

# THE FUTURE OF TALENT ACQUISITION

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## **SPONSOR PERSPECTIVE**

The talent acquisition challenge has never been greater—and the stakes for overcoming it have never been higher. Forward-thinking organizations have come to recognize talent as a critical component to growth. A more strategic role for the talent function isn't just something they are open to; it's something they expect. As talent acquisition leaders, our challenge is now meeting those expectations by making change happen.

Today, talent acquisition has to consider a variety of factors. Candidates have many different ways to connect with organizations, from social media to ratings and review sites to talent communities. Talent acquisition is responsible for articulating their employer brand across all these channels to attract the right talent.

In addition, the configuration of the workforce is changing. Labor categories such as hybrid, gig, and contingent workers, as well as independent contractors and freelancers are experiencing explosive growth. As a result, talent acquisition must now consider how candidates prefer to work and how best to present their opportunities—especially in a highly competitive landscape where top talent may be focused on one or two of the most sought-after employers in a particular market.

Last, but certainly not least, talent acquisition is no longer about simply filling open requisitions. It's about creating a workforce strategy that supports the organization's objectives under dynamic business scenarios. This involves examining the talent component of these objectives and analyzing what has to be done to accelerate competencies and the overall talent strategy in order to drive long-term business growth.

# THE FUTURE OF TALENT ACQUISITION

Talent acquisition teams are boosting their value—and increasing their influence—by finding new and innovative answers to an increasingly complex question: What’s the best way to get work done?

## OVERVIEW

Talent acquisition organizations are approaching an inflection point that promises to change their fundamental value to the enterprise. This transition—fueled by profound changes in the workforce and by transformative digital technologies—presents talent acquisition leaders with an urgent opportunity to provide new, innovative solutions to the business problem of fulfilling work requirements. A company’s ability to be competitive, manage business performance, and execute strategy increasingly depends on its ability to manage its workforce strategically—that is, its ability to match a wide range of potential resources to rapidly shifting business requirements. This “total talent management” approach helps companies not only improve efficiency, but also promote growth and value generation in a business environment that increasingly rewards innovation and agility.

In light of this changing landscape for talent acquisition, Harvard Business Review Analytic Services surveyed 441 senior managers at leading global companies and conducted a series of interviews with prominent experts to explore the future of the talent acquisition function. We learned that senior executives recognize that meeting work requirements will require a concerted effort to manage the workforce strategically, including the mastery of a complex and swiftly changing combination of internal and external talent sources, technology, and process solutions. In addition, as the pressure builds from candidates and employees to be engaged by employers in their professional lives the way they are as consumers in their personal lives, many companies are seeking to provide innovative approaches to finding and executing work. Relatively few, however, have realized the full potential of leading-edge technologies to help do this.

Finally, as traditional workforce management evolves to become *work* management, the survey reveals that talent acquisition leaders have the chance to extend their influence and profile—and to establish their position at the heart of enterprise effectiveness—by leading the effort to leverage cutting-edge technology, innovative work approaches, and new workforce models to optimize labor resources. Read on for highlights and key takeaways from the survey and interview program.

## HIGHLIGHTS

### 80% agree

talent acquisition leaders have an opportunity to contribute value and extend influence by taking the lead on strategic workforce management.

### 70% agree

employees are using their increased leverage to demand to be treated at work the way they’re treated as consumers in their personal lives.

### 48% say

improving the use of analytics and machine-learning tools to uncover highly qualified job candidates is among the changes most likely to yield a substantial financial benefit.

## Strategic Workforce Management and the Talent Acquisition Function

### Sourcing and deploying a range of resources to address critical business requirements

At the most basic level, an enterprise's ability to grow and prosper—even its very existence—depends on its ability to get work done. Companies have long relied on a combination of human workers, machines, and external partners to do their work. But the nature of the workforce itself, and the technology and process solutions available, is changing. Once dominated by full-time employees, the workforce is now composed of a wide range of workers, from full-time staff to part-time and flex-time talent to free agents engaged on a project basis through temporary contracts. Meanwhile, advanced technologies are changing the face of work as more and more activities—even sophisticated professional judgments once thought to be the exclusive domain of humans—become amenable to automation. At the same time, the range and sophistication of outsourcing services is increasing, and new and innovative methods of integrating risk and performance considerations into outside business partnerships are expanding the range of work that can be effectively outsourced. “A huge shift is taking shape,” says Brian Jensen, global head of talent acquisition at Willis Towers Watson, a leading global advisory, broking, and solutions company.

“The rise of the free-agent workforce is on. Historically, when companies have had an opening, they’ve looked to fill it with a new FTE—a new cog in the wheel to keep the wheel moving. But today there are many excellent, qualified temporary workers who can be sourced through temporary services, as independent contractors, or through third-party vendors. Automation and outsourcing are also important to consider—more and more work can be done through technology, and more and more can be done in low-cost geographies. We need to look at work more holistically than we have in the past, and I think that really needs to get driven by the human resource function and by talent acquisition in particular.”

As these broad changes in the workforce place pressure on talent acquisition leaders to shift from a singular focus on employment to the full range of means now available for getting work done, senior leaders responding to the recent survey confirm that companies have much to gain from approaching their fulfillment of work requirements in more flexible, adaptable, and holistic ways. Eighty-four percent of respondents, for example, confirm that their companies would realize a substantial financial benefit by improving their ability to manage the workforce in a more integrated way across full-time employees, part-time employees, and free agents/gig talent, while 79% confirm that the ability to acquire talent to match rapidly changing business requirements will be “very important” to their organizations’ competitive position. [FIGURE 1](#)

“The shift is already happening,” says Angela Wesley, vice president and head of talent acquisition for diversified financial services firm TIAA. “In our view, it will only accelerate.”

### ORGANIZATIONAL CHALLENGES

Despite widespread recognition that a more holistic, strategic approach to meeting work requirements would be beneficial, senior managers responding to the survey acknowledge that substantial barriers stand in the way. The most prominent obstacles,

FIGURE 1

## KEYS TO COMPETITIVENESS

Percentage of respondents saying each activity will be important to their companies' ability to maintain their competitive positions over the next two years.



SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, DECEMBER 2017

according to survey results, are connected with organizational difficulties. “Organizational silos/lack of collaboration” is the most-cited barrier to strategic workforce management (58%), followed by other organizational issues, including a lack of understanding of the full range of available options (31%) and latent bias in favor of full-time employees among business unit leaders (26%). **FIGURE 2**

Companies may feel the pain of organizational silos and a lack of collaboration particularly acutely in this arena, because key stakeholders from a range of business functions each have a critical role to play in strategic workforce management. “One of the challenges is associated with split governance,” says Ravin Jesuthasan, managing director and global practice leader at Willis Towers Watson. “Right now, you’ve got procurement, which often manages managed service providers [MSPs] and outsourcing vendors. You’ve got HR and talent acquisition—who typically deal with full-time and part-time employees and occasionally with independent contractors or MSPs. And then you’ve got the strategy function that often manages alliances, and you may even have the business, which manages independent contractors and its artificial intelligence [AI] vendors.” That fragmentation of authority and responsibility is “causing significant inefficiency in organizations,” Jesuthasan says.

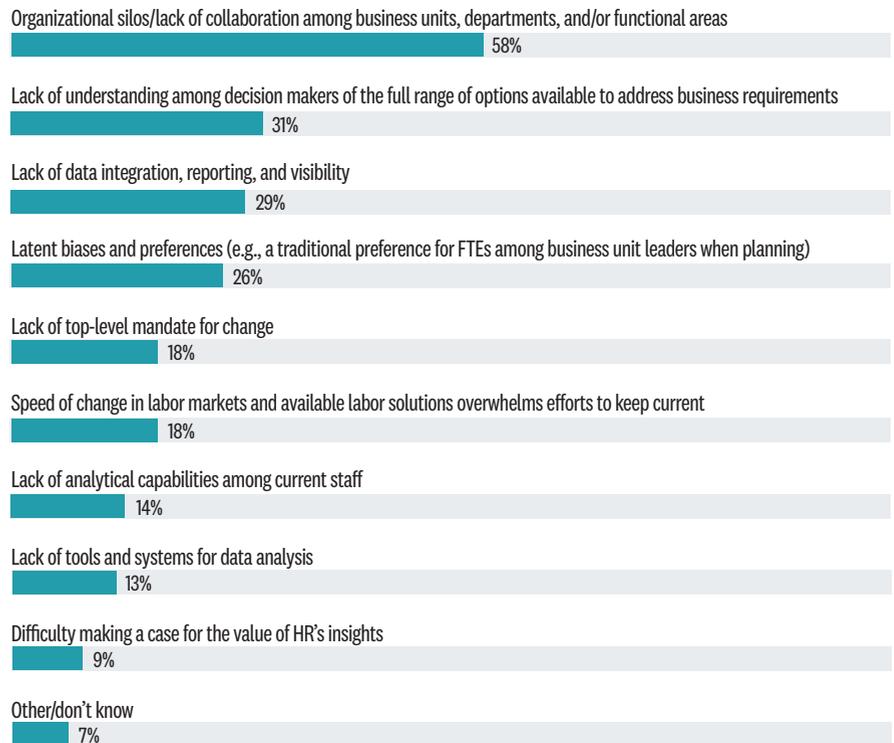
### A NEW FORM OF COLLABORATIVE LEADERSHIP

The solution to this fragmentation and inefficiency may not be, in many cases, the elevation of a single function to take command of strategic workforce management initiatives. Instead, these initiatives will be carried out by an ecosystem of critical stakeholders, each with particular insight into the complex optimization of various considerations, including speed to capability, cost, and risk. Among these stakeholders: talent acquisition teams, with their long history and expertise in acquiring external talent; procurement teams, which have considerable experience

FIGURE 2

## TOP BARRIERS TO STRATEGIC WORKFORCE MANAGEMENT

Percentage of respondents identifying each among the top three barriers to strategic workforce management at their companies.



SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, DECEMBER 2017

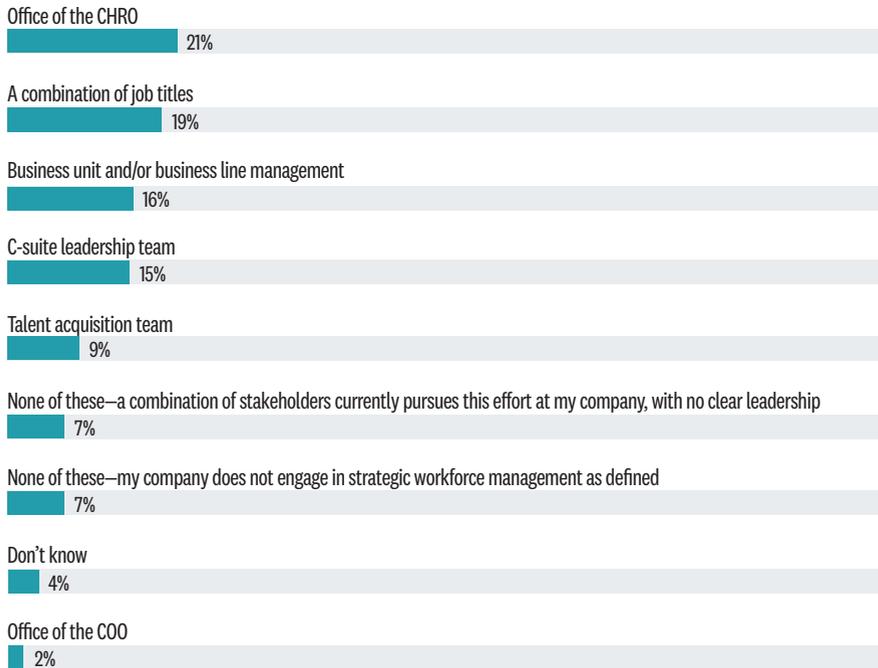
dealing with outside vendors; and strategy teams, which historically have been responsible for alliances and have the tools and management discipline to oversee them. Strategic workforce management calls for these groups to work together in a new kind of collective.

Survey results suggest that a divide in strategic workforce governance is, in fact, already at work at many companies. Across the population of survey respondents, the office of the CHRO is the most frequently cited leader of strategic workforce management (21%), but only by a narrow margin. The second-most-often-cited leader of strategic workforce efforts is “a combination of these and other stakeholders” (19%), followed by “business unit/business

FIGURE 3

## STRATEGIC WORKFORCE LEADERS

Percentage of respondents identifying who leads their company's strategic workforce management effort.



SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, DECEMBER 2017

line management” (16%). **FIGURE 3**

The reality for many companies, according to experts, is that strategic workforce management efforts are taking shape in the white spaces between functions. With this change comes the opportunity for each function to bring to bear highly developed, highly relevant dimensions of their respective disciplines to address a complex and evolving workforce-management challenge.

Although profound business changes can certainly lead to risk, they also give rise to opportunity. Survey results suggest that senior managers see an opportunity for talent acquisition leaders as companies increasingly adopt a more strategic approach to workforce management. Eighty percent of senior managers responding to the survey agree that “talent acquisition leaders currently have a substantial opportunity to contribute

value and extend their influence by taking the lead on strategic workforce management efforts at my company.”

But what might “leadership” mean in the context of an ecosystem of highly capable functions—each with highly relevant expertise and experience, and a clear stake in workforce management improvement? “Talent acquisition can’t lead this effort all alone,” Jesuthasan says, “but it does have a critical role to play in this new model of governance. Talent acquisition professionals understand how to match capabilities to the core needs of the organization. They understand cost benchmarking; they know what competitive pricing looks like. They understand risk, and they have the judgment to be able to strike the right balance between cost and quality.” In addition to the functional capabilities that talent acquisition can bring to the table, talent acquisition teams can contribute value by honing their ability to coordinate and influence their cross-functional counterparts. “Talent acquisition leaders should consider cultivating a toolset that would enable them to orchestrate this new strategic workforce management ecosystem,” he says. “Success will depend on the talent acquisition team’s ability to bring an ecosystem of the right people from procurement, the right people from strategy, and the right people from human resources together to be able to provide business leaders with sound advice and appropriate governance. I think an integrated, jointly owned toolset that enables business leaders to understand the cost, speed to capability, and risk implications of alternative work options is going to be critical.”

As a practical matter, “We have to fight against being siloed, and work together,” says Jensen. “I’m in charge of regular full-time hiring, and I partner with procurement on all of my contracting and temporary workforce needs. Meanwhile, the IT function has a few large contracts, and they’re looking for help from us in managing their statements of work. So, it’s all coming together. Different firms have different levers for collaboration, but they’re

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all there. And it's all about how the company can make optimal use of the variety of ways to get work done."

### Seeking an Edge in the Competition for Talent

Companies look to technology, process, and workforce innovations to recruit, engage, and nurture talent.

Although wage growth at a macro-economic level remains persistently low, many companies now find themselves in a fierce battle for certain categories of talent, partly due to the labor market tightening after a few years of sustained economic growth and partly due to rapid advances in technology. "The labor market is probably the tightest I've seen it in my career," says TIAA's Wesley, who's been working in talent acquisition since the late 1990s. "About 70% of our open positions are being filled with outside talent, and close to 90% of those new hires represent passive talent—people who were already employed." Data scientists are in particularly high demand, but, Wesley says, "anything IT related is a very tight market—you're down to maybe 2% unemployment in that field, and with technology changing so rapidly, it can be challenging to find people who are keeping pace with it."

Survey results suggest that employee leverage is growing as a result of the tightening labor market, leading to a growing consumerization of the employee experience. Fifty-five percent of survey respondents, for example, agree that employees at their companies are increasingly considered equivalent in priority and status to their customers. Even more respondents—70%—say that employees are using their increased leverage in a constricted labor market to demand to be treated at work the way they're treated as consumers in their personal lives. And it starts with the hiring process.

"We are seeing that job candidates from the Millennial generation don't necessarily want to complete

Survey results suggest that **employee leverage is growing** as a result of the tightening labor market, leading to a **growing consumerization** of the employee experience.

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a two-to-three-page application," says Jocelyn Caldwell, senior director for enterprise workforce planning and analytics at TIAA. "They want immediate feedback. They want to interview in a different way. So, technology becomes very important. We're having to look at making the candidate experience much more favorable for the candidate, much easier, simpler, faster, and more mobile, so we can entice the candidate to at least consider us."

TIAA has already made its career website mobile-ready, and is now looking to embed mobile technology even further into its recruiting processes to make them faster and more convenient, not only for job candidates but also for hiring managers. That may entail some training, though. "We have managers who aren't necessarily comfortable with the technology or with moving so quickly, and we have to work with them, through data, to help them better understand the key criteria that identify a good candidate, so they can start adopting more of a change mindset," Caldwell says.

Senior managers confirm that, in the competition for talent, companies will need to improve both candidate engagement and the range of work approaches available to employees. Ninety percent of respondents agree (62% "strongly") that their companies will need to substantially improve their approach to candidate engagement to attract Gen Y and Gen Z talent. Eighty-eight percent agree (59% "strongly") that their companies will need to substantially improve the range of innovative work approaches available to employees (e.g., project-based work, rotation programs, flexibility

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“Many of those business leaders are used to interviewing one way and receiving candidates from the same sources that have worked in the past. The entire organization needs to **adopt a change mindset** toward talent acquisition.” —Angela Wesley, TIAA

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and collaboration, development opportunities) in order to attract the best talent. “Employer branding is becoming ever more important,” says Jensen. “Anyone can find any job listing out there easily. But how can your company distinguish itself from the competition? Where skills are in high demand, that issue is even more acute. And you really need to know what that audience of potential candidates is about—how they tick, and what they like. The standard example of this relates to IT workers—they tend to enjoy working on projects, so they often prioritize the opportunity to work on a hot project or an interesting new technology. But there are other differentiators, like work-life integration—where you have very flexible work arrangements. That’s really important to some people. So you’ve got to know your audience.”

TIAA’s Wesley concurs, noting that her firm has “just completed an employment value proposition this year that ticks and ties with our company brand, mission and values, and is designed to attract talent.”

Talent acquisition groups and human resources functions more generally feel the pressure to compete for talent with personalized engagement efforts, tailored development programs, flexible work arrangements, and robust, consumer-level interactions. Yet reducing costs while improving performance will also be a central mandate. Making better use of technology and process solutions, including outsourcing, will be key to fulfilling that mandate, according to survey respondents. Sixty-eight percent of respondents say

that reducing costs and improving performance using automation for talent acquisition will be important to HR’s ability to meet its functional goals, while 54% confirm that reducing costs and improving performance using outsourcing will be important. “Talent acquisition—like so many other functions—is being asked to do more with less each year. It’s just a fact of life. So, you need to come up with smarter, better, cheaper ways to bring in the talent that you need. And technology is a key piece of that,” says Jensen.

With that in mind, how well are companies making use of technology and other innovative solutions to support talent acquisition? Although they recognize the importance of bringing a wide range of solutions to bear, few senior managers believe their companies are actually performing well at using a range of innovative people, process, and technology approaches to fulfilling labor requirements. Across the population, senior managers tend to rate their companies’ performance best for widely adopted technologies like using social media for recruiting and providing digital job applications. For leading-edge AI, machine-learning, and analytics-driven technologies, senior managers tend to rate their performance poorly. [FIGURE 4](#)

At the same time, senior managers most often say the innovative approaches most likely to yield substantial financial benefit are those that draw on advanced analytics and machine learning (52%), followed by improving the use of social media and other digital applications to uncover passive candidates (46%). Many respondents also cite improving the use of consumer-based marketing approaches to engage prospective talent among the innovative approaches most likely to yield a substantial benefit (43%).

If the benefits of pursuing technology and process innovations to improve talent acquisition seem clear to senior decision makers, what might be standing in the way of change? Some observers suggest that HR teams may be focused on downside risk at the expense of upside improvement.

“While some HR leaders are talking about bringing in new tools and new strategies aided by digital technology, many HR people are quite risk averse and unwilling to make changes,” says George Westerman, principal research scientist with the MIT Sloan Initiative on the Digital Economy. “It’s time for a fundamental rethinking of the HR function. Technology should do the repetitive tasks so that HR people can focus their time on creating value.”

Other experts agree that while some HR teams are proving themselves to be very adept at experimenting with technology and pushing the envelope of possibilities for recruitment and engagement, experimentation is not as widespread as it should be. “This change is truly transformative,” says Jesuthasan. “It’s hard to reverse 50 to 100 years of well-established practice.” The sheer speed of technology change is also an inhibiting factor. “Technologies are emerging very quickly. HR is taking a cautious approach, in part to avoid making a damaging choice that could hurt the company’s reputation as an employer and its overall employment brand,” Jesuthasan says. “Early adopters often face much greater risk than those who take a more deliberate approach.”

### Key Takeaways for Talent Acquisition Leaders

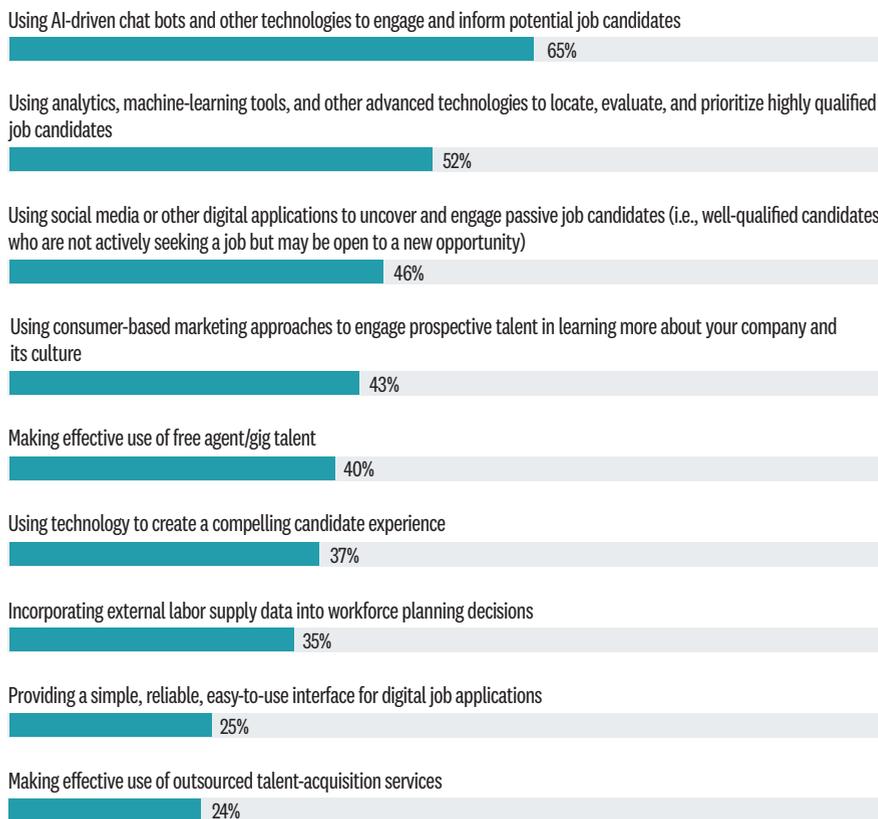
What key points should talent acquisition leaders bear in mind as they strive to capitalize on the opportunities offered by the changing workforce and the increasingly robust and sophisticated range of people, process, and technology solutions available to get work done? Experts offered these takeaways.

**Adopt a change mindset.** Talent acquisition and HR leaders can’t assume they can move forward by extrapolating from things that have happened in the past and making incremental change. Nor can they expect their colleagues in the workforce-management ecosystem to grasp the need for change without guidance. “Apart from what talent acquisition leaders do on their own, they also must be able to influence

FIGURE 4

## PERFORMANCE RATING FOR ADOPTED TECHNOLOGIES

Percentage of respondent choosing 1,2, or 3 on a 10-point, low-high performance scale



SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, DECEMBER 2017

other key business leaders,” says Wesley. “Many of those business leaders are used to interviewing one way, and receiving candidates from the same sources that have worked in the past. The entire organization needs to adopt a change mindset toward talent acquisition.”

**Take an expansive view on the workforce, the available solutions to achieve key objectives, and how they fit the business.** Talent acquisition teams need to change their focus from jobs to work, and to how best to get that work done by employing new and alternative approaches, including more widespread use of automation, non-traditional workers, and outsourcing. “It’s critical to develop knowledge of the range of different means for getting

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“The best talent acquisition leaders today also tend to be **excellent process improvement people.**” —Angela Wesley, TIAA

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work done, and the ability to articulate how that translates to the needs of the business model and strategies,” says Jesuthasan. “A high-level understanding—‘We’ve got a digital strategy so we need data scientists’—isn’t enough. It has to be in very specific activity, task, and skill terms.” Says Wesley, “Most frontline recruiters today are fairly tactical when they’re looking to fill a job. As a recruiting leader, I have to look at our business strategy and try to figure out how to back that into the job requirements. That’s an approach we’ll all have to embrace going forward.”

**Look for opportunities to improve the talent acquisition process itself.**

Focused on work rather than jobs, talent acquisition leaders have an opportunity to drive quicker, better decision making around workforce management and to add increased value to the enterprise. In many cases, this will require embracing new technology in every phase of workforce management—beginning, of course, with talent acquisition and the way the enterprise presents itself to, and invites dialogue with, job candidates. “Because of digital technologies, the information flow available today far exceeds what it was five years ago,” says Caldwell. “Talent acquisition’s ability to analyze and act on all that information is going to be revolutionary.”

**Be mindful about desired business outcomes—and risks.**

As companies strive to understand the optimal means to get work done from the range of options available, they need to focus on three key metrics, Jesuthasan says. “The first is speed to capability. We’re in an environment where competitive advantage is rapidly diminished. Being able to add new capabilities and to scale them up and scale them down

rapidly is essential.” The second, Jesuthasan says, is cost. “The absolute level of cost is important; the mix of fixed versus variable cost is critical. The greater the percentage of your cost that is variable, the more flexibility you have.” The third metric is risk, viewed in two dimensions. “First, how do we adapt the disciplines and tools we have for evaluating risk when work is done by employees, so we can evaluate the risks associated with an outside vendor, contingent talent, AI provider, and so on?” Jesuthasan asks. “The second is the rapidly rising risk of obsolescence in our organizations. As automation advances and increasingly proliferates different functions, we’re seeing the half-life of various skills shrink dramatically.”

**Develop the skills and the domain knowledge to effectively orchestrate the new strategic workforce management ecosystem.**

Talent acquisition professionals won’t be able to do all of this work on their own, but they will need to be able to help coordinate the collective efforts of everybody in the workforce management ecosystem, bringing together the right people from HR, procurement, and strategy, along with all the relevant tools and disciplines that each of these different professions can bring to bear. “The larger the organization, the more process-driven and more matrixed the structure starts to become,” says Wesley. “The best talent acquisition leaders today also tend to be excellent process improvement people, and that will only become more important in the years ahead.”

## METHODOLOGY AND PARTICIPANT PROFILE

A total of 441 respondents drawn from the *Harvard Business Review* audience of readers (magazine/newsletter readers, customers, HBR.org users) completed the survey.

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### SIZE OF ORGANIZATION

ALL RESPONDENTS' ORGANIZATIONS HAD 500 EMPLOYEES OR MORE.

<b>46%</b> 10,000 OR MORE EMPLOYEES	<b>15%</b> 5,000-9,999 EMPLOYEES	<b>28%</b> 1,000-4,999 EMPLOYEES	<b>12%</b> 500-999 EMPLOYEES
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### SENIORITY

<b>17%</b> EXECUTIVE MANAGEMENT OR BOARD MEMBERS	<b>38%</b> SENIOR MANAGEMENT	<b>34%</b> MIDDLE MANAGEMENT	<b>11%</b> OTHER GRADES
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### INDUSTRY

<b>12%</b> HEALTH CARE/ PHARMACEUTICALS/ LIFE SCIENCES	<b>10%</b> HIGH-TECH SOFTWARE/ HARDWARE MANUFACTURING	<b>7%</b> EDUCATION	<b>6%</b> FINANCIAL AND GOVERNMENT	<b>5%</b> OTHER INDUSTRIES
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### JOB FUNCTION

<b>17%</b> GENERAL/EXECUTIVE MANAGEMENT	<b>15%</b> HR/TRAINING	<b>12%</b> SALES/BUSINESS DEVELOPMENT OR MARKETING/ COMMUNICATION	<b>7%</b> IT/INFORMATION/ KNOWLEDGE MANAGEMENT	<b>6%</b> OTHER FUNCTIONS
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### REGIONS

<b>52%</b> NORTH AMERICA	<b>26%</b> EMEA	<b>14%</b> ASIA-PACIFIC	<b>8%</b> REST OF WORLD
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