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# THE STATE OF **SOURCING**

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## INTRODUCTION:

Sourcing talent is one of the most misunderstood areas of talent acquisition. Over the past few years, companies have built sourcing teams, invested in new solutions, and reevaluated their capabilities. Yet, according to Aptitude Research, 75% of companies are not satisfied with their approach to sourcing today and one in two companies are still not effectively tracking their source of hire. With constant changes in the economy and the future of work evolving, sourcing often remains the weakest link in any talent acquisition function. As a result, companies are rethinking and reprioritizing their investment in sourcing this year.

Sourcing is also the most fundamental area of talent acquisition. Organizations are unable to recruit and retain talent until they have properly sourced quality talent. And, with changes in the labor market, companies need to think differently about traditional sourcing methods and measures of success. Innovations in technology and AI are helping drive this change and give companies new options to achieve both speed and quality. Technology will not fix a broken process, however, and investing in the right solutions and tracking the right metrics remain key challenges for even the most sophisticated sourcing function.

Companies need to balance the art and science of sourcing, including relationship-building activities (the “art”) and measuring and evaluating the most effective strategies (the “science”). The future of sourcing rests in leveraging multiple tools and technologies to attract and identify talent, building out strong capabilities, and defining metrics that matter.



According to  
Aptitude Research

**75%**  
of companies are  
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sourcing today

This report, based on data collected in 2022 and 2023, will take a closer look at the modern sourcing function including challenges, strategies, and technology enablers. It will help companies at any stage in sourcing answer the following questions:

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How have investments in sourcing changed over the past few years?

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What are the obstacles companies face with sourcing?

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What capabilities and skills do companies need for sourcing?

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What role do technology and AI play in sourcing today?

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What metrics should companies track when sourcing talent?

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### Quantitative Research:

328 responses for TA and HR VP Level,  
Recruiters/Sourcers/IT Professionals.

### Company Sizes:

18% SMB (250-999ees)

22% Midmarket (1000-4999ees)

28% Mid-Market (5K-999K)

32% Enterprise (10,000ees+)

### Qualitative Research:

Interviews with TA and HR leaders in  
2022 and 2023

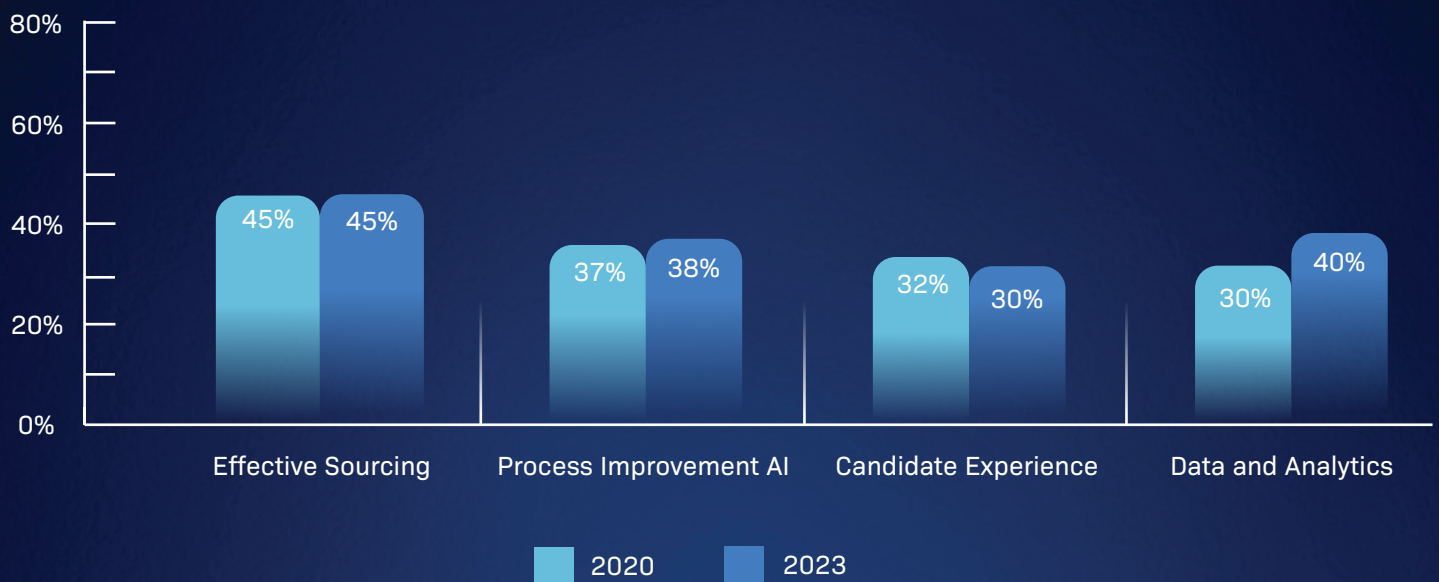


## INVESTMENT IN SOURCING

Sourcing is the process of proactively searching and finding qualified talent for current or future positions. Aptitude Research conducted a survey in July 2020, during the height of the pandemic, and found that the most critical capability gap in talent acquisition (TA) involved sourcing candidates (see Figure 1). Three years later, sourcing remains the biggest challenge for talent acquisition teams even with economic uncertainty.

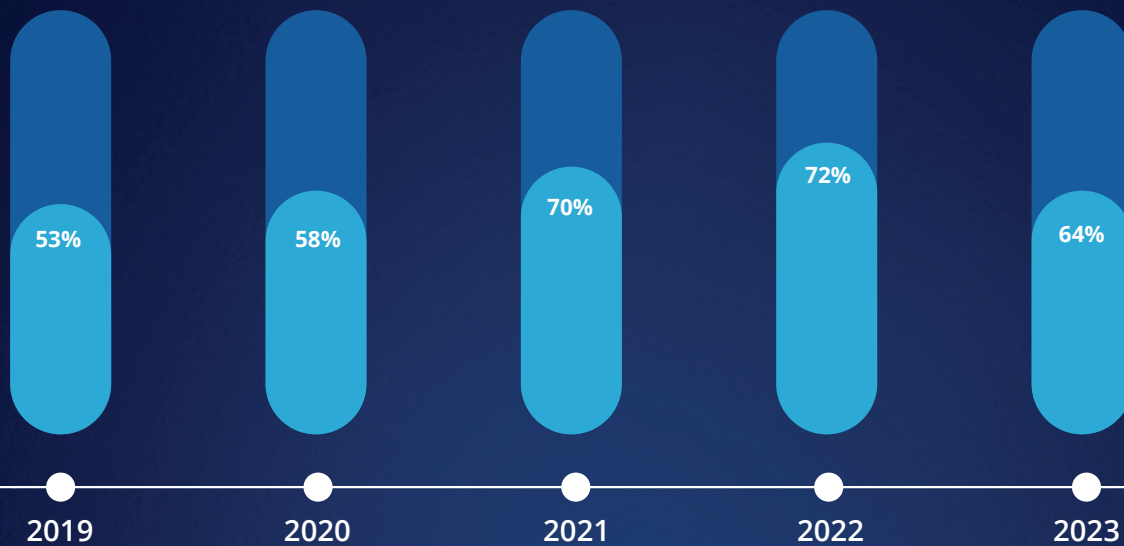
Regardless of industry or hiring activity, companies struggle to identify and attract the right talent despite new solutions and opportunities. Sourcing is often reactionary as companies are left scrambling to find and compete for talent in a short period of time. The investment in sourcing is often reactionary as well. Companies tend to buy more solutions in response to internal pressure, rather than look critically at the technology that they are already using.

**Figure 1:** *Capability Gaps in Talent Acquisition*



To fill these gaps, companies have increased their spend on sourcing over the past few years (see Figure 2). Even with a slight drop in 2023, spend outpaced pre-pandemic levels. Companies built out internal expertise, outsourced sourcing activities, or leveraged technology including job boards, sourcing solutions, talent intelligence, and contingent workforce solutions. As pressures to fill positions intensified over the past few years, companies turned to technology to help fill the gaps and provide immediate solutions. Unfortunately, the investment in sourcing for many companies was reactionary and viewed as a short-term fix to a long-term challenge.

Figure 2: Investment in Sourcing

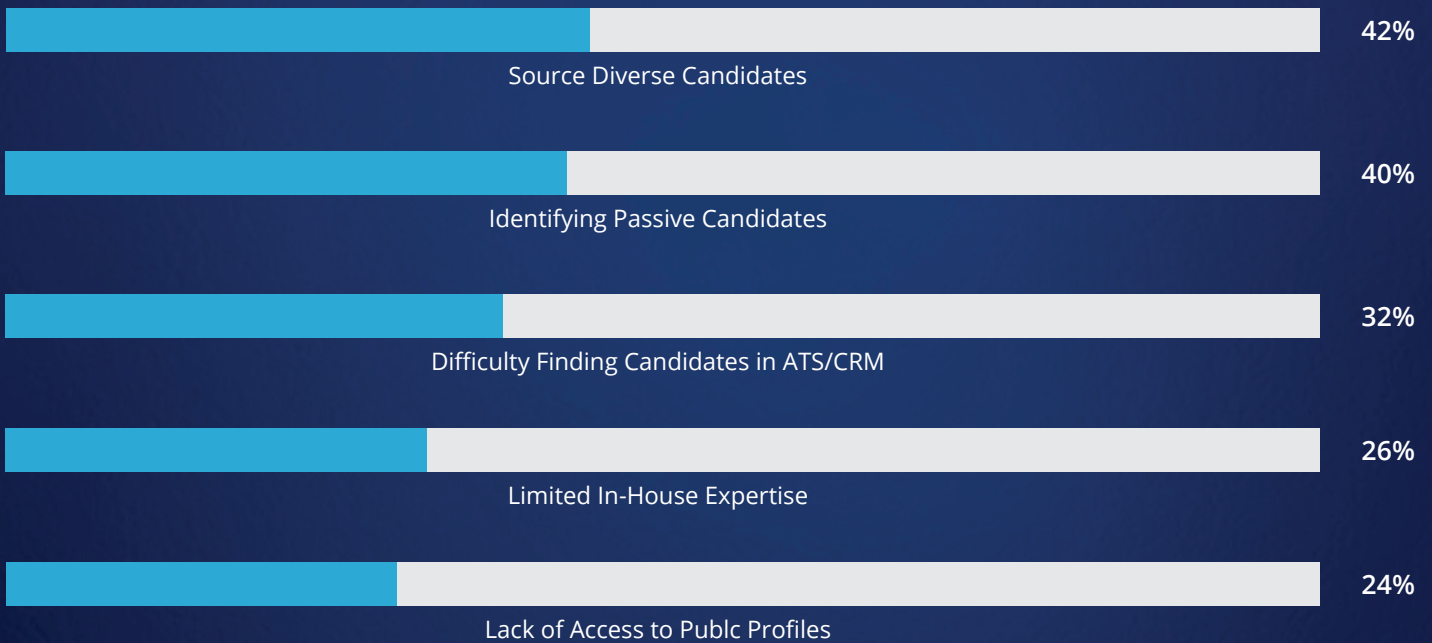


## TOP CHALLENGES

Companies need support as remote recruitment, changing labor conditions, and competition for talent have made a challenging process even more complex. Yet, many sourcing strategies fail to deliver results. Sourcing faces several obstacles including:

- ◆ **Dissatisfaction with sourcing strategies:** Seventy-five percent (75%) of companies are not happy with their sourcing strategy.
- ◆ **Lack of ROI:** Sixty-five percent (65%) of companies don't measure the ROI of their sourcing investments.
- ◆ **Too many sourcing solutions:** One in three companies use more than five sourcing tools.
- ◆ **Lack of expertise:** Many companies lack the expertise and capabilities required to source effectively.

This reality has created a state of sourcing that is reactive, filled with bias, and ineffective. Aptitude Research found that the top sourcing challenges include sourcing diverse candidates, identifying passive candidates, and difficulty finding candidates in the ATS.

**Figure 3: Top Sourcing Challenges**


● **Sourcing diverse candidates:** Companies rely on the same job boards, job aggregators, and sourcing channels to find candidates without thinking more broadly about diversity. Additionally, many companies are not tracking the sources of hire to know where diverse candidates are coming from.

● **Identifying passive candidates:** Companies often wait for candidates to find their career page or job postings without proactively engaging passive talent and building pipelines for the future.

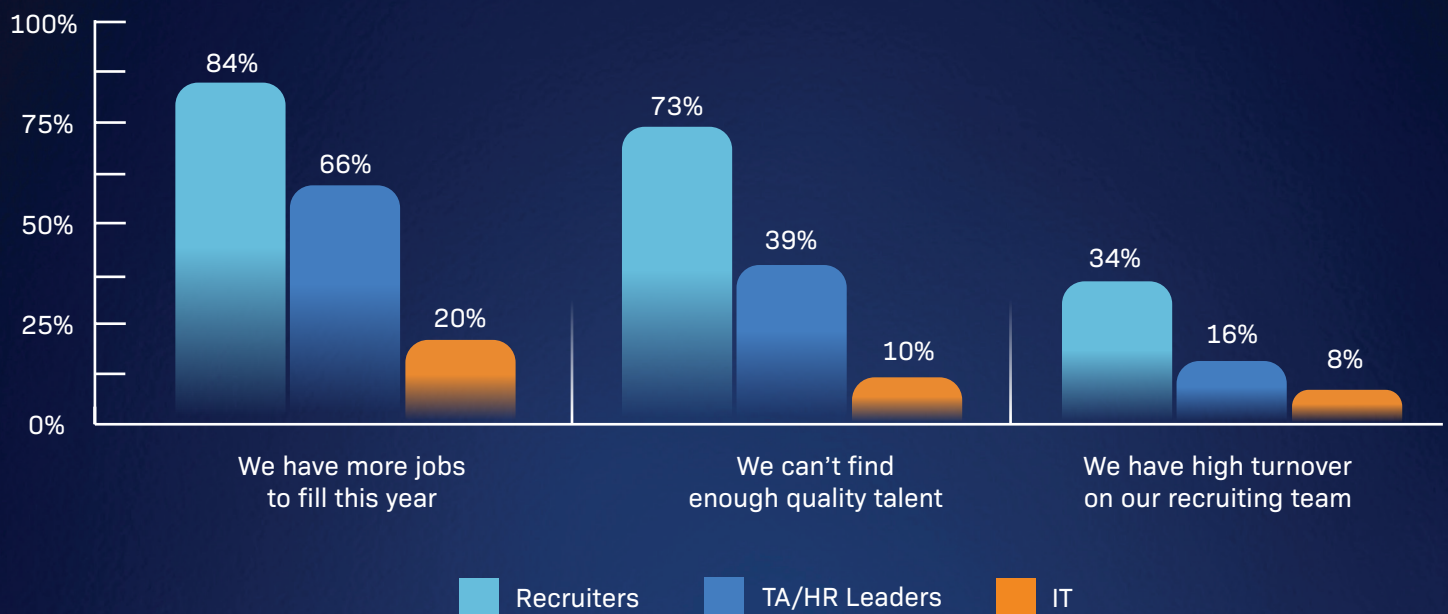
● **Difficulty finding candidates in the ATS/CRM:** Search is the main point of frustration with many ATS and CRM systems. Search is limited to keywords and many candidates have incomplete or outdated profiles. Aptitude Research found that recruiters spend over 10 hours a week, on average, looking for candidates in the ATS.

● **Limited in-house expertise:** Companies do not have expertise in sourcing. Some companies building sourcing functions are simply shuffling recruiters or HR professionals into a sourcing role without considering the expertise needed.

## THE IMPACT OF THE **RECRUITER EXPERIENCE**

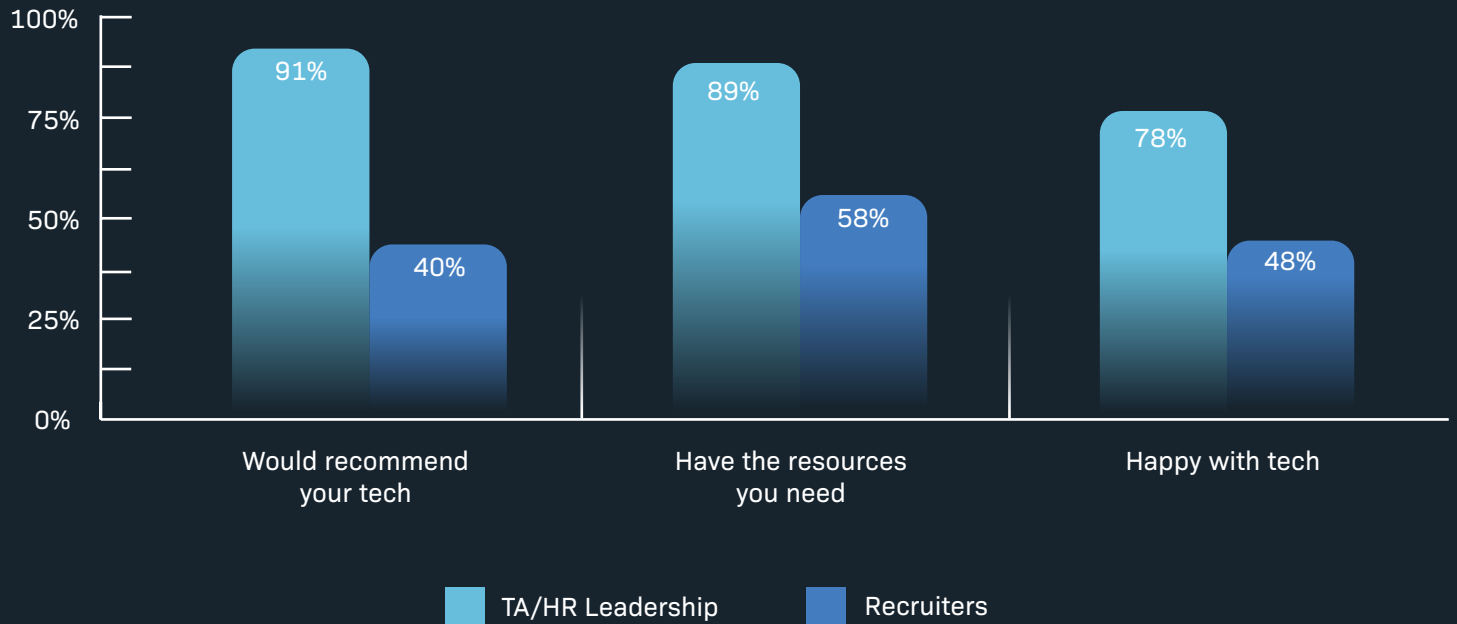
One additional challenge that companies face coming out of the pandemic that directly impacts sourcing is the recruiter experience. One in two companies state that IT is more involved in TA technology decisions, yet IT professionals are not always aware of the realities of the labor market. Eighty-four percent (84%) of recruiters state that they have more jobs to fill this year, compared to 66% of TA/HR leaders and 20% of IT professionals. Additionally, 73% of recruiters state that they cannot find enough quality talent, compared to only 39% of TA/HR leaders and 10% of IT professionals. Recruiters will not be able to get the support they need if their reality is not validated across the organization.

**Figure 4:** *Different Perceptions of TA Today*



This divide in how leadership, recruiters, and IT perceive talent acquisition has created very different experiences around technology adoption. TA/HR leadership is happier with the recruitment technology (73%) that they have in place and would be more likely to recommend that technology to other organizations (91%). One reason for higher satisfaction is that TA leaders are two times more likely to directly influence these technology decisions. On the other hand, recruiters are more frustrated with their technology and the resources available. Many traditional technology solutions are not designed for the modern recruiter and do not integrate with their workflow or help them attract and hire talent. When asked what technology is most effective, recruiters identified sourcing solutions, video interviewing, and matching technology.

**Figure 5:** Satisfaction with TA Technology



## SHIFTS IN SOURCING

Companies are responding to these challenges by rethinking their approach to sourcing and focusing on building a more effective process. Companies are shifting their view around the following:

- The definition of talent:** Companies must think more holistically about talent and include contingent workers in their sourcing strategies.
- Sourcing channels:** Companies have shifted sourcing channels over the past year. Determining what option works for the future is a key priority in 2023.
- Quality:** Sourcing must be able to balance efficiency with the quality of candidates.
- A data-driven approach:** Sourcing can no longer be ad hoc. Companies need data to gain insights and drive decision-making around sourcing strategies.

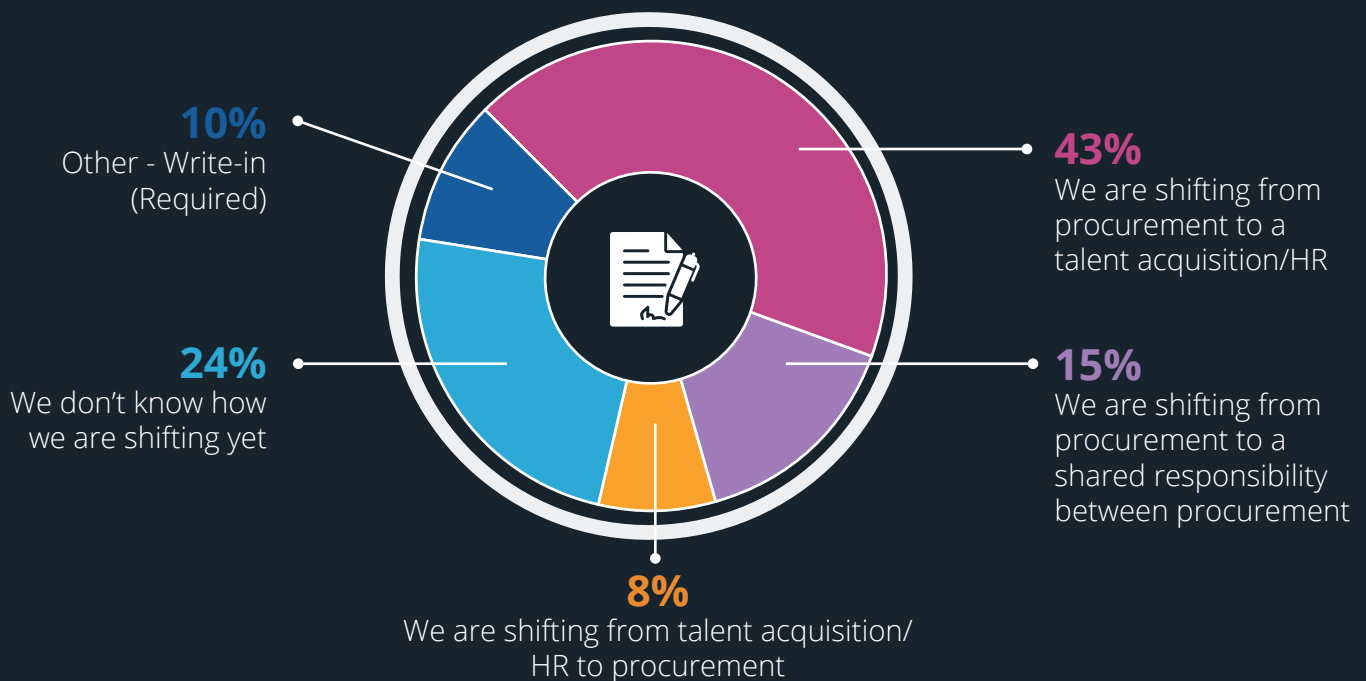




## Shifts in Definition of Talent:

Companies must think about sourcing strategies that target not only traditional talent but contingent workers as well. Today, only one in four companies include contingent workers in their sourcing strategies. Talent acquisition does not always have visibility into or expertise on the use of contingent labor, and procurement often relies on antiquated tools and strategies. Thirty-five percent (35%) of companies are shifting their ownership this year to reduce overall costs. When asked how they are shifting ownership, 43% are shifting from procurement to HR/recruiting, and 24% are shifting from procurement to a shared model. This strategic shift from procurement to HR/recruiting will enable companies to have a more holistic view of sourcing talent and create visibility into both contingent and permanent hires.

**Figure 6:** Shifts in Ownership



## Shifts in Sourcing Channels:

Companies that want to improve diversity in talent acquisition must consider diverse sources of hire. Many recruiters and sourcers utilize the same job boards and job sites to find talent. While many of these sites are familiar, companies may have better options for sourcing a more diverse talent pool. Companies are shifting how they approach sourcing and leveraging third-party expertise to better identify and find diverse talent. Aptitude found that one in two companies are investing in more diverse job sites in 2023.

## Shifts to Quality:

For the past two years, efficiency remained the number one driver of TA tech investments. Companies look at providers to improve time to fill, increase recruiter productivity and speed, and improve overall decision-making in talent acquisition technology. Improved efficiency benefits both the candidate and the employer by helping candidates receive communication, stay informed, and move through the process. The reality is that recruiters and hiring teams need help. The average time to fill a position is 45 days and many companies, especially in high-volume industries, cannot afford to wait that long.

Although efficiency continues to remain critical to TA, the pendulum is swinging back to quality of hire as the number one driver in TA investments in 2023. One reason is the increased focus on retention. With more business leaders aware of TA tech decisions this year, sourcing serves as the first line of defense for turnover. Identifying quality hires early helps organizations prepare for future needs.

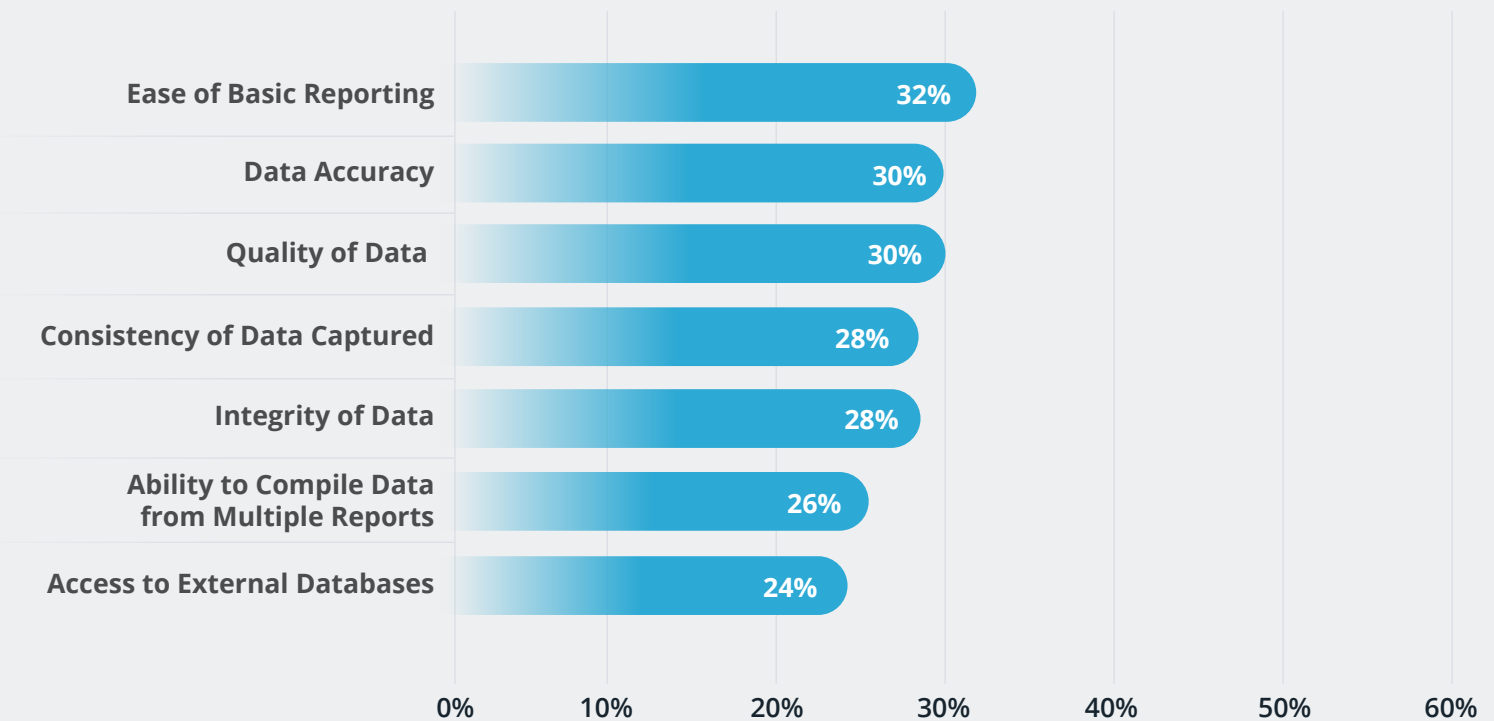
**Figure 7:** Key Drivers for Investing in Talent Acquisition Technology



## Shift to a Data-Driven Approach:

Talent acquisition managers are familiar with tracking metrics and key performance indicators (KPIs), but they often fail to turn those metrics into actionable insights. Analytics is the practice of using metrics to make better decisions. If metrics help answer the “what?”, then analytics answers the “so what?” To shift from a “what” to a “so what” sourcing strategy, companies must have a better understanding of the data they are using, the quality of that data, and how that data is sourced. Over the past few years, many talent acquisition teams have struggled to manage disparate systems and an influx of data. The primary challenge companies face is not necessarily the quantity of data, but rather the accuracy and consistency of that data. Aptitude Research found that less than one-third of companies are very satisfied with the accuracy, quality, and integrity of their data (see Figure 8).

**Figure 8:** Satisfaction with Data Management



## A CLOSER LOOK AT **HEALTHCARE**



The labor shortage and global pandemic have increased the pressure on recruitment in healthcare, and it shows no signs of slowing down. While other industries are preparing for an economic downturn and facing possible layoffs, healthcare remains hyper-focused on growth and competing for talent.

According to the Bureau of Labor Statistics, the “overall employment in healthcare occupations is projected to grow 13% from 2021 to 2031, much faster than the average for all occupations; this increase is expected to result in about 2 million new jobs over the decade. In addition to new jobs from growth, opportunities arise from the need to replace workers who leave their occupations permanently. About 1.9 million openings each year, on average, are projected to come from growth and replacement needs.”

Attracting, recruiting, and hiring talent is a critical challenge for healthcare organizations across all job roles, from front-line workers to doctors and nurses to medical technicians. Historically, while other industries have quickly adopted new technology, many healthcare companies have responded slower. However, the past two years have forced a new reality for healthcare, with 85% of healthcare companies increasing their investment in TA tech or continuing to invest the same amount.



According to the Bureau of Labor Statistics, the overall employment in healthcare occupations is projected to grow

# 13%

from 2021 to 2031

## Here are some key trends impacting talent acquisition in healthcare based on data collected from Aptitude Research:



**Managing with a lack of resources:** Many healthcare organizations need more resources or expertise to execute strategic talent acquisition. According to Aptitude Research, 38% of healthcare companies do not have dedicated recruiting and sourcing teams, and 58% of these companies stated that their greatest challenge is a lack of recruiting expertise. The lack of resources is the biggest challenge facing companies today, as 94% of healthcare companies are increasing their hires this year.



**Improving candidate experience through communication:** Candidate communication and experience still need to improve for many healthcare organizations. According to Aptitude Research, one in three candidates do not hear back from an interview for over two weeks. Additionally, only 22% of candidates are satisfied with the communication they receive before applying, and only 21% are satisfied with the interview process. Companies must address these communication gaps to improve the candidate experience and drop-off rates (40% of candidates are dropping off at the apply phase).



**Balancing efficiency and quality:** Healthcare organizations often struggle to balance efficiency and quality. Patient-centered care is critical for these companies, and quickly finding the right talent is important when change is constant.



**Leveraging automation:** Less than half of healthcare companies are using automation throughout the talent acquisition lifecycle. The top areas where companies are investing in automation are recruitment marketing (37%), screening (44%), interviewing (40%), and onboarding (30%). Surprisingly, only 18% of companies use automation for sourcing when attracting talent is a top priority. Automation can help healthcare organizations lift the administrative burden placed on recruiters and improve candidate communication and engagement.



**Using contingent workers:** Over 50% of healthcare organizations have increased the number of contingent or contract workers this year. A flexible and extended workforce helps companies fill critical talent gaps, reduce costs, and improve productivity. It also helps companies adapt and adjust to changing business needs, especially during times of uncertainty. Yet, the challenges remain the same even as the demand for and acceptance of contingent workers have increased. Most contingent workforce strategies need more visibility, rely on antiquated technology, and erode business leaders' confidence. Healthcare organizations understand the value, but they only sometimes see the results. This needs to change as companies continue to adopt a more flexible workforce. Companies need to invest in the right partners to support them.

Given the competition for talent – and labor shortage still impacting healthcare organizations – incremental improvements to existing processes and systems are not enough. Healthcare companies need to think and act differently – breaking old paradigms and embracing tech in a new way.

## KEY STRATEGIES

The good news is that organizations can overcome these challenges and shift their approach to sourcing with the right people, processes, technology, and metrics. Organizations need this infrastructure to support the transformation to more strategic sourcing, and it needs to be directly aligned to business objectives. The mixture of people, processes, and technology in a modern talent acquisition function is a framework that involves and supports the business.

	Tactical Sourcing	Strategic Sourcing
People	General recruiters or HR professionals who are responsible for filling positions as quickly and as cost-effectively as possible.	A mature talent acquisition function that includes sourcing experts or partners with sourcing experts. This team has clearly defined goals and communicates regularly with business leaders and key stakeholders.
Process	A fixed process around certain areas of talent acquisition that provide little visibility, data, or transparency to candidates or hiring managers.	A flexible process that provides data-driven insights to business leaders on sourcing strategies.
Technology	Sourcing solutions that are limited in capabilities or lack insights into key metrics.	Technology that empowers recruiting teams to better identify and communication with candidates and provide data to share with business leaders.



## PEOPLE

As talent acquisition becomes more complex, so does the role of the recruiter and the talent acquisition function. Recruiters must juggle multiple hats to be successful. No longer focused solely on relationships or administrative tasks, the modern recruiting function requires a new set of skills and competencies that often seem contradictory. Talent acquisition professionals responsible for sourcing must be able to build long-term relationships with business leaders, interpret data, sell and market their employer brand, and find talent. While this presents new opportunities for sourcing efforts to align with business goals, it can also make the process feel overwhelming.

Even with the emergence of new technology, companies still identify relationship and human-centered skills as most critical in a sourcing function. Communication, analytical, and relationship skills are all prioritized over technical skills. Companies investing in technology must consider providers that offer not only deep functionality, but expertise across all areas of sourcing.

**Figure 9:** Sourcing Skills Required



## The modern talent sourcing function must embrace both roles equally:

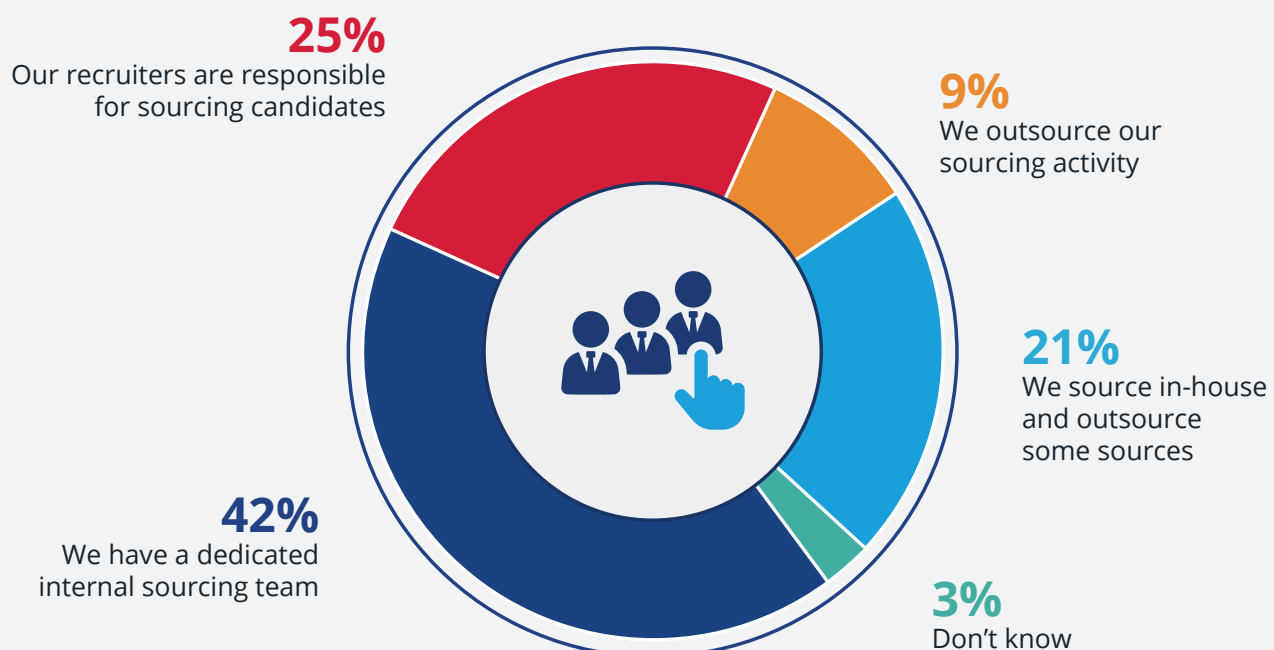
- **The art of sourcing** focuses on building relationships, continuously stoking the talent pipeline, and building the brand of the organization.
  - Competencies:** *Relationship skills, influence skills, networking skills*
  - Metrics:** *Candidate engagement, time to fill, conversion of candidate to hire, candidate experience*
  
- **The science of sourcing** focuses on analytical capabilities to understanding how data can drive better decision-making and win the support of business leaders.
  - Competencies:** *Analytical skills, negotiation skills, technology skills, communication skills*
  - Metrics:** *Cost per hire, source of hire, time to fill, time to productivity, diversity metrics, quality of hire, new hire retention*



## PROCESS

Once companies identify the skills they need, they must determine what model to implement. Companies have different options for sourcing teams, including creating a dedicated in-house sourcing team, outsourcing the sourcing function completely, or sharing the responsibility across recruiting and sourcing (see Figure 10). Over the past two years, 42% of companies have built a dedicated internal team, compared to only 28% of companies in 2018 .

**Figure 10:** Models for Sourcing





Not every company has the luxury of building an in-house sourcing function and many do not have the expertise. Even companies that have shifted to an in-house model over the past decade are often just moving recruiters or HR professionals into these roles. Additionally, as companies make changes and cut costs on their TA teams, internal sourcing is often reconsidered.

Sourcing requires a unique skill set from other areas of recruitment, and companies must evaluate a realistic and sustainable sourcing model. Companies that invest in providers with deep expertise in sourcing can often fill the capability gap in a more efficient and effective way. Below are some of the sourcing options for companies to consider:

- ◆ **Offshore sourcing:** When a company uses third-party services to recruit talent from an outside country.
- ◆ **Recruitment Process Outsourcing (RPO):** An RPO provider acts as an in-house recruiter for a business, providing efficiency and flexibility to the recruitment process.
- ◆ **Marketplaces:** Marketplaces combine sophisticated sourcing technology and AI with human expertise to help companies find quality talent faster.
- ◆ **Traditional staffing:** Third-party staffing companies support companies in findings and attracting talent.

These options can offer immediate support for companies that do not have the resources or skills to build out internal sourcing functions.



## TECHNOLOGY

Companies have many different options when investing in technology for sourcing, and companies are using up to five different sourcing providers. Sourcing solutions fall into several categories:



### Job Distribution:

Manage all job posting activities, integrations, and analytics.



### Job matching:

Takes job seekers' qualifications and matches them with employers' requirements.



### Resume Sourcing:

Identify resumes online from job boards, ATS, and social networking sites.



### CRM:

Identify resumes online from job boards, ATS, and social networking sites.



### Job search engine:

Searches millions of job listings across the web.



### Social media:

Leverages the power of social media to create branding and source jobs.



### Referral network:

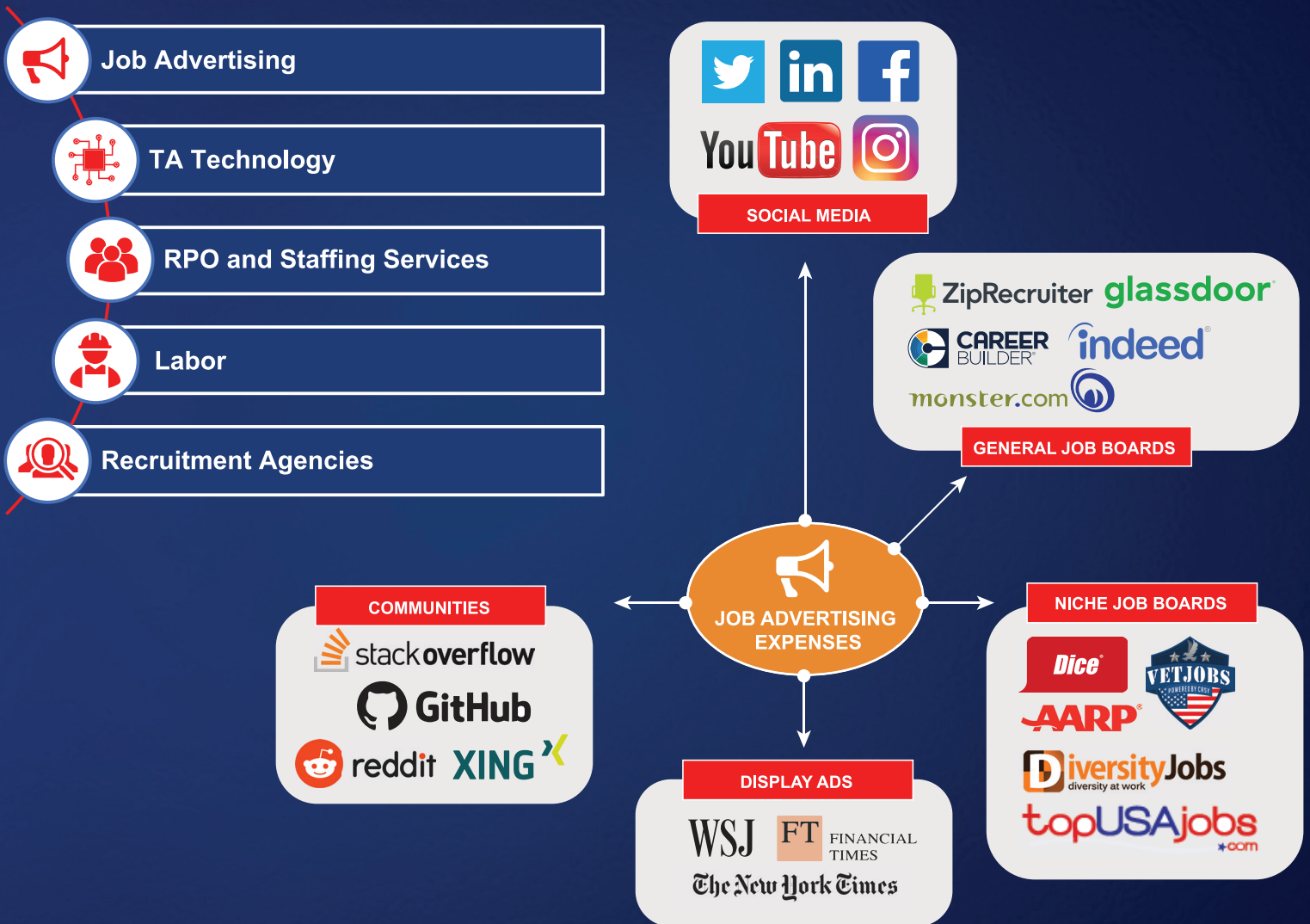
Automates the employee referral process.



### Talent communities:

Automates the employee referral process.

The challenge with many of these solutions and the way that recruiters and sourcers use this technology is that they are sourcing talent from the same pools. Companies will not see improvements in quality, diversity, or conversion when they are finding the same talent in the same places. Unless companies have a sophisticated in-house function, they will not be able to find talent. This current approach to sourcing technology is expensive, inefficient, and at times, ineffective. Recruiters must manually post jobs and monitor different job sites. And the only way to increase their online presence is by spending more, but that comes without a guarantee that they will reach the right candidates. **According to Aptitude Research, on average, 40% of job advertising spend is wasted, yet one in three companies are still planning to increase their investment this year without exploring better options.**



This new wave of sourcing technology is significantly different with more advanced technology and a more sophisticated buyer. It aims to look at a more complete picture of the candidate – putting context and meaning behind the data so that recruiters and hiring managers can make more accurate and informed decisions. AI matching, as one example, connects candidates to jobs and jobs to candidates using artificial intelligence and data-driven insights instead of basic keywords. The goal of AI matching is to recognize candidates as humans by gathering data to provide a more complete profile that includes context and insights with continual learning. Companies may refer to it as talent intelligence, matching, or talent marketplace, but the end goal is the same. AI matching typically includes four major components:

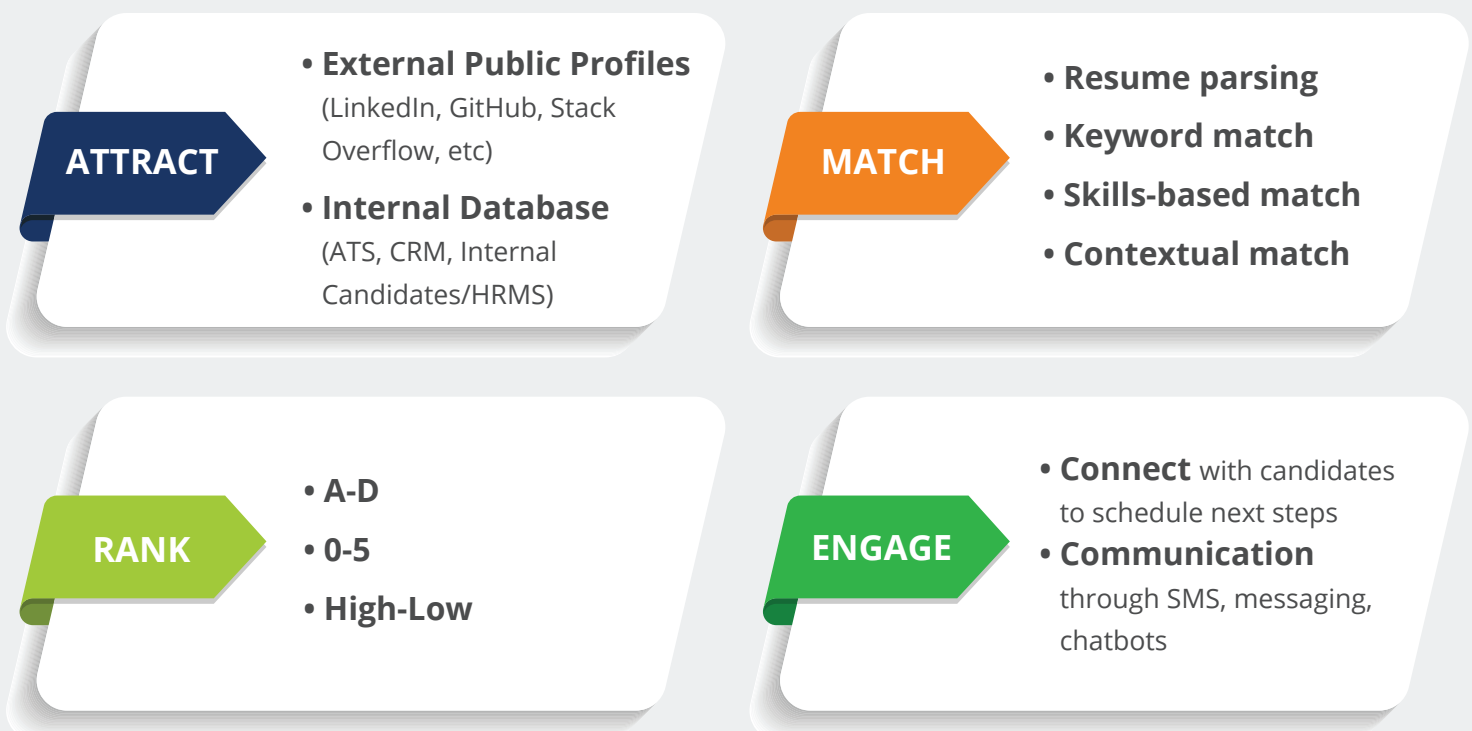
**Attract:** Capabilities to find candidates in a company's internal systems (ATS, HRIS, CRM) or public profiles (LinkedIn, social media, GitHub, etc).

**Match:** Matching capabilities to connect candidates to the right jobs using context, skills, data provided by individuals, and criteria that can be set by the employer. Matching criteria should be made transparent to the employer.

**Rank:** Scoring and ranking capabilities to help recruiters connect with the right candidates. Ranking can be on a scale of zero to five, A-D, or high-low models.

**Engage:** Capabilities to engage and communicate with candidates that are matched including SMS, messaging, and conversational AI.

**Figure 11:** Components of AI Matching

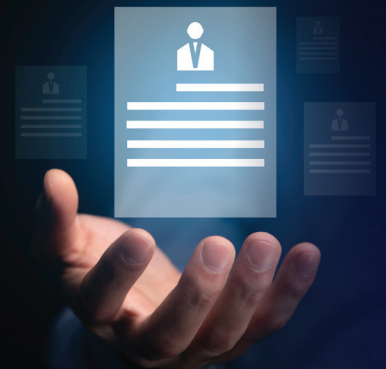


## What It Matches?

The conversation of internal and external data is connected to a broader discussion around sourcing active and passive talent. For companies that want to source passive talent, they also must consider how their job descriptions and advertising efforts are helping to attract passive talent and ensuring candidate consent.

### Internal Data:

AI matching is most effective with active talent and the qualifications and insights that candidates provide. Matching and leads are generated from existing systems including ATS, CRM, HRIS, or talent management systems. Candidates have already engaged with the employer and provided consent. Referrals and alumni are also included in internal data.



### Data sources may include:

✓ Resume

✓ Candidate profiles

✓ Referrals

✓ Employee profiles

### External Data:

Matching and leads are generated from public profiles. Some AI matching providers are scraping the web for candidates (violating the ethics of AI and candidate consent), while others are using profiles on specific sites such as LinkedIn, GitHub, and StackOverflow.



### Data sources may include:

✓ LinkedIn

✓ Expert papers

✓ Stack Overflow

✓ Social media

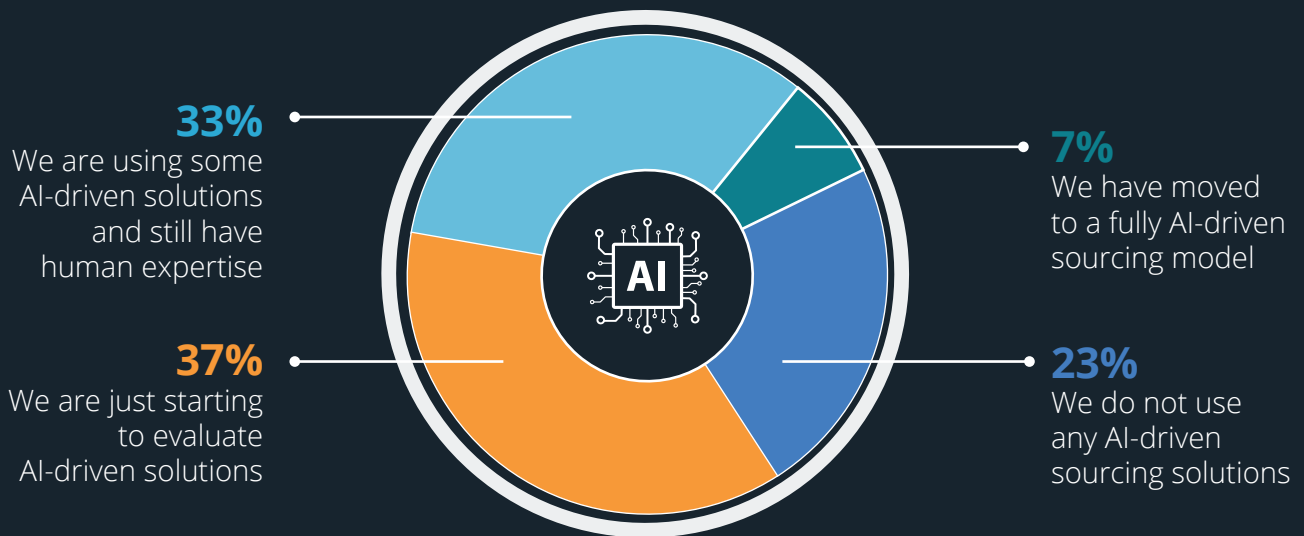
✓ GitHub

✓ Public profiles

## What Role Do Humans Play?

The conversation of internal and external data is connected to a broader discussion around sourcing active and passive talent. For companies that want to source passive talent, they also must consider how their job descriptions and advertising efforts are helping to attract passive talent and ensuring candidate consent.

Figure 12: AI Adoption in Sourcing



Every organization is at a different stage of maturity with their use of AI matching to support sourcing and talent acquisition efforts. Only seven percent (7%) of companies have moved to a fully AI-driven sourcing model and 33% are using it in some way in combination with human expertise. Many companies may still be hesitant about adopting AI-driven sourcing solutions. There are many providers to consider, and the combination of technology with human expertise should be an important factor.

## KEY METRICS FOR SUCCESS

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Once organizations have the right processes and technology in place, evaluating their efforts to make sure they are operating more efficiently is the next step. Metrics are the numbers that prove a recruiter's accomplishments and provide information about the effectiveness of the overall talent acquisition function. Unfortunately, metrics can often be misleading and confusing and recruiting functions are not always clear about what they should be measuring or how. Additionally, using metrics can be challenging when companies have many disparate systems with different data and no way to make sense of all of it.

The good news is that companies that invest in a talent acquisition platform have a better understanding of what metrics they need to track, how they can track them, and how they should convey them to business leaders. Through dashboards and reporting capabilities, talent acquisition professionals can easily collect, track, and manage the metrics that matter.

### Metrics usually fall under three main categories:



#### Operational metrics:

Metrics used to track efficiency and the operations of the recruitment function. Examples include cost per hire, cost of a vacancy, and time to fill.



#### Business metrics:

Metrics that help business leaders understand the effectiveness of a talent acquisition function and its impact on organizational growth and profitability. Examples include new hire retention, quality of hire, and new hire productivity.



#### Strategic talent acquisition metrics:

Metrics that help talent acquisition leaders evaluate their strategy and look at long-term results. Some of these metrics may include candidate engagement, brand effectiveness, and source of hire.

## CONCLUSION AND RECOMMENDATIONS

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Today, sourcing talent has become both easier and more challenging. On the one hand, advancements in technology have made it possible to reach a global pool of talent and connect with people who may have been out of reach just a few decades ago. But, lack of expertise and the volume of information makes it challenging for companies to find the right talent. Companies today must use a multi-pronged approach that combines world-class technology and AI, with more traditional methods. Ultimately, sourcing talent today requires a strategic and thoughtful approach that leverages both technology and human connections.

## ABOUT US

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Aptitude Research is a leading human capital management (HCM) research and advisory firm. Our in-depth research and vendor assessments help HR leaders develop a deep understanding of the HCM technology landscape, including talent acquisition and engagement, to ultimately make better purchase decisions.

Our flagship research, The Aptitude Index Report, delivers a comprehensive look at talent acquisition trends and technology. This knowledge, combined with our consulting and advisory services, enables companies to save time, money and improve the recruiting, hiring and workforce management experience.

Founded by leading analyst Madeline Laurano and based in the Boston area, Aptitude Research provides a wealth of HCM expertise to companies, vendors and investors. View our recent and upcoming research at [AptitudeResearch.com](https://www.AptitudeResearch.com) or connect with us on [Twitter](#) or [LinkedIn](#).



Finding the perfect candidate for a job can be a daunting task. With Relode, companies can engage top talent with ease. In the Relode platform, clients provide job details, and Relode analyzes the job in order to provide customers with insights into the marketplace for needed candidates. The system then identifies the right recruiters from our proprietary cloud of recruiters based on location and skill set. Incentivized recruiters then work on the best-graded jobs, and the system measures candidates based on qualifications. Finally, Relode's expert team presents top candidates to the company for consideration. With Relode, companies save money, time, and effort by finding only the most qualified candidates.

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