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RECRUITMENT & RETENTION:

TWO SIDES OF THE SAME COIN

Authored by:

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Companies must **RECRUIT** **RETAIN** the best talent.

INTRODUCTION

In today's evolving landscape of HRTech, with economic uncertainties and shifts in the labor market, companies are confronted with new challenges, redefined priorities, and rapid technological advancements. Yet, one constant remains unchanged: the challenges of recruiting and retaining talent.

- Companies must *recruit* the best talent.
- Companies must *retain* the best talent.

Despite the evolution of HR over the past decade, most companies treat these challenges as distinct initiatives with distinct outcomes. Aptitude Research found that only 41% of talent and HR professionals consider retention during the recruitment process and only one in four companies have a clear definition of quality of hire. Recruitment falls under talent acquisition while retention is the responsibility of HR or leadership teams. Most companies are filling positions without thinking about the long-term impact on business outcomes such as retention, performance, and productivity. Furthermore, they are not incentivizing and motivating recruiting teams to think beyond efficiency.

Companies can no longer afford a reactive approach to talent in an environment where every organization is undergoing some form of transformation. Recruitment and retention have emerged as two sides of the same coin, intertwined with equal importance and complexity. A strong recruitment strategy may bring exceptional talent, but it's only the beginning of the journey.

Aptitude Research found that only

41%

of talent and HR professionals consider retention during the recruitment process

Sophisticated talent acquisition and HR leaders are actively reassessing their strategies, technology infrastructure, and performance metrics to better prepare for the future. It has become increasingly evident that the practices that brought success a few years ago are no longer sufficient for the challenges we face today. Companies must adopt a more strategic and nuanced approach, cultivating a deeper understanding of the data that drives success and performance.

Success in talent acquisition is no longer gauged solely by the speed and cost-effectiveness of filling positions; rather, it hinges on the ability to link recruitment and retention — making informed, equitable, and intelligent decisions using accurate data. Aptitude Research found that companies that align recruitment and retention goals see the following:

2X improvement in retention

2X improvement in quality of hire
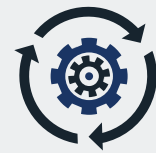
3X improvement in productivity

In this report, we look at the close relationship between recruitment and retention and highlight the role of data and technology in reshaping how companies prepare for their future talent needs.

aptitude research **Methodology**

Quantitative Research:
358 responses for TA and HR VP Level, Recruiters/Sourcers, and IT Professionals.

Company Sizes:
18% (250-999ees)
22% (1,000-4,999ees)
28% (5,000-9,999ees)
32% (10,000ees+)

Qualitative Research:
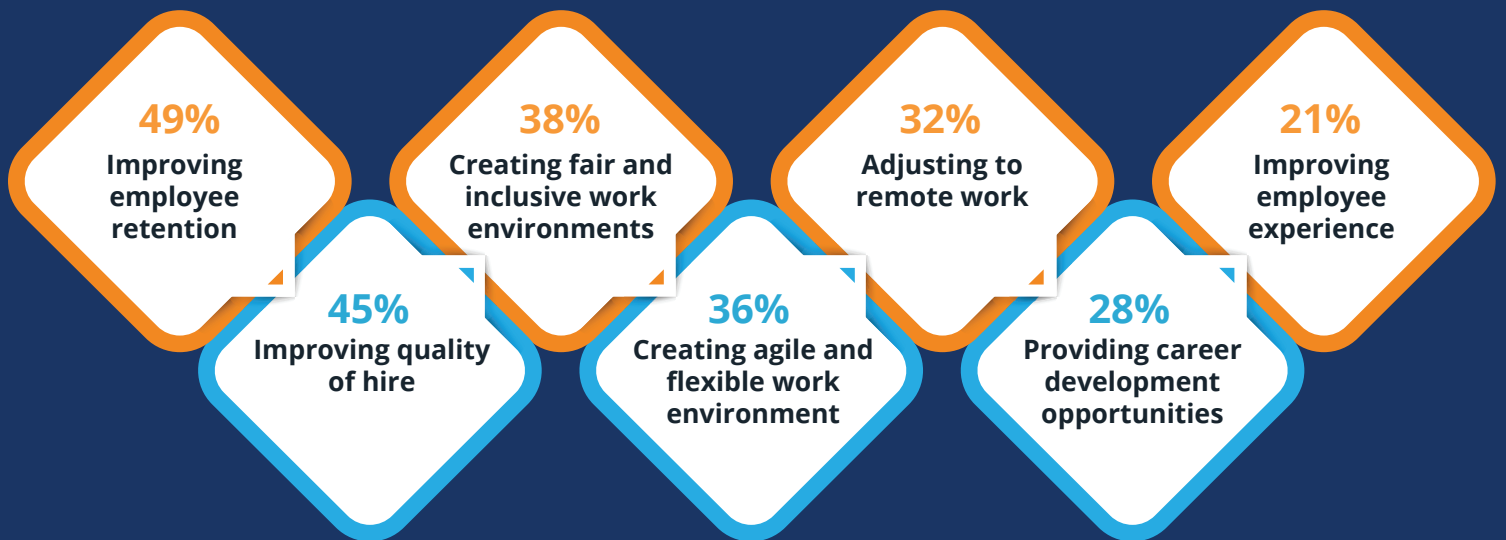**Interviews with TA and HR leaders in 2022 and 2023**
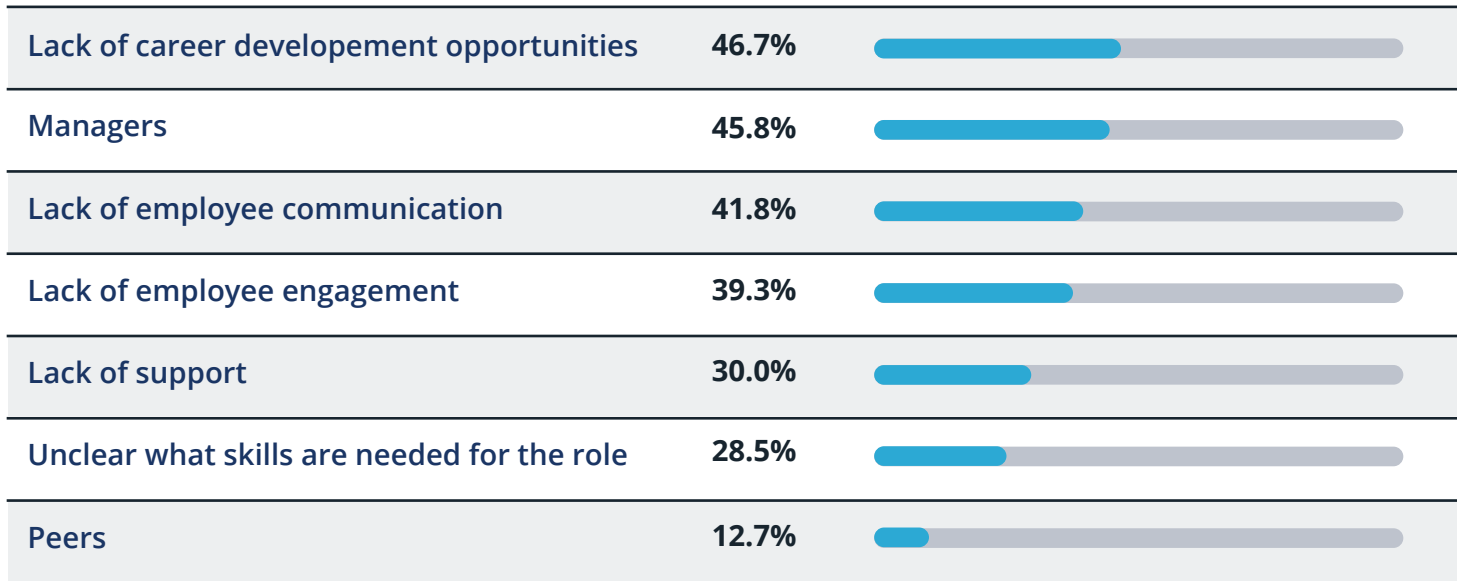
THE IMPERATIVE OF
EMPLOYEE RETENTION

According to Aptitude Research, one in three companies state that retention is a bigger challenge this year than before the pandemic. In the 2022 Bureau of Labor Statistics report, the overall turnover rate in the United States was 57.3 %, and employees earning wages and salaries averaged 4.6 years with their current employer. So, it comes as no surprise that retention has been the number one workforce priority for companies in 2023 (see Figure 1).

Figure 1: *Top Workforce Priorities*

49%
Improving employee retention

45%
Improving quality of hire

38%
Creating fair and inclusive work environments

36%
Creating agile and flexible work environment

32%
Adjusting to remote work

28%
Providing career development opportunities
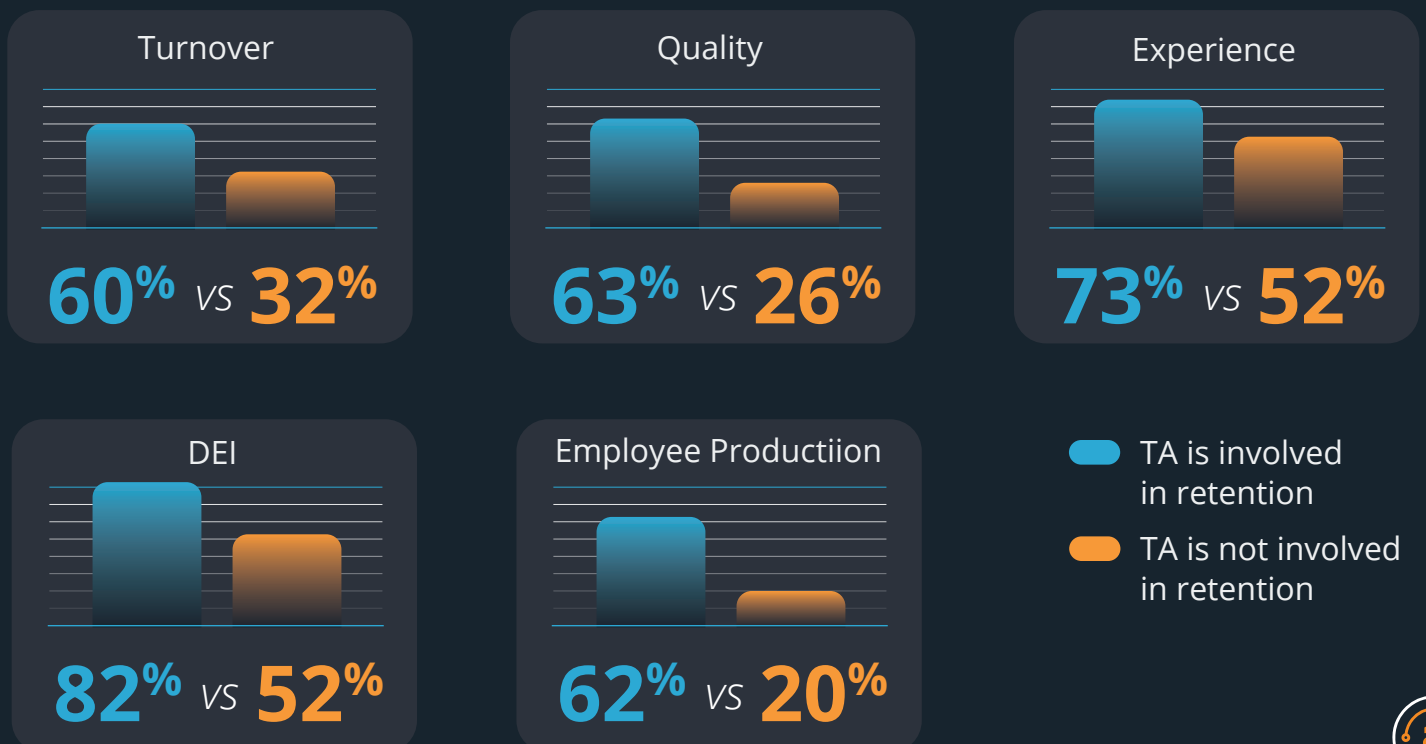
21%
Improving employee experience

Companies want to stay prepared, respond to unforeseen changes in the business, and reduce costs. Retention directly impacts an organization's stability, productivity, and long-term success. High employee turnover is not only costly but also disrupts operations, impacts growth, and can lead to a decline in employee engagement. In today's competitive labor market, where skilled talent is in high demand, retaining key employees is crucial for maintaining knowledge and innovation. It gives companies a competitive advantage. Moreover, a loyal and engaged workforce tends to be more committed, leading to improved productivity.

The focus on retention reinforces the importance of skills-based strategies such as internal mobility and strategic workforce planning. Over 70% of companies are increasing their investment in internal mobility to help improve retention efforts. And nearly one in two companies stated that they believe the top reason that employees leave is lack of career development opportunities.

Figure 2: *Top Reasons Why Employees Leave an Organization*

Lack of career developement opportunities	**46.7%**
Managers	**45.8%**
Lack of employee communication	**41.8%**
Lack of employee engagement	**39.3%**
Lack of support	**30.0%**
Unclear what skills are needed for the role	**28.5%**
Peers	**12.7%**

But as companies look at retention more closely and build out strategies to support a fair and engaging workforce, they often overlook a critical piece of the puzzle: talent acquisition. Retention starts with recruitment. Companies that invest in the right strategies and technology to hire the best talent will be more successful at retaining the right talent. This study found that when recruiting teams are responsible for retention, it improves along with employee experience and quality of hire (see Figure 3).

Figure 3: *Companies that link recruitment and retention see improvements in the following metrics*

Turnover
60% vs 32%

Quality
63% vs 26%

Experience
73% vs 52%

DEI
82% vs 52%

Employee Productiion
62% vs 20%

TA is involved in retention

TA is not involved in retention

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The following pages of this report will look at the relationships between recruitment and retention and the shifts companies need to make around how they approach data, technology, and metrics for success.

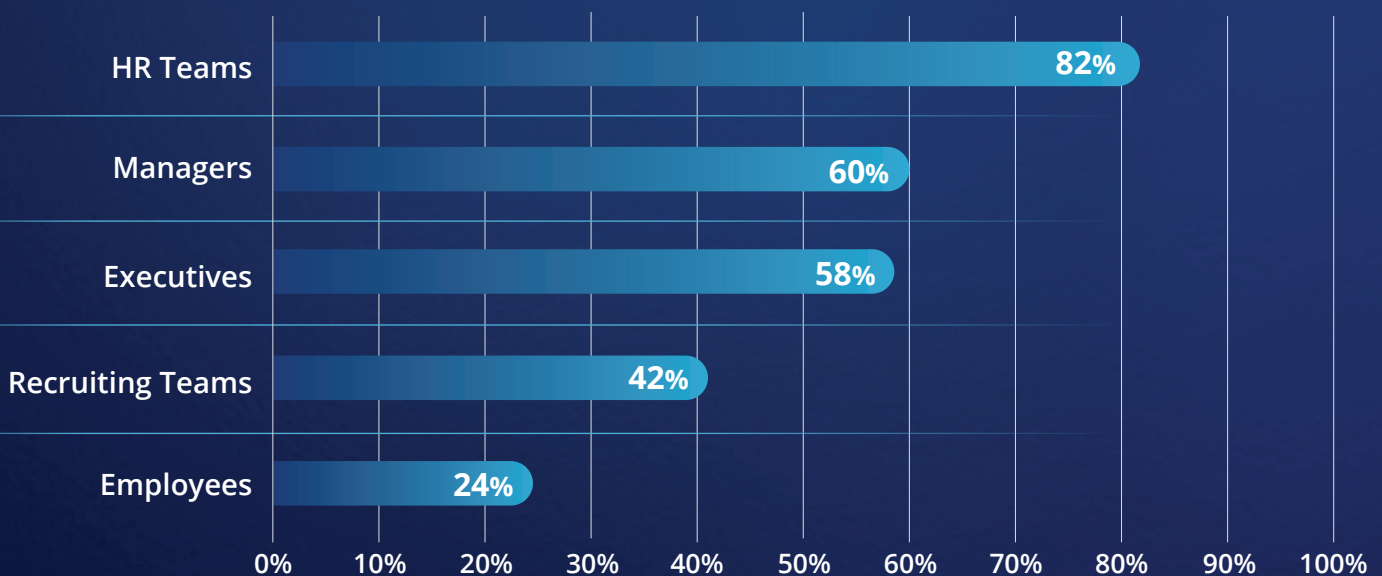# RECRUITMENT & RETENTION:
TWO SIDES OF THE SAME COIN

Recruitment and retention, though often viewed as separate functions within an organization, are undeniably intertwined, forming two sides of the same coin. To understand the significance of this relationship, it is important to understand that successful recruitment is the cornerstone upon which successful retention is built, and vice versa.

Unfortunately, most companies view recruitment and retention as distinct and at times conflicting priorities. When the labor market is strong, recruitment is a priority. When the labor market is weak, retention takes the focus.

According to this study, only 42% of companies state that recruiting teams have some responsibility for retention (see Figure 4). For most companies, retention is an HR or talent management metric and the sole responsibility of HR teams or individual managers. Furthermore, only 38% of companies believe that recruitment directly impacts retention. Recruiting teams are not incentivized or rewarded for retention so the tendency is to fill positions as quickly and as cost-effectively as possible.

Figure 4: *Key Stakeholders Responsible for Retention*

Stakeholder	Percentage
HR Teams	82%
Managers	60%
Executives	58%
Recruiting Teams	42%
Employees	24%

Why **Retention** Matters to Recruitment

The process of identifying, attracting, and selecting candidates not only determines who enters the workforce but also shapes the initial impressions and expectations of these individuals. An effective recruitment strategy aligns candidates with the company's culture, values, and mission, setting the stage for a strong relationship. It's the critical first step in ensuring that the right individuals, with the skills and mindset needed for success, become part of the organization.

Why **Recruitment** Matters to Retention

Conversely, retention is the sustained commitment of these recruited talents to the organization. It involves cultivating an environment that nurtures employee satisfaction, engagement, and loyalty. Retention strategies encompass a range of initiatives, from providing opportunities for professional growth and development to creating a supportive work culture. When done successfully, retention initiatives ensure that the talent brought in through recruitment not only stays with the organization but also thrives, adding long-term value.

A well-executed recruitment process helps companies recruit talent who are not only qualified but also aligned with the company's values and vision. This alignment increases the likelihood of retaining top talent, as employees are more likely to stay committed to an organization that reflects their personal and professional aspirations. Conversely, effective retention strategies make it easier to see a return on the investment made during recruitment, as it reduces turnover and improves productivity and engagement.

Companies need a holistic approach to talent—one that recognizes the interconnectedness of these functions. Companies can achieve these goals by shifting their approach to focus on the role of the recruiter, data to drive decisions, technology impacting talent acquisition, and metrics to define success.

KEY STRATEGIES TO CONSIDER

Figure 5: *Top Talent Trends and the Impact on Recruitment and Retention*

Trends	Impact on Recruitment	Impact on Retention
Skills-Based Talent	Gives talent acquisition the opportunity to better understand the potential, interests, and learnability of talent to impact not only hiring decisions but retention and engagement as well.	Gives companies are clear vision into their workforce and provides a more personalized and meaningful employee experience.
Strategic Workforce Planning	Gives talent acquisition the ability to plan for talent needs, respond to requests from the business, and more accurately understand the supply and demand for talent. A successful strategic workforce planning approach impacts both recruitment and retention.	Gives companies a better idea of their workforce needs so they are not making knee-jerk reactions and decisions around talent, reducing the number of mass layoffs, and providing more visibility to business leaders and employees.
Internal Mobility	Gives talent acquisition a broader talent pool to recruit quality hires and align more closely with workforce priorities.	Gives employees career development opportunities and personalized experiences.

To fully embrace these trends and connect the dots between recruitment and retention, companies must shift how they approach the role of the recruiter, embrace data that is driving decision-making, and invest in the right technology enablers.

SHIFTS IN THE **ROLE OF THE RECRUITER**

As talent acquisition becomes more complex so does the role of the recruiter and the recruiting function. Recruiters must juggle multiple hats to be successful. No longer just focused on relationship-building or administrative tasks, the modern recruiting function requires a new set of skills and competencies that often seem contradictory. Talent acquisition professionals must be able to build long-term relationships with candidates, interpret data, market their employer brand, and consider areas such as internal mobility, strategic workforce planning, and contingent workforce management.

One reason that recruiters have not embraced this modern role is that they do not understand what it is or what they need to do. Most companies do not train, incentivize, or motivate recruiters to manage modern tasks. Yet, recruiters and recruiting departments tend to fall into the same patterns and routines, even when those routines are not bringing results. Additionally, companies do not provide recruiters with the resources or insights they need to be successful. Eighty-four percent (84%) of recruiters surveyed for this report stated that they do not have the tools they need to do their job well.

Many of the new responsibilities placed on recruiting teams require them to think critically about retention including skills, internal mobility, strategic workforce planning, and contingent workforce management. Companies must create a new set of success measures and activities and tools to empower recruiters to achieve these goals. Unfortunately, many companies are not making the necessary shifts:

- Over 50% of companies were not measuring the ROI of their recruitment investments.

- 70% of companies stated that talent acquisition is still viewed as a cost center.

Talent acquisition in a modern organization is less about filling positions and more about driving business outcomes. While this presents new opportunities for talent acquisition departments to align with business goals, it makes talent acquisition feel overwhelming.

84%
of recruiters surveyed for this report stated that they do not have the tools they need to do their job well.

SHIFTS IN **DATA AND ANALYTICS**

Talent acquisition success depends on how companies approach data. Too often companies make decisions based on intuition and bias instead of on objective data. Data management is the most critical step that companies need to make to better link recruitment and retention.

Organizations will not be able to understand or improve quality of hire until they understand what it means for their organization. Currently, only 24% of companies have a formal methodology for defining quality of hire, a 2% decreased from research Aptitude conducted in 2020. As companies look to transform their talent acquisition efforts and ultimately retention, they need reliable and accurate scientific data.
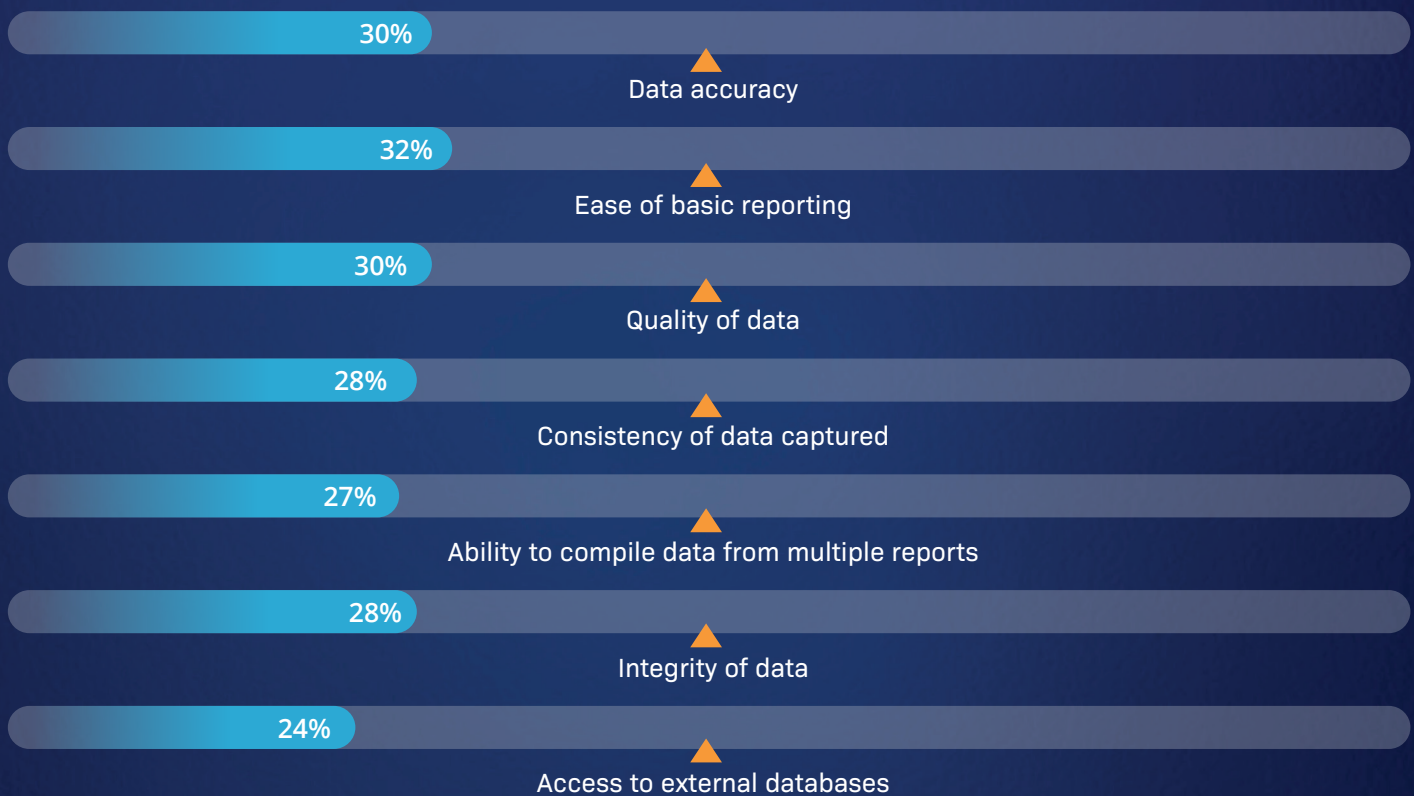
When companies do leverage scientific data to drive decisions, they see improvements in DEI, quality of hire, efficiency and experience (see Figure 6).

Figure 6: *Improvements through Scientific Data*
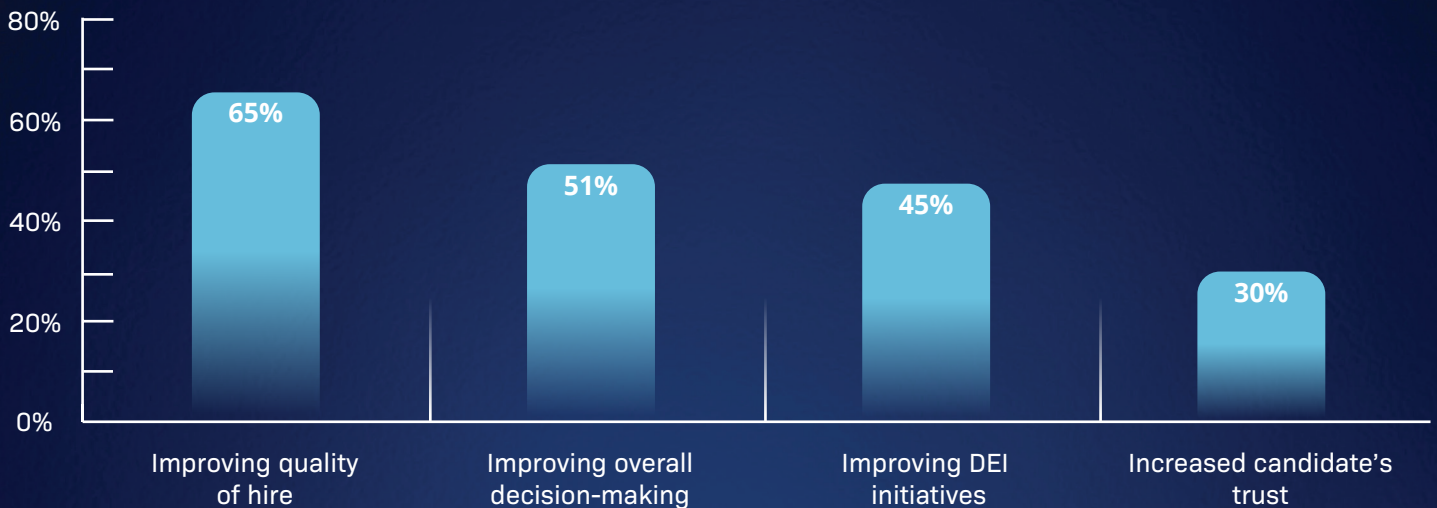
Companies must have a better understanding of the data they are using, the quality of that data, and where that data is sourced. With the number of different systems that companies are using and the influx of data over the past few days, most talent acquisition teams struggle to manage this data. The primary challenge companies face is not necessarily having too much data, but rather issues with accuracy and consistency. Aptitude Research found that less than one-third of companies are very satisfied with the accuracy, quality, and integrity of the data (see Figure 7).

Figure 7: *Satisfaction with Data Management*

30%	Data accuracy
32%	Ease of basic reporting
30%	Quality of data
28%	Consistency of data captured
27%	Ability to compile data from multiple reports
28%	Integrity of data
24%	Access to external databases

For many companies, data presents challenges when:

- **Data is not shared with hiring managers.** Sixty-seven percent (67%) of talent acquisition and HR professionals are not providing hiring managers with the right data to made decisions and only 32% of senior leaders are confident in the data that they have available to make decisions.

- **Companies do not maintain data:** Without a clear vision or strategy for data management, companies do not clean-up their data or check for accuracy often enough. ***One in two companies is measuring data accuracy and data quality once a year or longer.*** Many of the recruitment activities and systems are dynamic and change constantly. Companies need to ensure that they have a process for data refresh and enrichment.

- **Companies are not starting with the right data.** Companies often start with the wrong data. They start with resume or social profile data which can ignore certain candidates and include biases. This data and information are not necessarily an indicator of performance or quality of hire. By relying solely on the resume to make hiring decisions, companies can erode candidate trust and confidence in the hiring process.

Figure 8: *What Companies Want from Technology*

Capturing all hiring data to make better decisions — **25%**

Shrinking the hiring process — **24%**

Helping candidates with superior hiring experience — **22%**

Optimizing hiring effectivness with better science — **16%**

Reducing bias in the hiring process — **14%**

0%   5%   10%   15%   20%   25%   30%

SHIFTS IN **TECHNOLOGY**

For the past several years, efficiency remained the number one driver of investment in TA tech. 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 the candidate as well as 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 and 2024. One reason is the increased focus on retention. With more business leaders aware of TA tech decisions this year, recruitment serves as the first line of defense for turnover and identifying quality hires early helps organizations prepare for future needs. Quality of hire and efficiency can at times conflict, but companies looking at technology should not have to sacrifice one over the other.

Figure 10: *Key Drivers for Investing in Talent Acquisition Technology*
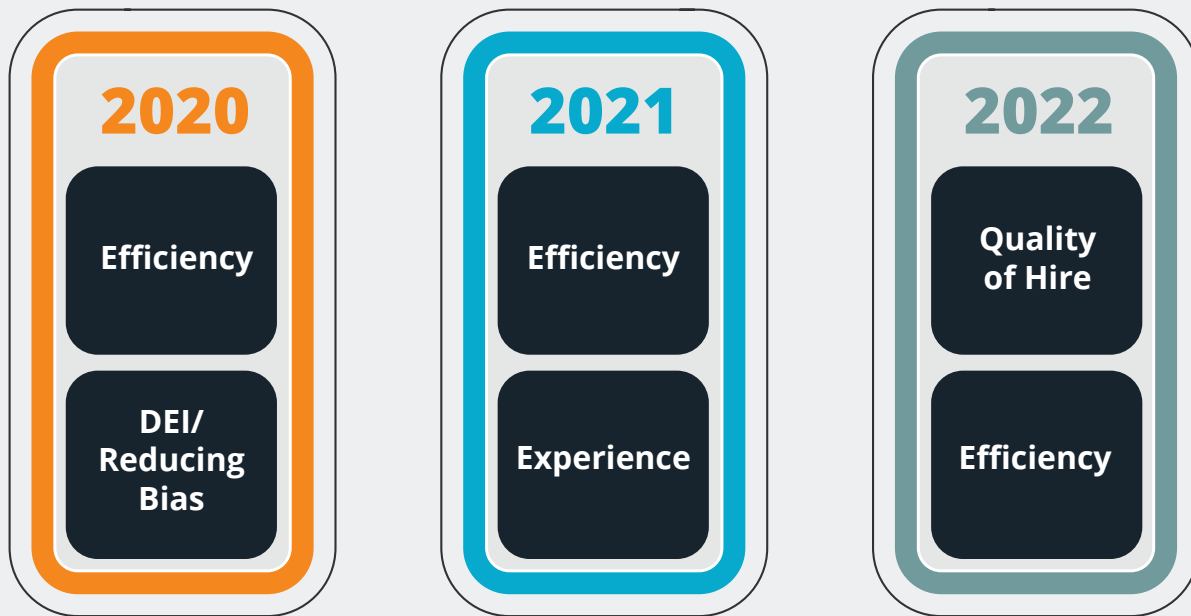
70% Quality of hire

68% Speed and efficiency

62% Candidate experience

31% Reducing Bias

PRIORITIES OVER THE PAST TWO YEARS

2020

Efficiency

DEI/
Reducing
Bias

2021

Efficiency

Experience

2022

Quality
of Hire

Efficiency

While quality of hire is certainly not a new concern, the responsibility has shifted from hiring managers to HR and talent acquisition leaders. Over 80% of organizations believe that quality of hire is a recruitment metric rather than a hiring manager metric. As a result, talent acquisition leaders are being held accountable for what happens beyond when a candidate accepts an offer.

Companies that improve quality of hire were:

5X more likely to see an improvement in first-year retention

4X more likely to see an improvement in first-year performance

In order for organizations to make gains in quality of hire they need to start with three strategies:

Define: How is quality of hire defined and how should it be defined?

Measure: How is quality of hire measured and what is the right formula for calculating quality of hire?

Improve: What strategies and technology can help organizations to not only measure quality of hire but improve it?

Technology that supports quality of hire helps companies with decision-making around talent from the time of the first interview to the time an offer is extended. These solutions provide the data and insights to help inform hiring teams, measure quality of talent, and provide data that will inform retention as well.

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SHIFTS IN **METRICS**

Measuring employee retention in talent acquisition is critical for companies to assess their ability to retain talent and create a stable workforce. Several key metrics can help organizations track and improve employee retention early in the process:

Pre-Hire Metrics for Retention

Employee Turnover Rate: This is perhaps the most basic and important metric for employee retention. It calculates the percentage of employees who leave the company during a specific period. The formula is: (Number of Employees Who Left / Total Number of Employees) * 100.

Voluntary vs. Involuntary Turnover: Distinguishing between voluntary (employees leaving by choice) and involuntary (employees being terminated) turnover helps identify the reasons behind departures. Addressing voluntary turnover is often a priority.

Retention Rate: This metric is the inverse of the turnover rate and calculates the percentage of employees who remain with the company over a specific period. The formula is: (Number of Employees Who Stayed / Total Number of Employees) * 100.

Employee Satisfaction and Engagement Surveys: Regular surveys can help assess employees' satisfaction and engagement levels. High satisfaction and engagement are often associated with lower turnover.

Retention by Department or Team: Analyzing retention rates by department or team can help pinpoint areas of concern and tailor retention strategies to specific groups.

Post-Hire Metrics for Retention

New Hire Retention: Track the retention of new hires specifically, typically within their first year. High turnover among new hires can be indicative of onboarding or cultural issues.

Quality of Hire: This measures how successful someone will be in a role based on pre-hire and post-hire indicators.

Time-to-Fill Open Positions: This measures how long it takes to replace employees who have left. A longer time-to-fill can indicate recruitment challenges and potential negative impacts on the team's productivity.

Promotion from Within: Track the percentage of leadership positions filled by internal promotions. A high rate can indicate that employees see opportunities for growth within the organization.

Training and Development Participation: Employees who participate in training and development programs are often more engaged and committed. Track participation rates as an indicator of retention.

Job Performance Metrics: Assessing employee performance, achievements, and contributions can provide insights into their satisfaction and likelihood to stay with the company.

Companies should select a combination of these metrics that align with their goals and industry. Regularly tracking and analyzing these metrics can help identify trends, potential problems, and areas for improvement in employee retention efforts. Additionally, it's essential to take action based on the insights gained from these metrics to enhance the following metrics:

Productivity: High employee retention reduces the need for constant training and onboarding, allowing employees to focus more on their core tasks and responsibilities. Retained employees are often more efficient due to their familiarity with company processes and systems. Lower turnover rates result in decreased disruptions in workflows, maintaining a stable work environment that enhances productivity.

Engagement: Longer employee tenure is associated with a sense of belonging and trust, contributing to higher engagement levels. Engaged employees are more likely to collaborate effectively and remain motivated. A culture of retention sends a positive message about the organization's commitment to its employees' well-being, further boosting engagement.

Diversity, Equity, and Inclusion (DEI): Employee retention is closely tied to DEI efforts, as an inclusive environment that values diversity is more likely to retain employees from diverse backgrounds. High retention rates among underrepresented groups signal a commitment to creating an equitable workplace, promoting diversity at all levels. Inclusive workplaces with low turnover can attract a more diverse talent pool, enhancing the organization's reputation and fostering innovation through diverse perspectives.

CONCLUSION

The relationship between recruitment and retention is the backbone of a successful and sustainable organization. These two facets are not isolated processes but rather two sides of the same coin. Effective recruitment strategies lay the foundation by bringing in top talent, while retention efforts ensure that this talent is nurtured, engaged, and motivated to stay. In today's competitive business landscape, organizations must recognize that investing in both recruitment and retention is not an option but a necessity. It is a continuous cycle where a well-crafted recruitment strategy seeds the potential for long-term employee commitment, which, in turn, fuels the organization's growth and success. By embracing this holistic approach, companies can create stronger, more resilient workforces and position themselves to thrive in a changing marketplace. The key to lasting prosperity lies in understanding that recruitment and retention are not opposing forces but rather complementary elements essential for achieving organizational excellence.

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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 **www.AptitudeResearch.com** or connect with us on **Twitter** or **LinkedIn**.

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