

HOW LONG WILL THE GOLDBLOCKS MARKET LAST?



How are recruiters helping clients to bear up in a market that isn't hot or cold enough – and ensuring their talent, tech and business strategies are just right?



By Alex Evans, MD, TALiNT Partners

In July 2023, the Institute for Employment Studies (IES) highlighted the 'Goldilocks' challenge facing the Bank of England who want to avoid a prolonged downturn by stopping the labour market from being "too hot or too cold".

Unemployment is low (4.2% in July) and we still have over a million vacancies – but they have now dropped for 13 consecutive quarters by 7.6%. Economic inactivity due to long-term sickness has hit a record high of 2.55 million, accounting for 30% of all those outside of the labour force (ONS & IES). This has compounded the impact of Brexit and those that exited the workforce during the pandemic (although early retirees are slowly 'unretiring' in part due to the rising cost of living and, for some, the realisation that spending every day on the golf course isn't as fun as they thought).

With flexible working and cost of commute top concerns for candidates (Kura), employers and recruiters are having to adapt to new ways of training and managing remote talent whilst differentiating incentives to find and keep the best people. Growth in regular pay (without bonuses) is up 7.2% - the largest rise outside the pandemic (ONS). The BoE base rate hit 5% in June to manage inflationary wage growth and spending, which has made both investors and employers more cautious.

So how should recruiters support employers over the next 12 months and what strategies and services will support sustained and profitable growth?

TRENDS TO INFORM SPEND

TALiNT Partners provide an ongoing view of the current talent landscape and analysis of trends on the near and far horizon because of the wealth of qualitative insight we gain from our inhouse and vendor leader networks, our year-round programme of peer learning events and our global TIARA awards campaigns. Here's what we are seeing:

Employers want more agile workforce solutions that can be scaled up and down on-demand; tech advisory to find and optimise the right solutions from an ever-expanding range of options; employer brand and EVP solutions to attract the best candidates; inclusion services to keep them; upskilling and re-skilling to fill talent gaps; and talent intelligence for more accurate skill-mapping and demand planning.

In response, more staffing firms than ever are offering project RPO and 'MSP Lite' to capitalise on demand for contingent solutions that larger RPO providers were traditionally less interested in (although to a degree, this has changed too). Meanwhile, the biggest talent solutions firms are increasingly focusing on end-to-end, Total Talent Solutions to compete with the BPOs and higher margin professional services.

Speaking at our Foresight Summit in March, **Mike McNally, Director Enterprise Solutions at Hays, said:** "More providers are able to offer DEI, EVP, Employer Brand and Train & Deploy (T&D) services, with talent insight helping to determine cost and benefit,

and this is helping to change client perception of recruitment as a more strategic service; but it all requires substantial investment, so you have to be confident in demand and be able to differentiate beyond price.”

Recruiters of all sizes need funding to build capability. “With high inflation, low unemployment and rising wages, we’re seeing some key trends converging to create new opportunities for recruiters,” said **Mark Thompson, Group Head of Sales at Sonovate**, which has lent over £2 billion to recruiters in the last two years to help them develop and deliver new solutions. “To attract and retain multi-generational workforces, including the over-fifties, employers and recruiters need to think about new models. More employees are looking at contracting opportunities as employers explore more flexible and outsourced options – so the future is a larger contingent workforce.”

Talent Works CEO Neil Purcell has invested in project RPO and EVP services: “Our RPO is for hiring sub-500, a space we have been successful in for some time. The opportunity is for companies who may not have considered a different strategy, but they may have 10, 15 or even 20 suppliers putting in contractors on crazily different pay rates. The audit and compliance capability supporting our solution de-risks that.”

Umbrella providers are levelling the playing field by helping smaller agencies to scale and de-risk for clients, in the UK and overseas, with compliance, screening, onboarding and pay & bill services.

TALENT INTELLIGENCE

Analytics have enabled Talent Works to develop its employer brand offering.

“Actionable insight tends to be the first piece in the jigsaw of any EVP project, whether it's validation on process, role segmentation or translating employer

brand for new markets,” adds Neil Purcell. “This helps to determine recruitment marketing tactics and the best media platforms to use – but you need a talent intelligence platform that pulls from multiple sources.”

TALiNT Partners announced its partnership with talent intelligence platform Stratigens back in March to offer this capability to its recruiter network to help them determine whether projects are worth taking on or price solutions like train & deploy more confidently.

“Employers need to understand the market faster and with less resource,” says **Lorien MD Annelise Smith**. “Insight is core to our business in helping employers understand where the right candidates are, what's stopping people applying to them, or barriers in their process. Clients aren't looking for static retrospective data or time to hire anymore. They want data to support more agile tactical and strategic decisions about their internal workforce, external labour trends, demand planning, or pay rates.”

“It's taking the conversation from tactical and demand led to strategic – and that requires talent intelligence,” says **Simon Wright, Global Head of Talent Advisory Consulting at Peoplescout**. “The CMO uses data and insight to present a business case and recruiters can help CPOs to do that as well. We've got to be able to convert talent solutions language into the revenue conversation, like how IT supports transformation, so it's not about how many candidates we generate but how it's driving productivity and performance within the business.”

TECH STRATEGY

Expanding the breadth of solutions and automating admin to improve capability have been the key drivers of transformation and the development of recruitment tech stacks in recent years.

ManpowerGroup has a wide range of offerings, with a dedicated Centre of Recruitment Excellence (CORE) to help it join up teams and solutions. “As a global organisation, having a standardised platform is very important to get the right data and insight,” said

ManpowerGroup’s CORE Director Steph O’Connor.

“This gives us the insight we need to develop the right solutions. We’ve seen a 200% increase in demand for our train to fit programmes, but it’s less about try before you buy and more a partnership with clients, candidates and other specialist training partners to be able to fulfil it.

“Talent intelligence and partnerships that give us access to different locations, geographies and skill sets will become even more important because we can’t be specialists in all things on our own.”

The biggest players have the greatest capability, but they need something unique to differentiate beyond price. Partnership is increasingly seen as the answer. It not only enables the delivery of Total Talent Solutions and end-to-end services but helps to differentiate as well, whether it’s leveraging the sector specialism of smaller agency partners, the tech advisory capability of outsourced talent providers, or coaching and training specialists to support inclusive offerings.

The integration of TALiNT Partners’ Staffing and RPO leader networks over the last two years highlights this collaborative approach and we have brought new workforce analytics, tech implementation, outsourcing and DEI advisors into our programme to help members differentiate their solutions.

TALENT & AI

A tighter labour market has compelled all recruiters to look at how they resource their services and solutions just as of generative AI is helping to show which recruitment roles can be replaced and which can be augmented.

This year, TALiNT Partners has hosted a variety of events to update members on the applications of AI in recruitment and what should underpin strategic decisions. Some clear themes have emerged:

- AI & Automation rely on data integrity - recruiters need a culture of good CRM & record management to get the best ROI
- AI can collate and curate content and data - but it can't persuade people to take a job or a candidate
- AI is replacing sourcing - but it’s also creating new roles in data analytics, tech advisory and how to optimise talent intelligence

Marketing is now valued more highly than it’s ever been, especially by investors who want to see how data strategy is supporting best use of AI. As more is automated in recruitment, storytelling and advisory skills will be in highest demand.

In H2 and our programme for 2024 we’ll be exploring new trends and helping members to capitalise on opportunities, including:

- The growth of the contingent workforce & increasing demand for more agile solutions
- The acceleration of skills-based hiring & re-skilling to access new talent pools
- How to support employers with inclusive recruitment services
- How to combine consultants market knowledge with Talent Intelligence (gossip plus data)
- Funding solutions, enhancing equity value and improving profitability
- How partners can help recruiters to differentiate, de-risk & scale

TALiNT Partners members exclusively receive monthly updates on global workforce trends, industry insight from 30+ peer learning & networking events a year, and 24/7 access to our Guild platform to connect and learn with 200+ Staffing & RPO leaders. Find out more at <https://talintpartners.com/membership/talent-solutions-and-staffing-leaders/>



Connecting the talent ecosystem: We bring together a global network of leading employers and solutions providers to help leaders make better strategic decisions. Find out more at talintpartners.com