August 2024

Smart Trends Moving Talent and Business Forward

Innovations in Project RPO, Low-touch Tech-enabled Hiring, and Leveraging the Contingent Workforce

Contents

Introduction

The post-pandemic global business environment has remained highly volatile, significantly impacting organizations' talent acquisition planning and decision-making. The tumultuous talent market resulted in layoffs in some organizations, while others struggle to find workers for niche and skilled roles. In the face of this turmoil, HR and talent acquisition leaders are rethinking their Talent Acquisition (TA) and workforce management practices and redesigning their strategies to attract, source, engage, and retain candidates.

Though challenging, the current talent landscape presents a unique set of opportunities, including streamlining TA processes, improving the candidate experience, increasing engagement with the growing freelancer and gig economy, developing Employee Value Propositions (EVP), and optimizing employer branding.

This report is the second in a series of two on the smart trends and innovative talent practices emerging from this volatile business and talent period. (You can access the first report, which covered predictive workforce intelligence for data-driven decision making, **here**.) In this report, we examine two additional emerging innovative talent practices that organizations are adopting:

- Agile talent acquisition practices for volatile conditions
- Removing barriers to the contingent workforce

Together, these reports delve into these emerging talent practices and provide HR and talent acquisition leaders with approaches to embed these practices into their organizations. The research uses information and data from a survey of more than 150 senior HR leaders across locations, industries, and organization sizes.
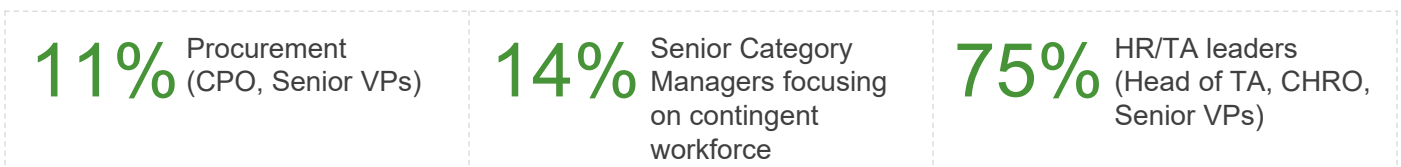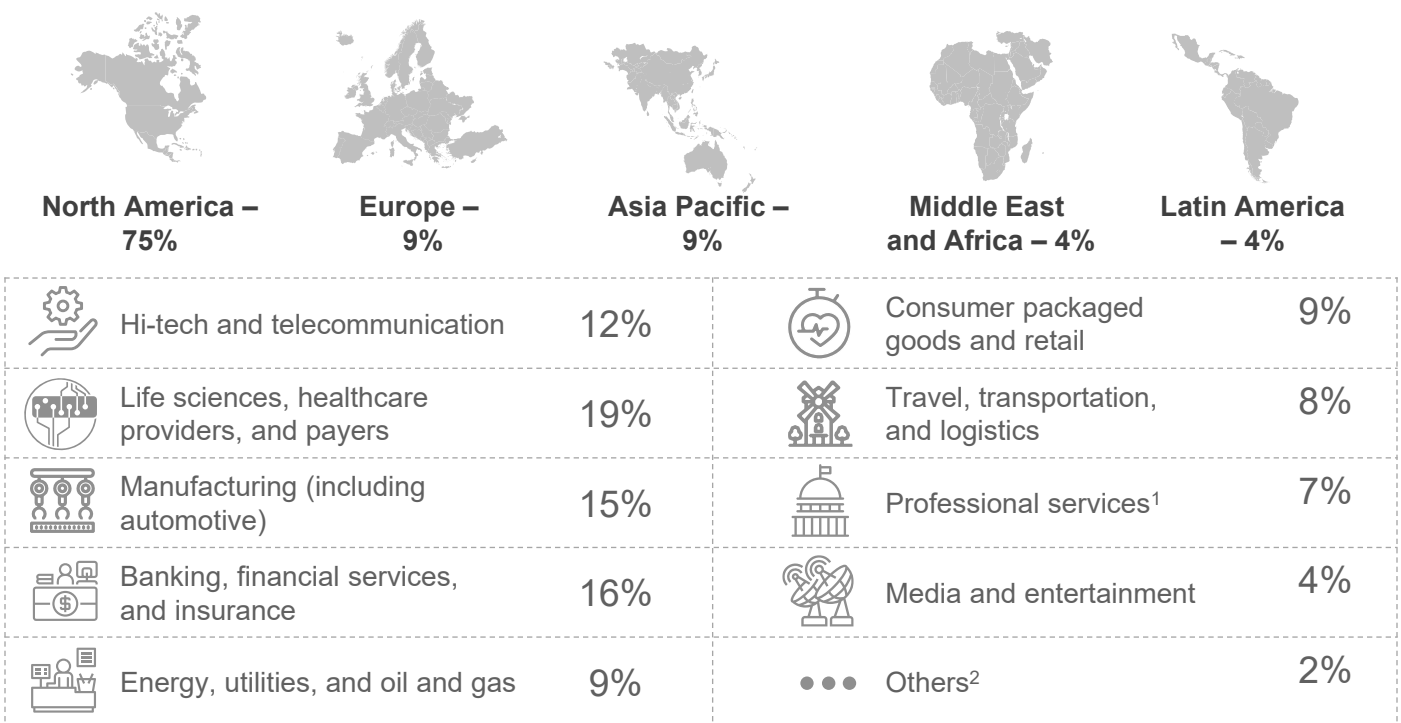
Research methodology

To understand the challenges organizations face in their talent acquisition and management processes, Everest Group surveyed over 150 senior HR and procurement executives. Through these responses, we have also assessed the maturity of their organizations in addressing and mitigating such challenges.

Exhibit 1 represents the demographic split of respondents in terms of their geographic distribution, organization size, and industry split.

Exhibit 1: Respondent profiles by geographic distribution, organization size, and industry split
Source: Everest Group (2024)

North America – 75%   **Europe – 9%**   **Asia Pacific – 9%**   **Middle East and Africa – 4%**   **Latin America – 4%**

Industry	%	Industry	%
Hi-tech and telecommunication	12%	Consumer packaged goods and retail	9%
Life sciences, healthcare providers, and payers	19%	Travel, transportation, and logistics	8%
Manufacturing (including automotive)	15%	Professional services[1]	7%
Banking, financial services, and insurance	16%	Media and entertainment	4%
Energy, utilities, and oil and gas	9%	Others[2]	2%

48% Small and medium enterprises (revenue: US$250 million-1 billion)   **52%** Large enterprises (revenue > US$1 billion)

11% Procurement (CPO, Senior VPs)   **14%** Senior Category Managers focusing on contingent workforce   **75%** HR/TA leaders (Head of TA, CHRO, Senior VPs)

1 Professional services includes consulting, KPO/BPO, and marketing and advertising services
2 Others includes industries such as hospitality and tourism, pharmaceuticals, and legal services

Smart trends: an overview

The COVID-19 pandemic and the ensuing phases in the market for talent – the Great Rehire, the Great Resignation, and Great Reset – have forced organizations to adapt their processes rapidly to mitigate these disruptive shifts. Adding to the challenge: a significant talent supply gap remains in key labor markets, particularly for niche and in-demand skills.
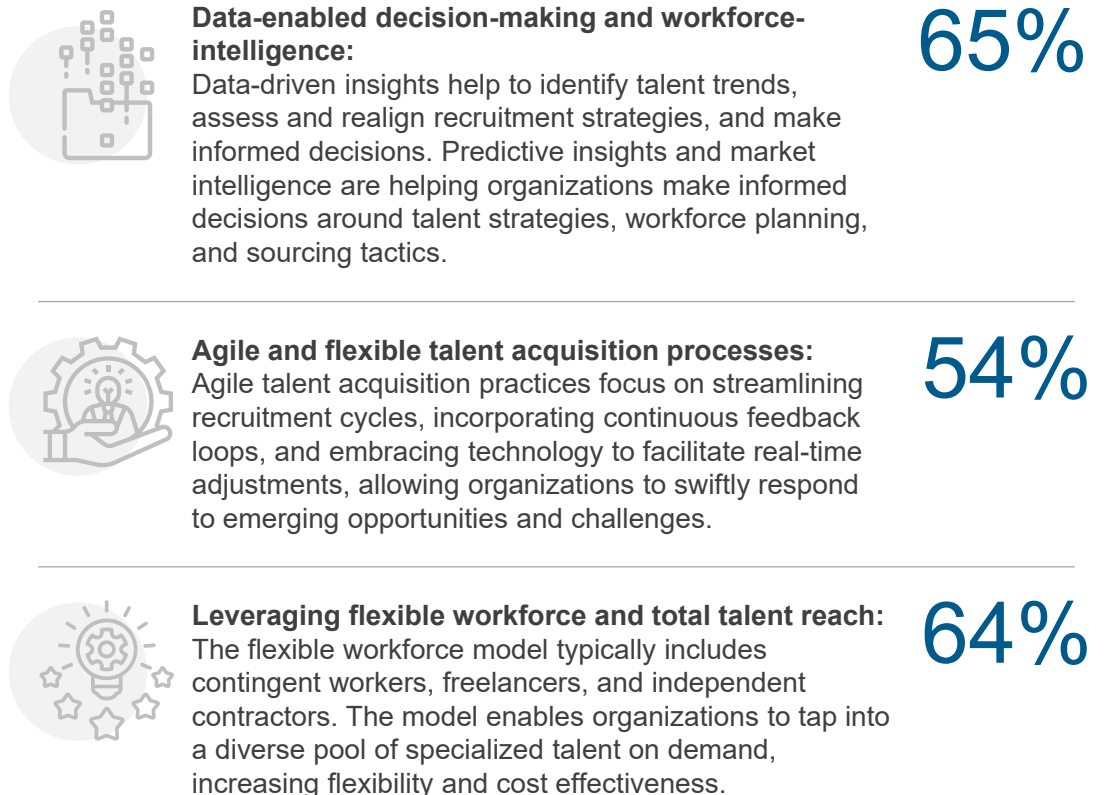
To address these challenges, organizations are adopting alternative talent acquisition and management strategies, leveraging technology and data-driven decision-making, and developing agile solutions to meet changing demands. By embracing innovative talent practices, organizations can position themselves to thrive in this very competitive market.

Companies continue to explore and adopt innovative talent practices but they face a challenge in identifying the approaches and technologies relevant to their unique needs. Among the options available to them, our research shows that most are focused on the three broad themes illustrated in Exhibit 2.

Exhibit 2: Top innovative talent practices organizations have adopted or planning to adopt
Source: Everest Group (2024)

Percentage of respondents selecting an innovative talent practice

Data-enabled decision-making and workforce-intelligence:
Data-driven insights help to identify talent trends, assess and realign recruitment strategies, and make informed decisions. Predictive insights and market intelligence are helping organizations make informed decisions around talent strategies, workforce planning, and sourcing tactics.

65%

Agile and flexible talent acquisition processes:
Agile talent acquisition practices focus on streamlining recruitment cycles, incorporating continuous feedback loops, and embracing technology to facilitate real-time adjustments, allowing organizations to swiftly respond to emerging opportunities and challenges.

54%

Leveraging flexible workforce and total talent reach:
The flexible workforce model typically includes contingent workers, freelancers, and independent contractors. The model enables organizations to tap into a diverse pool of specialized talent on demand, increasing flexibility and cost effectiveness.

64%

Innovation spotlight: project RPO and low-touch tech-enabled hiring

Unprecedented volatility in the talent market

The talent landscape has been extremely volatile since the start of the pandemic. The initial decline in talent demand was followed quickly by a skill shortages-driven demand surge, which contributed to the Great Resignation. The 2023 economic downturn slowed hiring in some areas, while other talent markets remain unimpacted. Taken together, the volatile global business environment during and following the pandemic has created a wildly unpredictable talent market.

The speed of business challenges requires organizations to expand quickly into new products, locations, and models. This acceleration often forces them to recruit for skills or roles outside of their traditional industries, scopes, or expertise areas. The economic uncertainty adds pressure on organizations in low-margin industries, such as manufacturing, retail, and contact centers, to optimize costs while competing for talent and battling high attrition.

More than 50% of our survey respondents say they are not confident in handling an immediate requirement to recruit for skills or roles outside of their traditional industry, scope, and/or area of expertise, or in handling a specific hiring demand within a set timeframe. And 88% of respondents are committed to working on improving their ability to manage demand spikes or higher volumes. Hence, it is evident that organizations are in dire need of more agile and versatile talent solutions.

Exhibit 3 shows respondents' confidence in their organizations' ability to adjust their talent acquisition processes to specific needs.

Exhibit 3: Organizations' challenging areas
Source: Everest Group (2024)

Percentage of respondents saying they are **not confident**

28% Addressing demand spikes or higher volume for established roles and skills

47% Recruiting for skills or roles outside of traditional industry / scope / area of expertise

42% Meeting a specific hiring demand within a set timeframe, i.e., a new location or department, launching a product

35% Increasing support/expertise/resources to increase a specific TA capability, such as DEI goals, employer brand, sourcing/recruiting, or other specific capabilities

Agile and flexible RPO solutions

These challenges have generated several key questions: How can organizations effectively maneuver to address changing needs? What solutions can HR leaders implement to navigate these turbulent demand trends?

Key to successfully navigating any volatile business situation is the ability to adapt quickly. Being able to respond quickly to new challenges and opportunities can help organizations stay ahead of the competition and remain relevant to their customers.

One prominent innovative solution that affords flexibility and agility is project RPO. Another key innovation is the advent of intelligent technology solutions, which enable organizations to recruit candidates by reducing manual tasks and ensuring they can hire the right candidates quickly, especially important for roles in industries that depend on hiring workers in higher volumes. By adopting these solutions, organizations can respond to new challenges quickly and effectively.

Project RPO

Project RPO entails the short-term outsourcing all or part(s) of the recruitment process for a period of time generally less than 12 months.

Organizations can effectively leverage project RPO to efficiently fill multiple positions for various purposes such as staffing a new department, opening a new branch, or implementing a short-term project. The specific services project RPO provides may differ, but they typically involve posting job openings, sourcing candidates, conducting co-interviews, performing background checks, and managing administrative aspects of hiring. By leveraging project RPO, organizations can streamline their recruitment processes and concentrate on more flexibly reaching their business goals. Exhibit 4 highlights key project RPO benefits.

Exhibit 4: Project RPO benefits

Source: Everest Group (2024)

Percentage of respondents saying project RPO was useful for the specified purpose

90% Ability to scale hiring efforts up or down quickly based on business needs

90% More agility in responding to market dynamics and project requirements

82% Less administrative burden and more operational efficiency

81% Access to a wider talent pool with specialized skills on demand
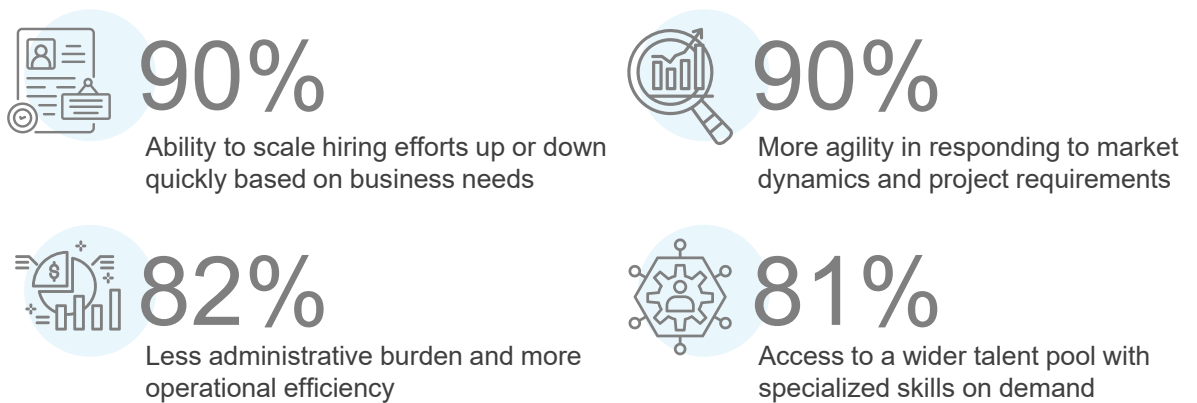
Our research shows that respondents reap significant benefits from project RPO, including increased agility in responding to market dynamics and project requirements, streamlined hiring processes, accelerated execution time, and higher-quality candidates. Respondents also report that project RPO enhances the overall candidate experience.

Adoption of talent provider-managed project RPO has risen as organizations have increasingly realized its advantages, and some organizations are transitioning from project RPO to long-term strategic engagements.

Low-touch tech-enabled hiring

Tech-enabled hiring solutions are suites of software and services that use automation and artificial intelligence to streamline the recruitment process for large-scale hiring. They can help businesses source, screen, interview, and onboard many candidates quickly and efficiently, while also providing a positive candidate experience.

Organizations that recruit high volumes of candidates can use tech-enabled high-volume hiring to simplify the recruitment and hiring process. By leveraging this solution, organizations can streamline and automate their recruitment process. The result is a low touch process that increases transparency and reduces the burden of human communication for administrative tasks. The process lowers costs, reduces time to hire, and ensures companies are securing the best candidates for the job. They can tailor their solution to meet specific needs, making it particularly useful in industries with a constant high demand for new hires, such as call centers, retail, and hospitality. It also enhances candidates' experience as it leverages innovative and interactive recruitment technologies. Exhibit 5 depicts the key benefits our respondents have realized from tech-enabled high-volume hiring.

Exhibit 5: Tech-enabled hiring benefits

Source: Everest Group (2024)

Percentage of respondents saying tech-enabled hiring was useful for the specified purpose

87% Cost savings

84% Keeping pace with volatile business demands

81% Speed and agility

Our survey results indicate that organizations that use low-touch, tech-enabled hiring have found it extremely effective: 81% of respondents say that using low-touch, tech-enabled hiring improved hiring process speed and agility, and 87% say it improved candidate experience.

As candidate experience is increasingly important to attracting and retaining talent, organizations are adopting this solution to improve hiring and use the time and effort saved to shift their focus to more strategic projects.

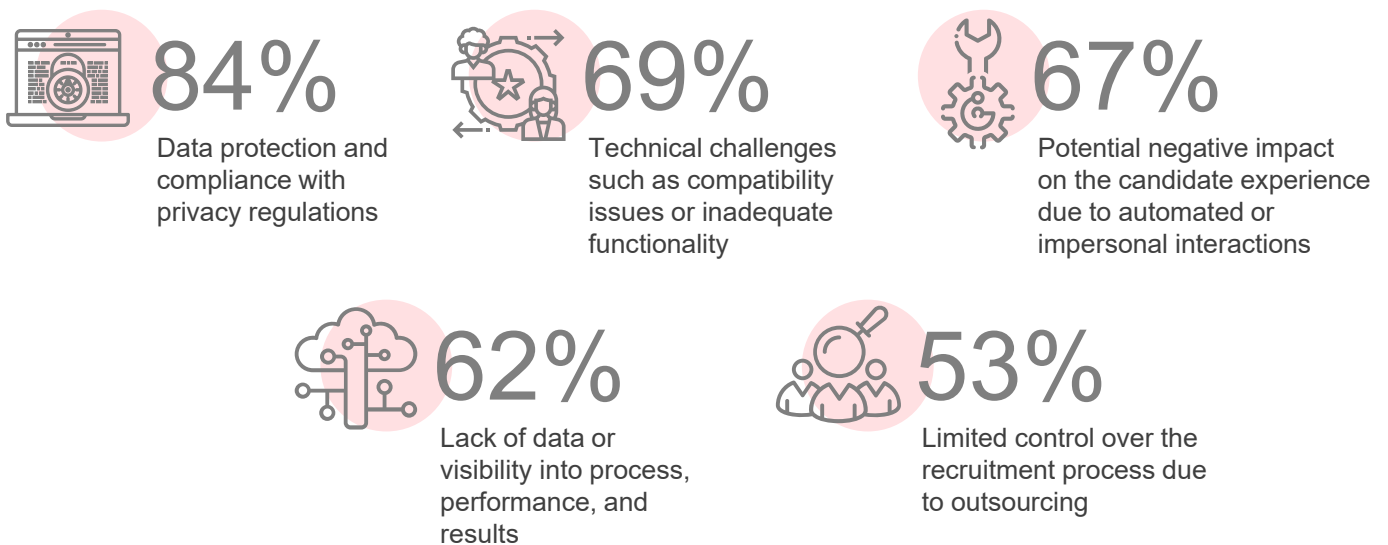## Adopting agile and flexible RPO solutions

Although agile recruitment solutions offer a variety of benefits, implementing them can be challenging, as these solutions require a thorough understanding of the organization's needs and a willingness to adapt to new processes and technologies. Employers often face multiple obstacles when integrating agile recruitment solutions into their existing recruitment processes.

In implementing project RPO, they most often face challenges in obtaining the necessary data and visibility into process, performance, and outcomes. This issue can hinder their ability to effectively manage the project and make informed decisions. Organizations also are concerned about data protection and privacy regulation compliance when using low-touch, tech-enabled solutions. Exhibit 6 highlights the challenges organizations face in using agile RPO solutions.

Exhibit 6: Challenges organizations face in using agile solutions
Source: Everest Group (2024)

Percentage of respondents experiencing the challenge

84% Data protection and compliance with privacy regulations

69% Technical challenges such as compatibility issues or inadequate functionality

67% Potential negative impact on the candidate experience due to automated or impersonal interactions

62% Lack of data or visibility into process, performance, and results

53% Limited control over the recruitment process due to outsourcing

Organizations should plan for these challenges by formulating strategies to address them, such as those that follow.

- **Work with the right third-party provider:** Organizations should carefully select a third-party provider for their Recruitment Process Outsourcing (RPO) needs. They should conduct thorough due diligence to ensure that the chosen provider has the experience, industry expertise, and track record to meet the project's unique requirements. The right provider fit will enable the organization to effectively align on key internal recruitment processes, policies, and culture, which will, in turn, enable the organization to maintain control over the recruitment process while also benefiting from the provider partner's comprehensive services. This partnership is particularly important when using tech-enabled hiring solutions, as seamless integration with existing technologies is essential for a smooth recruitment process. By working with the right partners, organizations can ensure that their recruitment processes remain efficient and effective, while also aligning with their overall business objectives

- **Define scope and objectives:** Establishing a clear definition of the project's goals, scope, and anticipated results sets a clear direction for the partnership, helping the organization and the provider align their efforts and ensuring that RPO services are tailored to meet specific hiring needs. Defining scope and objectives enables flexibility and scalability, allowing the partnership to adapt to changing hiring demands and take advantage of these agile solutions' benefits

- **Implement data security and compliance measures:** Organizations must prioritize data security and compliance and ensure that their service providers adhere to these requirements. Ensuring data protection protocols and regularly reviewing security measures are especially crucial when implementing technology-driven solutions. By establishing clear protocols, organizations can better safeguard sensitive data. Regular reviews of security measures before each project help ensure that they remain current and effective in protecting against emerging threats

- **Monitor and evaluate:** Consistently monitoring Key Performance Indicators (KPIs) and Service Level Agreements (SLAs) and making necessary modifications to project plans to address deviations provides visibility at all stages, enabling course correction as needed to improve recruitment outcomes and ensure effective candidate recruitment

Innovation spotlight: leveraging the contingent workforce

Diversifying talent channels – rising need and challenges

Most organizations typically rely largely on one talent channel, permanent recruitment. But this over-reliance creates several issues. For example, it can be challenging to meet

short-term needs caused by sudden increases in demand or unexpected turnover, as they strain the existing talent pool and limit the organization's ability to respond quickly. Talent shortages in specific industries or skills can slow hiring timelines, increase costs, and potentially disrupt business. At the same time, talent preferences and expectations are changing rapidly, with an increase in remote work, the gig economy, and flexible freelancing schedules.

Given these dual realities, it is increasingly important that organizations diversify talent channels. One key diversification channel: contingent workers. Contingent workers are temporary or contracted individuals employed for a fixed period. Hiring contingent workers can enable significant flexibility as worker and skills requirements constantly change. Organizations can employ contingent workers through various engagement models such as staff augmentation, statement of work, and direct sourcing.

Exhibit 7: Engagement models leveraged by enterprises to employ contingent workers
Source: Everest Group (2024)

Contingent talent model	Definition
Staff augmentation	A model in which temporary or contingent workers are generally staffing company employees who work for a specified time for a client; the staffing company pays them on an hourly basis and offers limited benefits
Services procurement / SOW	The acquisition of people-based services to perform output-/outcome- based work with a pre-agreed scope and deliverables through a contract; a Statement of Work (SOW) governs the contract, which has fixed prices and milestones.
Independent Contractors (ICs) / freelancers	Individuals an organization engages and pays a flat fee to complete a specific project; ICs are self-employed and do not receive benefits as part of the contract.

The use of contingent workers gives organizations the flexibility to adapt to changing needs and demands without committing to long-term contracts or permanent hires. This approach drives significant cost savings and enables organizations to respond quickly to market changes. Additionally, it allows organizations to tap into a larger talent pool, giving them access to a diverse set of skills and expertise. About 70% of survey respondents say the primary reasons they use contingent workers are cost savings and increased operational efficiency. More than 60% of respondents say that employing contingent workers gives them flexibility to scale up or down based on their business needs. Exhibit 8 shows the key reasons respondents say they use contingent workers.

Exhibit 8: Key reasons organizations use contingent workers

Source: Everest Group (2024)

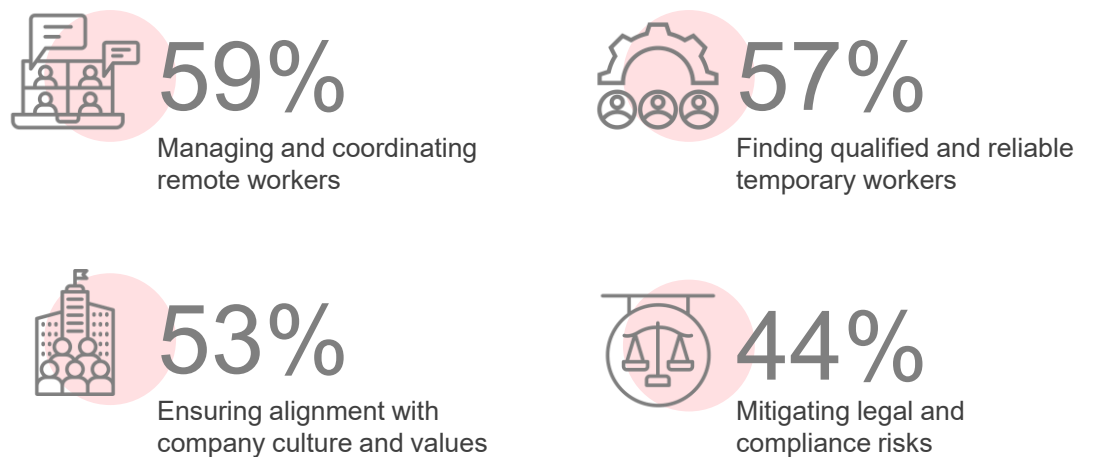Percentage of respondents citing the specified reason

70%
Cost savings and increased operational efficiency

64%
Flexibility to scale up or down based on business needs

59%
Meeting project-based or seasonal demands

48%
Access to specialized skills and expertise
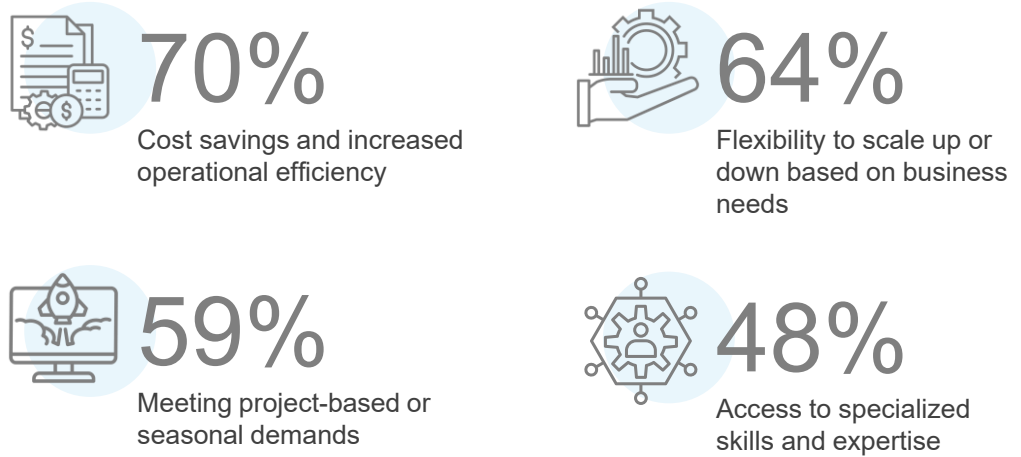
While there are benefits to using contingent workers, it comes with challenges, including identifying the right talent, managing a diverse workforce with different work styles, integrating them into the company culture, and ensuring compliance with labor laws and regulations. Tracking and measuring the contingent workers' performance and maintaining effective communications can also be challenging. Exhibit 9 highlights some of the key challenges organizations face in using contingent workers.

Exhibit 9: Key challenges organizations face in using contingent workers

Source: Everest Group (2024)

Percentage of respondents experiencing the challenge

59%
Managing and coordinating remote workers

57%
Finding qualified and reliable temporary workers

53%
Ensuring alignment with company culture and values

44%
Mitigating legal and compliance risks

Embracing total talent

To make the most of the contingent workforce while mitigating the challenges involved, it is essential to align contingent and permanent talent strategies by developing a future-ready total talent management strategy that (1) considers all talent categories such as permanent, contingent, SoW, ICs, freelancers, gig workers, and robots / artificial intelligence, and (2) is enabled by an interconnected, synergistic ecosystem comprising the internal organization (process, digital, and people) and external partners.

An effective total talent strategy has multiple benefits such as cost savings, flexibility and adaptability, process standardization, increased compliance, and alignment with overall business objectives. Given these many benefits, it is becoming increasingly clear to organizations that a total talent strategy is crucial in today's workforce landscape, which involves finding ways to integrate both contingent and permanent approaches to talent management. Many organizations are actively exploring ways to combine both contingent and permanent approaches. Exhibit 10 highlights current approaches to total talent acquisition.

Exhibit 10: Organizations' current stance on total talent acquisition
Source: Everest Group (2024)

Organizations' current stance on total talent acquisition

50%
Exploring ways to combine contingent and permanent approaches

27%
Consider it a real possibility as the organization matures

22%
May consider it if they can resolve the challenges

Operationalizing a total talent strategy

Effectively integrating contingent and permanent workers through a total talent strategy requires a few key levers.

- **Collaboration among internal teams:** Creating a cohesive approach to talent management involves collaboration among the procurement, HR, and TA functions to streamline talent practices across permanent and contingent workers, ensuring that everyone is working toward the same goals

- **Uniform talent practices:** For the total talent strategy to be successful, organizations need to align contingent workers with organization-wide talent practices. In addition, they need to align on Diversity, Equity, Inclusion, and Belonging (DEIB) goals and apply similar practices to the contingent workforce. DEIB should be a priority for both permanent and contingent workers, and the organization should make efforts to ensure that everyone feels valued and included in the workplace. By implementing DEIB strategies, organizations can create a more cohesive and effective workforce that is better equipped to meet its challenges

- **Use of technology:** Technology is a critical tool in the effective use of a total talent strategy, as it can connect across silos, improve data quality, and help to create a comprehensive understanding of the talent pool, enabling better-informed workforce decisions. More than 85% of survey respondents say that having an advanced technology ecosystem in place can benefit organizations by allowing them to utilize data analytics and market intelligence to anticipate their talent requirements. This, in turn, enables them to implement effective total talent strategies that can help them attract, retain, and develop the best talent across permanent and contingent channels

- **Effective utilization of RPO/MSP/staffing providers:** Organizations leverage third-party providers such as RPO vendors for permanent talent, staffing providers for sourcing contingent talent, and CWM//Managed Services Provider (MSP) solutions to manage contingent talent. It is crucial for organizations to effectively manage and establish total talent objectives with all providers and to strategically work with them

Exhibit 11: Importance of various parameters in operationalizing total talent management
Source: Everest Group (2024)

Percentage of respondents citing the importance of each parameter

92% Service provider capabilities

86% Integrated technology ecosystem

84% Streamlined talent practices across permanent and contingent workers

80% Effective vendor management and partnerships

81% Collaboration among HR, procurement, and other stakeholders
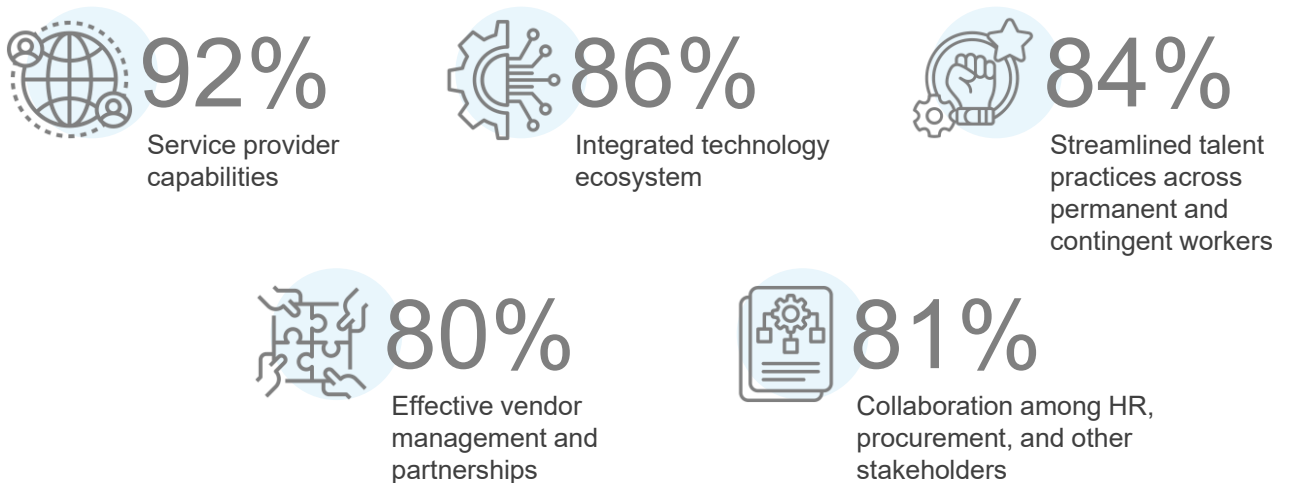
Conclusion

In today's rapidly changing talent market, organizations are seeking new and innovative solutions to remain competitive. Many are turning to agile solutions such as project RPO and tech-enabled high-volume hiring. While implementing these solutions can be challenging, effective partnerships with recruitment outsourcing providers can help organizations maximize the benefits.

Diversifying talent channels – particularly through the use of contingent workers – can also help by providing flexibility and cost savings; however, it is essential to align the contingent and permanent talent strategies through a total talent management approach that includes collaboration among internal teams, uniform talent practices, the use of technology, and effective leverage of RPO/MSP/staffing providers.

Everest Group®
With you on the journey

Everest Group is a leading research firm helping business leaders make confident decisions. We guide clients through today's market challenges and strengthen their strategies by applying contextualized problem-solving to their unique situations. This drives maximized operational and financial performance and transformative experiences. Our deep expertise and tenacious research focused on technology, business processes, and engineering through the lenses of talent, sustainability, and sourcing delivers precise and action-oriented guidance. Find further details and in-depth content at www.everestgrp.com.

Notice and Disclaimers