

RPO and the Segmented Workforce

Understanding Your Skills Gap

What's in it for me?

The state of hiring is in a crisis – Skills gaps are growing more persistent despite ‘quality hires’ entering the organization. The good news is that your investment in RPO is about to pay off in a big way.



36% of companies find that they can reduce the cost of hiring with RPO.



41% of companies leverage RPO to handle a large number of applicants



81% of Best-in-Class companies find RPO helps to fill skills gaps.



82% of Best-in-Class companies leverage RPO to build and maintain successful talent pipelines.

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What does the workforce look like? Why might the employment picture not be as healthy as we are led to believe, and what does that mean for employers?

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How is RPO a Best-in-Class resource to answer the challenge?

4. Understanding Aberdeen's Analysis

A reference guide to understand 'Best-in-Class'

A Common Theme

Applicants know the job market, but increasing numbers of employers do not. Changes in candidate demands, especially in the learning and development arena, are reshaping how employers need to assess their incoming workforce.

The old standards simply do not measure up anymore and the best way to stay ahead of the curve is by engaging resources that can adapt to change, scale easily, and stay on top of changing trends in the labor market.

The State of the Workforce: 2018-19

The Job Market

Georgetown University Study (2014)

Job Openings

A recent GU study expects there to be 55 million new jobs through 2020. Within that number, 44% will come from newly created jobs, 25% will come from generational retirement, and 31% will come from employee turnover.

Education

As employers face this variable landscape, they are expected to require advanced levels of specialization for 65% of these roles.



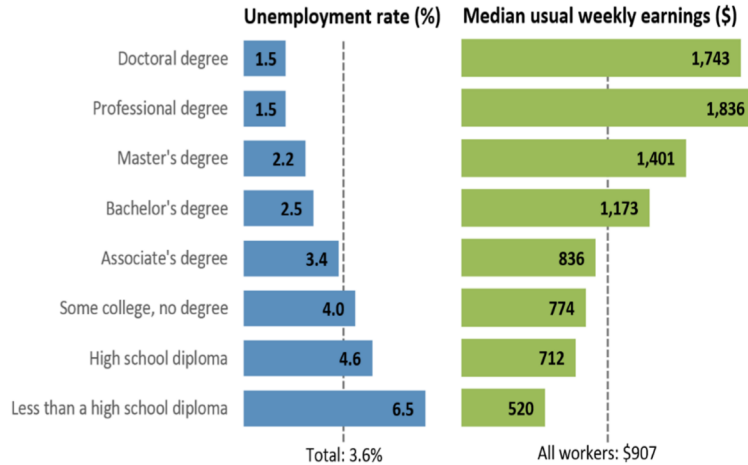
Job Realities

National Center for Education Statistics (2018)

Applicants know the job market, but increasing numbers of employers do not. Stagnation is accelerating requirements for specialization, creating jobs faster than formal training can adapt to the new requirements.

New jobs mean formal training is rapidly outmoded. Employers must sponsor more training for employees to fill emerging skill gaps. Employers still equate degree differentiation with increased hire-ability despite little empirical evidence to support that. Meanwhile, younger generations are scaling back on formal education, as costs have risen 1,884% since 1970.

Unemployment rates and earnings by educational attainment, 2017



Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.
Source: U.S. Bureau of Labor Statistics, Current Population Survey.

Employers want highly trained people...

... but highly trained people want competitive pay and growth opportunities – they know their worth and the talent market.

Wages may be rising, but net incomes are declining. Net earnings shrink as multiple training certifications are achieved leading more candidates to want the company to pick up the tab on training and development. Specialization is not automatic per academic degrees.

The Job Description

EMPLOYER PERCEPTION

- Bachelor's degrees indicate a certain level of life experience and specialty.
- 60%+ of younger generations have a bachelor's degree - master's degrees indicate differentiation
- All entry-level candidates should have 2-5 year's experience
- Unpaid initiative comes before pay raises

EMPLOYEE RESPONSE

Classic employer perception is weeding out good candidates. Employers need adaptable employees who are motivated behind the mission and vision of the company, and who will rise into a degree of specialization if the company invests in them.

The Truth About Talent

Every successive generation brings more college educated talent into the workforce.

As bachelor's-level education becomes more ubiquitous, it lacks differentiation. Internal hiring and vetting resources programmed around differentiation will fail to source top qualified candidates.

If internal resources and strategies do not adapt, more HR personnel will be needed to handle sourcing and vetting to differentiate between candidates coming in with the same base requirements. To resolve this, employers are focusing more on culture and training options than on independent placement.

Headline: Low Unemployment

Unemployment has fallen from 10 percent at its peak in October 2009 to 4.1 percent, the lowest level in nearly two decades. - [Federal Reserve](#).

Newsflash: Increased Hiring & Rising Wages

In September 2018 alone, there were 7.0 million openings and 5.7 million hires in the US. - [Bureau of Labor Statistics](#)

Is it real?

The U.S. economy is growing at 3.5 percent, or double its estimated potential. - [Goldman Sachs](#)

Aberdeen has still found that:

- **84%** of companies are pressured by skills gaps
- **95%** fail to recruit high-quality talent

What is going on?

Organizations are not getting the type of talent they want. Generationally, the workforce, and in fact employers themselves, are divided over how to bridge skills gaps as the demand for higher degrees of specialization grows.

There is a Disconnect



An increasing number of new and relevant talent pools are being ignored in favor of what is known and familiar from previous workforce generations.

38% of companies are still defaulting to baby boomers for 30-50% of their talent pools despite this pool shrinking year-over-year.

83% of companies forego targeting passive talent in younger talent pools to continue 'what has always worked' even if that methodology is a dead-end.





The Talent Market is Vague

More than 70% of employers fall back on the national outlook to justify empty positions. Empty positions justify their hiring strategy in that it is just too difficult to source qualified talent from shrinking, relevant talent pools.

The Fed's unemployment rate does not balance active vs. passive participation and it does not accurately reflect passive candidates who may have left the workforce. **For employers, reaching into these talent pools cross-generationally is all the difference when closing skills gaps.**



Problems Persist

‘Water, water everywhere, and not a drop to spare’ – Coleridge

78% of companies fail to recruit top-quality talent

53% of companies cannot support a talent pipeline because of perceived shrinking talent pools

46% of companies fail to evaluate employee development potential in the hiring process



Answering the Challenge



The Challenge

Q: What do you do when internally you do not understand how to hire?

Q: What happens when your analysis figures are not reliable?

Q: How do you reach both active and passive candidates without writing anyone off?





The Challenge

Q: What do you do when internally you do not understand how to hire?

Aberdeen has found that **68% of Best-in-Class companies** turn to an outside subject-matter-expert to guide their hiring strategy from branding to onboarding.





The Challenge

Q: What happens when your analysis figures are not reliable?

Aberdeen has found that **68% of Best-in-Class companies** engage an outside partner to access more credible and unbiased industry labor data.





The Challenge

Q: How do you reach both active and passive candidates without writing anyone off?

Aberdeen has found that **68% of Best-in-Class companies** seek out a market partner that understand how the active and passive workforces are different, and how candidates in both segments source available jobs.





The Challenge

Aberdeen has found that **68% of Best-in-Class companies** partner with a recruitment process outsourcing (RPO) partner.





RPO Pulls Ahead

42% of companies that engage an RPO provider do so to revamp their hiring strategy and to take advantage of the external knowledge and resources that an outside SME provides.





RPO Pulls Ahead

41% of companies realize an easier time prioritizing talent within a solidly constructed talent pipeline, when partnering with an RPO firm, which guarantees a flow of ready, qualified candidates.





What does RPO do better?

The top features that Best-in-Class companies find that RPO partners do better than they could do in-house are:

- **Candidate credentialing**
- **Candidate sourcing and screening**
- **Talent and career branding**





Best-in-Class use RPO to:

Brand for talent acquisition: *Execute the best strategy to reach deep into the active and passive workforce for the best persona, culture, and job skills matches*

Source Candidates: *Wider talent pools with a deeper understanding of the real state of the workforce*

Maintain a Talent Pipeline: *Support a steady stream of top, vetted talent with or without openings*

Screen & Verify Candidates: *Best practices for identifying best candidate matches and verifying their skills and credentials claims*

Schedule & Manage Interviews: *Reduce the burden on HR staff and hiring managers early in hiring*



RPO Provides Value

RPO Helps the Best-in-Class

Functional Enhancement	Use RPO	No RPO
Account for internal and external factors	53%	25%
Strategize around known performance metrics	44%	33%
Brand for top talent and assess for matches	44%	17%
Integrate candidate metrics into early performance measurement tools	31%	42%
Build, support, and maintain the talent pipeline	29%	0%
Assess candidate development potential	19%	0%

RPO partnerships are improving accountability in the Best-in-Class definition of top talent while helping the Best-in-Class brand for top talent matches and maintain a steady talent pipeline.



RPO Pulls Ahead

Companies that partner with an RPO provider are **59% more likely** than those that do not to be able to establish a populated talent pipeline for their open positions.





RPO Pulls Ahead

RPO users are **17-20% more likely** than non-RPO users to find that more than 50% of their workforce is top quality.



RPO Pulls Ahead

When the Best-in-Class use RPO, they are **1.6 times more likely** than their talent acquisition competitors to hire one of the top 3 candidates identified and vetted for a role more than 50% of the time.



The True Benefits of RPO



01.

Strategy

RPO provides a partner for building a talent acquisition strategy that truly responds to true labor market conditions.

An RPO call-to-action is to understand the market so that recruitment practices improve and more value is delivered to the client-partner.

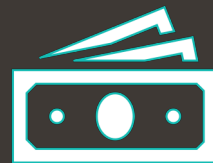


02.

Understanding

RPO understands the state of the workforce better than someone on the inside of your organization looking out.

The 'O' in RPO is misleading as RPO providers are partners in arms, not a replacement for your recruitment teams.



03.

Value

RPO users realize reduced turnover, increased tenure, and stronger workforce developmental potential.

Companies that partner with an RPO provider are able to hone in on top talent despite preventative labor market characteristics.

ABERDEEN Analytics



Aberdeen Maturity Class Framework

Defining the Best-in-Class

Selected Performance Criteria (KPI)

Organizational Goals

Employee Performance

Bench Strength

Total
Respondents

Best-in-Class
Top 20%

Industry Average
Middle 50%

Laggard
Bottom 30%

Respondents are scored individually across KPI

PACE: End-User Investigation



PRESSURES

What is causing organizations to think differently?

External and internal forces that impact an organization's market position, competitiveness, or business operations.



ACTIONS

What strategies are they using to respond?

The strategic approaches that an organization takes in response to industry pressures.



CAPABILITIES

Why are they achieving greater success?

The business capabilities required to execute corporate strategy.

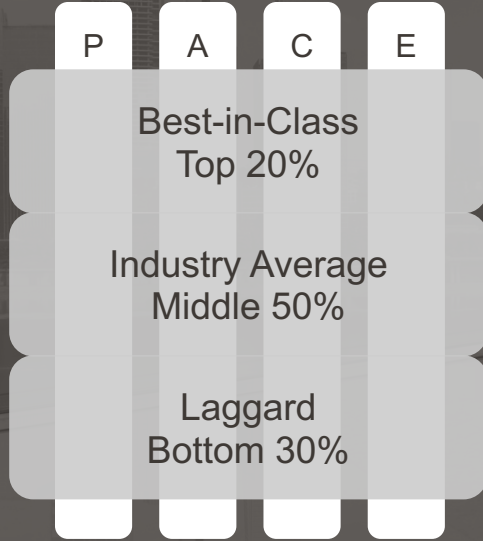


ENABLERS

What technologies and services are enabling them to succeed?

The key technology solutions required to support the organization's business practices.

Understanding What It Takes To Succeed



What You Need To Do To Become Best-in-Class:

What process should you have in place

What you need to measure

Organizational changes you might want to make

Data/knowledge management considerations

Technologies you should evaluate

RPOA



The RPO Association

The Recruitment Process Outsourcing Association is the leading professional association serving the global RPO community. Our members are talent acquisition professionals passionate about the impact recruitment process outsourcing has on individuals' satisfaction and organizations' business success.

Our great purpose is to advance, elevate, and promote recruitment process outsourcing as a strategic hiring solution for organizations seeking to reach their highest potential through their people.

We nurture a collaborative community where thought leadership can be created and curated to educate the marketplace about recruitment process outsourcing. We strive to be a globally recognized authority whose leadership, perspective, resources and expertise people turn to in order to best navigate the critical emerging and present talent acquisition issues affecting their business.



Questions?

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Thanks!

If you'd like to receive Aberdeen research to your inbox, please join our community by visiting www.aberdeen.com

For information and free resources on recruitment process outsourcing, visit www.rpoassociation.org

