



**The future of work:
Key drivers for RPOs
and MSPs in 2021**

Executive Summary

The massive upheaval in the labour market sparked by Covid-19 will have deep ramifications for years to come, transforming the future of work and recruitment.

Some of the UK's leading RPO and MSP executives attended the TALiNT Partners and Cornerstone virtual cheese and wine roundtable on December 2nd to discuss how related trends such as remote working and the acceleration of digitalisation would impact the sector in 2021, as well as other key factors such as IR35, diversity and inclusion, candidate experience, and increased demand for total talent solutions.

Co-hosted by **TALiNT Managing Director Ken Brotherston** and **TALiNT Employer Programme Director Debra Sparshott**, the event was attended by a wide range of leaders at the forefront of sector innovation, including several winners of the 2020 TALiNT TIARA Talent Solutions Awards.

The Remote Working Revolution

There has been a big shift in thinking since the first half of 2020, when the outbreak of Covid-19 and the UK's first national lockdown sparked a deluge of predictions of the death of the office. While the flexibility of remote working has undoubtedly benefitted many, the reality of working from home has not lived up to expectations for others – for example, young people living in cramped, shared inner-city flats – and there are concerns it could negatively impact on employee mental health and performance. Understanding the longer term implications of remote working and then being able to create effective talent attraction and retention strategies will be the most urgent challenge for many employers in 2021.

Service Value Prioritised Over Cost

2021 offers considerable opportunities for outsource providers to provide value-added talent solutions, such as services focused on internal mobility and succession planning. Employers with experience of outsourcing have become more appreciative of the value that RPOs and MSPs can provide on top of traditional recruitment services and increasingly are more concerned with return on investment than getting the cheapest deal.

Maximising Tech Value and Internal Mobility

HR tech is pivotal to greater workforce transparency – and savvy organisations are



Ken Brotherston,
Managing Director



Debra Sparshott,
Employer
Programme Director



Dawn Gibson,
Features Editor

adapting their existing tech stack to suit new conditions. Digitalisation across the full spectrum of TA and HR activities will be gain momentum as a pivotal trend during 2021.

Tech is essential in enabling companies to identify and optimise untapped internal talent, another big trend for 2021. However, margins are often skinny for RPOs, so they need to swiftly work out ways to more effectively monetise this service.

IR35 and the Contingent Workforce

RPO and MSP leaders viewed repeated delays to the introduction of IR35 laws as a blessing in disguise, giving employers the time to develop a better understanding of how changes would impact the management of contingent workforces. Consequently, IR35 will almost certainly end up being less disruptive than previously feared although one potential minefield is the way umbrella companies are skirting the rules to engage contractors.

Attracting Top Talent

Providing an improved candidate experience and a more diverse and inclusive workplace came to the fore in 2020, and these activities are seen as being even more important in 2021. However, the perennial challenge remains of balancing employers' aspirations with them making the necessary budget available to drive meaningful changes.

Conclusion

In the short to medium term, the flexibility and agility provided by RPOs and MSPs puts them in a prime position to help companies recover and adapt to the new reality of work, whilst creating new revenue streams for themselves through value-added services, especially in a market where many employers have reduced their internal TA teams. However, leaders in the sector must also keep an eye on market threats, as tech-enabled direct hiring continues to evolve and competition increases with more and more traditional staffing firms adapting their own models.

"It's not just about the lowest price, but about measuring higher quality, performance and retention. Clients want to have conversations with us about return on investment."

Louise Shaw
Director – Resourcing Transformation
Omni

The Future of Work: Key Drivers for RPOs and MSPs in 2021

As a tumultuous 2020 came to an end, some of the UK's leading RPO and MSP executives came together at a **TALiNT Partners and Cornerstone virtual cheese and wine roundtable** on December 2nd. During a lively discussion, they explored the big issues expected to impact on the industry in 2021 and beyond.

Key topics:

- Are we all going to be working from home for the foreseeable future?
- Do clients want RPOs and MSPs to deliver a broader range of recruitment services, such as support with internal mobility and upskilling?
- How ready are UK companies for the implementation of IR35?
- How are companies using HR tech to meet new challenges?
- How can recruiters meet client demand for improved candidate experience and D&I?

Co-hosted by **TALiNT Managing Director Ken Brotherston** and **TALiNT Employer Programme Director Debra Sparshott**, the evening provided a wealth of informed predictions about macro recruitment trends over the next 12 to 18 months, as well as tips on how forward-thinking recruiters can stay ahead of their competition.

The event attracted a wide range of leaders at the forefront of RPO and MSP innovation in the UK and internationally, including several winners of TALiNT's TIARA Talent Solutions Awards, held for the first time in 2020 to set a new standard of excellence for the RPO/MSP sector's achievements.

Participants included:

- Phil Lloyd, Client Solutions Global RPO & MSP, Cornerstone OnDemand

- Andrew Brown, Head of Recruitment Outsourcing Partners, Cornerstone OnDemand
- Andrew Wilkinson, Group Managing Director of EMEA & APAC, PeopleScout
- Craig Sweeney, Senior Vice President, Global Strategic Talent Solutions, WilsonHCG
- Chris Buckingham, Director, Avencia Consulting
- Lee Gudgeon, Managing Director, REED Talent Solutions
- Andrew Manning, Senior Vice President, Cielo Talent
- Matt Jones, Senior Vice President Global Operations, Cielo Talent
- Miles Stribbling, Marketing Director EMEA, Hudson RPO
- Oliver Harris, Global Managing Director, Page Outsourcing
- Rachel Marshalsea, Global Solutions Director, LevelUP
- Adam Shay, Global Marketing Director, Resource Solutions
- Louise Shaw, Director - Resourcing Transformation, Omni
- Rory Jeffcock, Managing Director, RTM
- Scott Siwicki, Group Client Solutions Director, Advantage Group UK
- Graham Day, Workforce Solution Architect, Gattaca Solutions
- Erica Titchener, Global Head of Technology & Talent Strategy Consulting, Talent Collective

The Remote Working Revolution

The evening began with a discussion on the evolution of employer and employee attitudes towards remote working.

There was agreement that there had been a big shift in thinking since the first half of 2020, when the Covid-19 outbreak and the UK's first national lockdown sparked a deluge of predictions of the

“Companies want a more integrated set of solutions that give them better visibility of their workforces. There are a lot of factors driving companies to look at their legacy tech to see if they have the breadth and visibility they need going forward.”

Andrew Brown
Head of Recruitment Outsourcing Partners
Cornerstone OnDemand

death of the office. By the end of 2020, despite further lockdowns, recruitment experts believed that the reality of working from home had not lived up to expectations for many.

While additional flexibility greatly benefitted many employees, such as parents returning to the workforce, it was unsurprising that younger workers typically preferred the stimulation of working in a vibrant city office tower to a cramped shared flat. One participant described how a group of young workers at his firm had eagerly returned to the office in June, declaring they never wanted to work from home ever again; the working day went more swiftly and was more enjoyable in an office environment, with a clear start and end to each day.

TALiNT Employer Programme Director Debra Sparshott pointed to the results of a recent TALiNT Benchmark survey, which found that, although employees had largely adapted to working well remotely, most employers were not keen to offer this full-time.

RPO and MSP leaders agreed that it was too early to determine the impact of remote working en masse, though there were indications that it could lead to poorer mental health and wellbeing, and reduced performance.

Employer attitudes vary depending on location. While working from home has become a standard practice in the UK and much of Europe, presenteeism continues to be a powerful influence in Asia. In North America, employers are hiring workers with the view that they may be working from home initially but should be prepared to return to the office as soon as practical.

Delivering a Total Talent Solution

After the economic and social upheaval of the past year, 2021 offers considerable opportunities for outsource providers to capitalise on their agility and flexibility at a time when many employers have reduced in-house HR and talent teams. Nevertheless, one of the enduring challenges facing the sector is pressure to operate at the lowest possible price point in order to remain competitive.

TALiNT Managing Director Ken Brotherston opened the second discussion point of the evening by asking, **“Are RPOs having more value-based conversations with their clients about their services in the wake of the changes brought about by Covid?”**

The answer was a resounding yes – though it depended on the maturity of the company in terms of its experience with outsourcing. While organisations working with an RPO for the first time were typically focused on bread-and-butter hiring, fourth or fifth generation clients were increasingly seeking total talent solutions, equivalent to what can be achieved by an in-house talent team. This involves a long-term partnership focused on complex initiatives such as workforce planning and driving the D&I agenda.

“Our existing customers are beginning to see that there’s more to our service than they first realised,” said **Chris Buckingham, Director at Avencia Consulting**. “We’re still seeing a deference to the in-house model, but that’s because in-house teams are not necessarily put under the microscope as powerfully as outsource providers. We see there’s market share to be gained, as companies understand



What will the best RPOs and MSPs focus on in 2021?

- Value-added services: internal mobility, succession planning, upskilling
- Strategies to better monetise value-added services
- Integrated digitalisation to improve workforce visibility
- Candidate experience
- Diversity & Inclusion
- Resilience as part of candidate assessment

the value that we can bring beyond recruitment.”

Louise Shaw, Director – Resourcing Transformation at Omni, agreed that more experienced clients were able to better appreciate business value. “It’s not just about the lowest price, but about measuring higher quality performance and retention,” she said. “Clients want to have conversations with us about return on investment.”

Maximising Tech Value and Internal Mobility

HR tech is playing a pivotal role in greater workforce transparency – and organisations do not necessarily need to spend a fortune on new tools to reap the benefits. While the beginning of the pandemic exposed organisations that did not have the capability to easily adapt to remote hiring or working, the latter half of 2020 has shown that companies can effectively adjust their existing tech stack to cater for changed labour market conditions.

A continued focus on digitalisation across the full spectrum of TA and HR activities will be an ongoing trend during 2021.

One area where talent tech is proving essential is helping companies identify and maximise internal talent – and outsource providers are in a prime position to capitalise.

Page Outsourcing Global Managing Director Oliver Harris said the trend was fuelled by skills shortages and companies searching for skills which could not be found via job titles. “If you’re going to have to train someone to do the role, you might as well look at your internal pool first,” he said. “Internal mobility is a standard

vanilla part of the offering, expected from day one, by the most advanced buyers of outsourced solutions. It’s not necessarily a significant evolution of the market; it just depends on the type of client you’re liaising with.”

Despite this clear demand for support with internal mobility and related areas such as upskilling and retraining, skinny margins mean outsource providers need to swiftly work out ways to more effectively monetise value-adding services.

IR35 and the Contingent Workforce

RPO and MSP leaders viewed repeated delays to the introduction of IR35 laws – now due to come into effect in April 2021 – as a blessing in disguise, giving employers time to develop a better understanding of how the changes would impact on contingent workforce management. “When it comes to procurement, people are asking much better questions this year versus last year,” said **Scott Siwicki, Group Client Solutions Director, Advantage Group UK**. “They have a better internal understanding and ability to make decisions.”

General economic conditions could persuade an increasing number of contractors to accept a PAYE or umbrella company arrangement in the short to medium term. However, it remains to be seen how employers will overcome stiff resistance in sectors such as IT and engineering, where long-term skills shortages give contractors an upper hand.

A potential pain point is the way some umbrella companies are skirting the rules to engage contractors.



Attracting Top Talent

While media coverage has focused on the hundreds of thousands of people pushed into redundancy, headline unemployment figures have overshadowed ongoing chronic skill gaps. Competition for top talent in many sectors continues unabated, as staid big corporates lose out to nimble start-ups, which have adapted more swiftly to new market conditions.

So, how can companies best differentiate themselves in the new battleground for top talent? The answer lies in two trends that came to the fore in 2020 and are due to become even bigger priorities in 2021: candidate experience, and diversity & inclusion (D&I). While RPO leaders debated which of these was more important, there was widespread agreement that both were crucial to becoming an employer of choice. Significantly, these issues had become more client-led as decision-makers recognised the financial and reputational benefits.

Nonetheless, several experts around the virtual table were sceptical that there would be any meaningful changes until companies considered more in-depth approaches to tackling the deep-seated structural issues that underpin poor candidate experience and a lack of inclusivity.

An executive from one global RPO provider said companies wanting advice on candidate experience tended to fall into three categories: those that had such a poor reputation that it would take two to three years to turn the situation around; those that were already providing a relatively good experience, so that the only people who cared about improvement were within HR and TA; and the much smaller category of companies which had an experience that could be improved and the available budget

to do it.

Organisations were seen as keen to have aspirational conversations, but less inclined to provide the budget or complete the work to make effective changes. “In areas like candidate experience and D&I, the maturity of the conversation we have with clients will need to go through a few more iterations before we get to a place where we all have informed conversations,” said one participant.

Conclusion

As the start of 2021, RPOs and MSPs are in pole position to help companies adapt to new workplace realities.

“The next battleground is: how do we help our clients embrace the future of work?” suggested **Adam Shay, Global Marketing Director, Resource Solutions**. “I don’t mean where they work, or what tech they use; I mean how can they genuinely make their organisations do the right work for the next five to ten years? As RPO and MSP providers, we can help them do that.”

Andrew Brown, Head of Recruitment Outsourcing Partners at Cornerstone OnDemand, said an increasing number of clients would be seeking RPO solutions in 2021. “From a technology perspective, we have already seen companies looking to find efficiencies, and wanting a more integrated set of solutions that give them better visibility of their workforces. IR35 is driving that, internal mobility is driving that; there are a lot of factors that are driving companies to look at their legacy tech to see if they have the breadth and visibility they need going forward.”

A close-up, high-angle shot of a man with dark skin and short, graying hair, wearing black-rimmed glasses. He is smiling broadly, showing his teeth. The background is a soft, out-of-focus gray.

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