating an in-depth Talent Acquisition strategy will help to increase productivity and profitability.

METHODOLOGY

The European Talent Acquisition Trends: Productivity, Profitability & Personal Impact Research was undertaken during June 2017.

418 HR Directors and C Level Executives with Talent Responsibility took part across 7 countries: UK, Germany, Poland, Czech Republic, Hungary, Netherlands and Belgium.

All respondents work in organisations with more than 250 employees.

Respondents had a variety of job roles including: General Human Resources (219), Executive Management (148), Recruitment/Talent Acquisition (43) and Talent (8).

The survey was conducted using an online link that was distributed amongst Cielo's own database as well as Sapio's panel partners.

Percentages may not equal 100% due to rounding.

ABOUT CIELO

Cielo is the world's leading strategic Recruitment Process Outsourcing (RPO) partner. Under its WE BECOME YOU™ philosophy, Cielo's dedicated recruitment teams primarily serve clients in the financial and business services, consumer brands, technology and media, engineering, life sciences and healthcare industries. Cielo knows talent is rising – and with it, an organisation's opportunity to rise above. For more information, visit cielotalent.com.

