

# *HRO Today* Research Flash Report Talent Acquisition Function in Need of Help

*HRO Today* Flash Reports are a series of ongoing research initiatives that address today's topics of interest in the HR community. *HRO Today* Flash Reports are focused briefs that can be used to support business decisions and further discussion among industry practitioners and thought leaders.

This report examines long-term plans for talent acquisition (TA) function, current satisfaction with TA infrastructure and the biggest challenges faced when optimizing TA technology. The report focuses on the North American market.

This study was sponsored by Sevenstep, though the sponsor of the study was not revealed to study participants.



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# Introduction

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Companies have identified that their current TA infrastructure will not be robust enough to meet long-term objectives. If 2020 and 2021 revealed anything, it's that organizations operate in a fast-paced global economy where technological innovation has hastened the pace of change. In 2021, \$19.8 billion were invested worldwide in HR technology<sup>1</sup>, with much of that specifically geared to TA. The vernacular of TA today incorporates many terms that were not essential just a few years ago: mobile, search engine optimization (SEO), video interviewing, social media, and talent networks. To meet the evolving needs of TA, organizations need long-term planning while meeting short-term goals, and TA infrastructure is a key component of achieving those goals.

## Methodology

Between February 8 and February 26, 2022, a series of emails were sent to subscribers of *HRO Today* magazine and *HRO Today* newsletters inviting them to take part in an online study. Study respondents were at the manager level or above within their human resources departments. Respondents were screened to ensure they were familiar with their company's TA infrastructure. The total number of usable surveys was 80, and respondents were from North America.

# Executive Summary

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This study revealed five key findings about HR leaders' views of their TA function.

- 1. Nearly two-thirds of organizations do not have a long-term TA infrastructure currently in place.** Despite the importance of fully realized infrastructure that enables long-term strategic planning, many organizations remain in a reactionary mode, failing to commit the resources needed to adequately meet their future objectives.
- 2. Organizations do not rate any single element of their TA infrastructure particularly highly.** Of all areas of capability considered, respondents valued their TA staff the highest, with over one-half (58%) considering it to be good or excellent. The ability to react to changing market conditions was rated second highest, with 53% rating it positively.
- 3. Current TA infrastructure is not equipped to meet future challenges.** Respondents were asked to self-evaluate how well their TA infrastructure is currently equipped to meet future challenges. Only one quarter (25%) were fully confident in their infrastructure, considering it extremely well or very well equipped. More respondents considered their infrastructure to be only slightly well-equipped or not at all equipped (37%) than well/extremely well equipped.
- 4. The focus of TA infrastructure is on short-term projects over long-term plans.** Over two-thirds (69%) of HR leaders feel their current TA focus is on short-term projects vs. long-term plans, and 58% feel the optimal mix should be more focused on short-term projects.
- 5. Hiring volatility, retention, and employee experience are the biggest challenges in optimizing TA infrastructure today and tomorrow.** Hiring volatility is the greatest TA challenge for today's organizations, with nearly two-thirds (64%) of respondents indicating it was a top challenge today and 57% anticipating it will still be top of mind tomorrow. Given current market conditions, it is no surprise that retention is also among the biggest challenges today for 60% of respondents, rising to 64% when thinking about the future. Employee experience is anticipated to grow the most as a challenge, rising from 30% today to 46% tomorrow.

# Detailed Findings

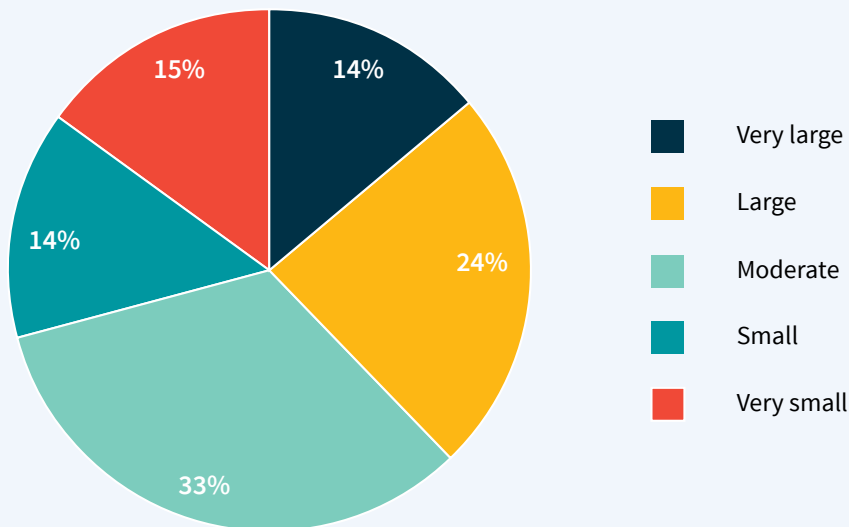
## Investment in long-term TA infrastructure

Respondents were asked to indicate the extent to which they have long-term TA infrastructure currently in place. Just over one-third (38%) have TA infrastructure in place to a large or very large extent. In fact, it's roughly evenly divided between those who indicated a large/very large extent, moderate extent, and small/very small extent.

Long-term infrastructure investment should include a robust, metrics-driven human resources information system (HRIS), which may or may not include a recruiting module, the knowledge to get the greatest benefit from the systems metrics, and the management of the company's employer brand. All this needs to be done in a cost-effective and efficient manner if the infrastructure is to be sustainable.

### Extent long-term TA infrastructure is in place

*To what extent do you have a long-term (more than one year) TA infrastructure in place?*



## Quality of TA Infrastructure

Study participants were asked to rate nine elements of their TA infrastructure on a scale of one to five, with one being very poor and five being excellent. Those who were not able to rate the element were excluded from the calculations shown below. Scores were modest across all nine areas examined. In total, the average score for current TA infrastructure was 3.4, which is not a high rating.

### Cautious Confidence in TA Staff

The chart below shows the percentage of respondents rating the respective components of their TA function as either “excellent” or “good.” They rated the quality of their TA staff most highly, with over one-half (58%) of HR leaders considering them to be good or excellent. However, only 20% considered staff as excellent, suggesting a possible misalignment of skills with job requirements and an overall need for greater headcount.

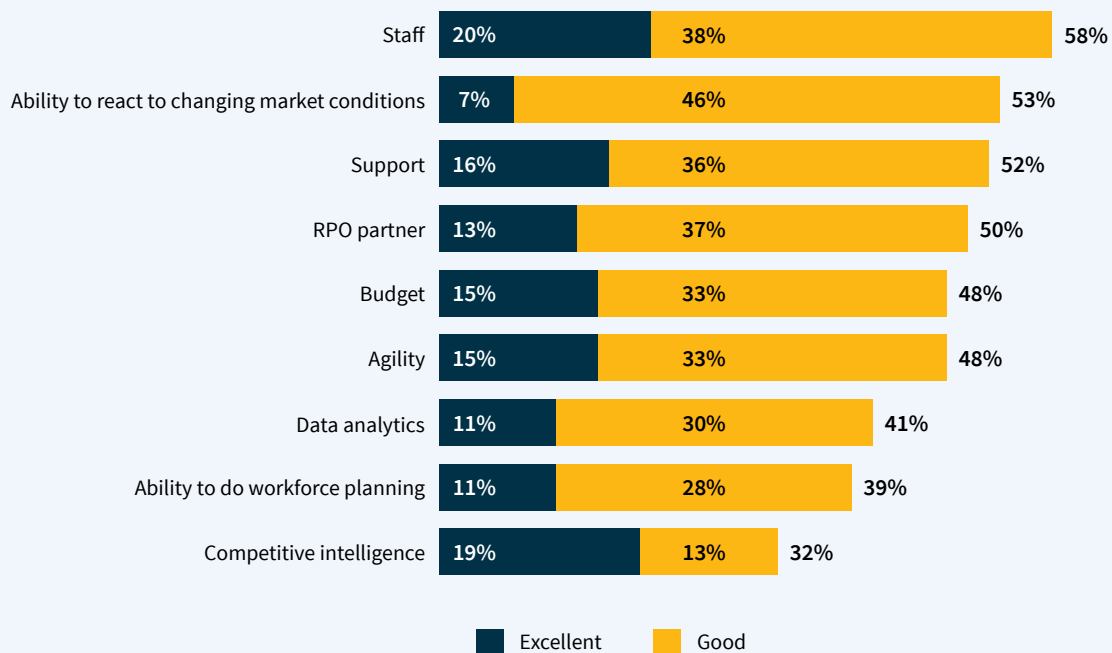
### Lack of Agility Is an Urgent Challenge

The ability to react to changing market conditions has certainly been a necessity since early 2020. In many organizations, mass layoffs were followed by a renewed impetus on DEI programs and later followed by worker shortages as the world tried to recover from the pandemic and supply line issues. However, only 7% of organizations considered their ability to be agile to be excellent, the fewest of any of the nine areas examined.

One-half (50%) gave support for TA infrastructure a rating of excellent or good. Support can include better technology to make data-driven decisions, budget, headcount, and focus. It includes internal stakeholders like the C-suite and IT support prioritization.

### Rating of Elements of TA Infrastructure

Please rate your TA infrastructure in each of the areas below.

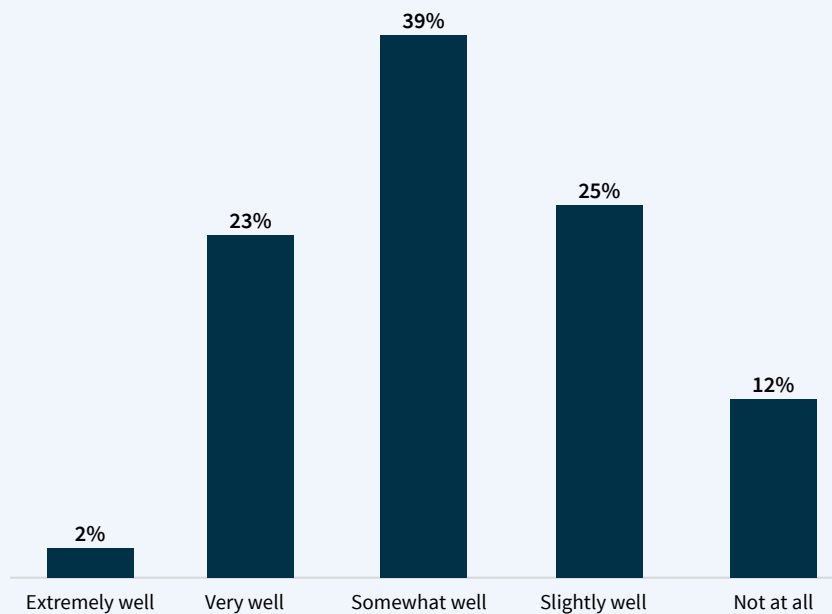


## How well TA infrastructure is equipped to meet future challenges

Respondents were asked to self-evaluate how well their TA infrastructure is currently equipped to meet future challenges. One-quarter (25%) felt their infrastructure is extremely well or very well equipped. More respondents considered their infrastructure to be only slightly well-equipped or not at all equipped (37%).

Future challenges include the need to better optimize social media for recruitment, which will require advanced system capabilities and recruiter expertise. Those same systems will have to provide meaningful reporting and metrics, optimize career portals, and fully integrate video for screening and interviewing. Only by optimizing these areas can an organization compete in what is a dynamic, fast-paced, and uncontrollable external candidate landscape.

### How well is your TA infrastructure equipped to meet future challenges?

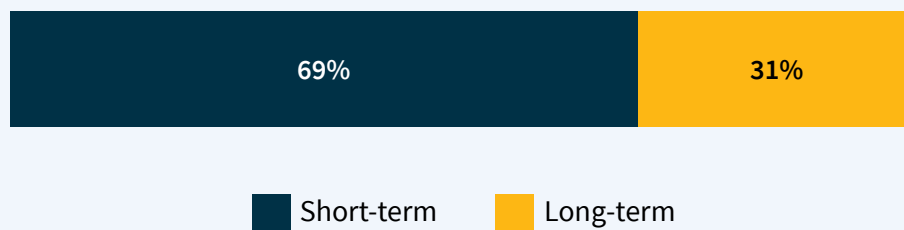


## A focus on short-term projects vs. long-term plans

Over two-thirds (69%) of study respondents feel their current TA function focuses on short-term projects vs. long-term plans. This focus is hardly surprising given the volatility in hiring over the last 24 months. Many organizations grappled with employee layoffs and furloughs in 2020, only to face enormous recruiting challenges in an extraordinarily tight labor market that shows no signs of abating well into 2022.

*To what extent does your TA function focus on short-term (less than 12 months) projects vs. long-term (more than 12 months) plans?*

Current Mix



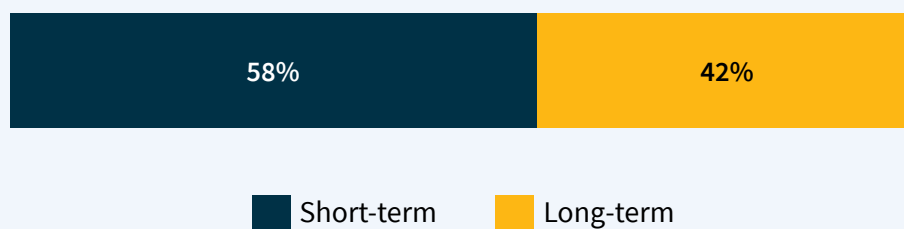
When asked about the optimal mix of short-term projects vs. long-term plans, most (58%) HR leaders still feel the focus should be on the short term, a change of 11 percentage points towards long-term plans when compared to the actual current focus.

It is an enormous challenge to meet current business needs while planning for long-term goals. Many business leaders are primarily focused on the short term, and often don't know what the long-term strategy is or what kind of talent will be needed to meet the goals of the strategy.

Organizations need to be agile enough to meet current talent demands while also looking to the future. Optimal TA infrastructure must be the result of robust workforce planning, but according to a recent study by *HRO Today*, there is a lack of confidence in workforce planning. The research shows that less than one-half (46%) of HR leaders are confident in planning their workforce.<sup>2</sup>

**What do you feel would be your optimal mix of short-term hiring projects vs. long-term plans?**

Optimal Mix





## Biggest Challenges in Optimizing TA Infrastructure

Survey respondents were asked about their biggest challenges in optimizing TA infrastructure today and those anticipated tomorrow.

**Hiring volatility** was the most cited challenge today, with nearly two-thirds (64%) of respondents indicating it was a current challenge and 57% anticipating it will still be top of mind tomorrow. Hiring volatility incorporates elements related to employee turnover, including leadership changes, layoff announcements, job posting trends, and job tenure trends.

The unemployment rate and number of job openings are macroeconomic measures that give insight into hiring volatility. In February 2022, both the unemployment rate, at 4%, and the number of unemployed persons, at 6.5 million, changed little from January.<sup>3</sup> Both of these measures are very low by historic terms.

**Retention** is also a major challenge, with 60% of respondents saying it is a challenge today and 64% concerned about tomorrow. This concern is very justified. In 2021, over 47.4 million people quit their jobs in the U.S. alone, with a similar trend in the EMEA and APAC regions. While millions of workers left jobs for cash incentives, better pay, or better benefits, people also left the labor market to care for children or elderly relatives during the pandemic.

Meanwhile, older workers retired early either because they could or because age discrimination forced them out of the labor market.<sup>4</sup> Looking forward, according to the economic projections of the Federal Reserve, the unemployment rate in the U.S. averaged 4.5% by the end of 2021 and continues to fall, reaching 3.8% in 2022 and 3.5% in 2023.<sup>5</sup>

**Candidate experience** was the third biggest challenge reported by HR leaders, with 43% of respondents indicating it is a current challenge. Given the low unemployment rates and extent of job changing in 2022, companies cannot afford to have a poor candidate experience or risk losing candidates to other companies eager to fill open positions.

**Employee experience** challenges are anticipated to increase for more HR practitioners than any other area examined, rising from 30% today to 46% tomorrow. Employee experience encapsulates what people encounter and observe over the course of their tenure at an organization and directly impacts retention.

Workers are hungry for trust, social cohesion, and purpose. They want to feel that their contributions are recognized and that their team is truly collaborative. They desire clear responsibilities and opportunities to learn and grow. They expect their personal sense of purpose to align with that of their organization. And they want an appropriate physical and digital environment that gives them the flexibility to achieve that elusive work-life balance.<sup>6</sup>

## Biggest Challenges in Optimizing TA Infrastructure (continued)

### Biggest Challenges in Optimizing TA Infrastructure Today vs. Tomorrow

Please indicate your three biggest challenges **today** in optimizing your TA infrastructure.

AND

Please indicate what you anticipate will be your three biggest challenges **tomorrow** in optimizing your TA infrastructure.



## What would take TA infrastructure to the next level?

Study participants were asked to state what would take their TA structure to the next level and were given the opportunity to write open-ended responses. Technology, headcount, and budget are the three major ways respondents believed they could take their TA infrastructure to the next level.

### Comments included:

“Better candidate experience from beginning to end. Using bots and AI to draw talent into pipeline.”

“Educating the organization that TA isn't a one and done, but constant exercise and creating the ultimate employee experience. We have been challenged over the past few years (started prior to COVID) and the pressures on the organization have continued. Finding balance while moving forward with plans is critical.”

“Top management’s willingness to possibly over-hire both in talent and in positions, to have a strong pool we can bring along over time.”

“Workforce planning, visibility for hiring managers, and reporting of internal metrics to identify bottlenecks and expedite hiring.”

“More staff to focus on proactive TA strategy for both long and short term.”

# Notes

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## About *HRO Today*

*HRO Today* magazine and newsletters are read by more than 140,000 HR executives and leaders worldwide and cover the latest industry trends in HR outsourcing, services, shared services, and operations. *HRO Today* magazine is the publication of choice for the most senior executives facing the strategic decisions about operational excellence. *HRO Today* magazine and [www.hrotoday.com](http://www.hrotoday.com) offer the best content choices for the HR leaders seeking online information in the form of newsletters, webinar series, and online video content. *HRO Today* is a product of SharedXpertise.

## SEVENSTEP

## About Sevenstep

Sevenstep is a global leader in total talent outsourcing and solutions. Annually ranked as a top enterprise recruitment process outsourcing (RPO) provider on *HRO Today*'s Baker's Dozen list and a leading managed service provider (MSP), Sevenstep provides services in nearly 50 countries spanning six continents. A bespoke suite of total talent services and solutions includes enterprise RPO, project RPO, MSP solutions, data analytics, employer branding, and talent attraction capabilities. Sevenstep's solutions are all powered by Sevayo Insights, a comprehensive talent and business intelligence technology platform and service designed to provide stakeholder visibility into TA and business performance.

Sevenstep's unrivaled partnership-driven approach and unbounded vision to total talent means TA wins and business performance gains. Learn more at [sevensteprpo.com](http://sevensteprpo.com)