

Talent Acquisition at a Crossroads

The Talent Climate Series

Talent Acquisition at a Crossroads

Corporate recruiting is at a critical point. After surveying 130+ HR executives, it's evident that while most talent acquisition (TA) leaders identify skills shortages as their top issue (60%), they are also under tremendous pressure to improve the efficiency of their recruiting processes (58%), and they want more training (44%). Moreover, TA leaders are grappling with a notable absence of strategic support from HR and business leaders. As one TA leader put it, "We are considered a low-cost fulfillment center, and that's not the value we provide."

Only 32% of TA leaders feel they act as strategic partners to their organization, 42% believe their company does not have a workforce plan, and 46% say that business priorities change so fast they are "running around" to keep up. When asked how to improve their value, approximately 40% stated "the business is not ready to take a strategic approach to talent acquisition," and 45% were told to "focus on reducing cost."

Our stance is clear: if companies neglect workforce planning and talent acquisition, how do they expect to compete in today's technology-driven competitive landscape? Embedding TA strategies from the top down is crucial for operational impact. As the labor market continues to get tougher, this survey tells us companies must significantly increase their investments in strategic skills planning, workforce planning, and seamless integration of recruitment into broader HR and company operations (we call this systemic HR™).

Five Key Takeaways

- 1 Strategic alignment and organizational perception:** With 40% of TA leaders highlighting readiness gaps, there's a clear call for strategic integration of TA into business planning.
- 2 Technology adoption and planning:** The concern for AI and automation underlines the urgent need for structured tech adoption in TA.
- 3 Technology as a competitive lever:** Skills shortages continue to pose a significant challenge, necessitating innovative approaches to talent sourcing and skills-based hiring.
- 4 Diversity, equity, and inclusion (DEI) as a driver for talent sourcing:** DEI remains central in expanding talent pools and combating skills shortages.
- 5 Balancing efficiency with strategic recruitment:** Prioritizing cost efficiency must be balanced with investments in recruitment technology and skills-based hiring to meet workforce demands.



Part I

External Forces at Play

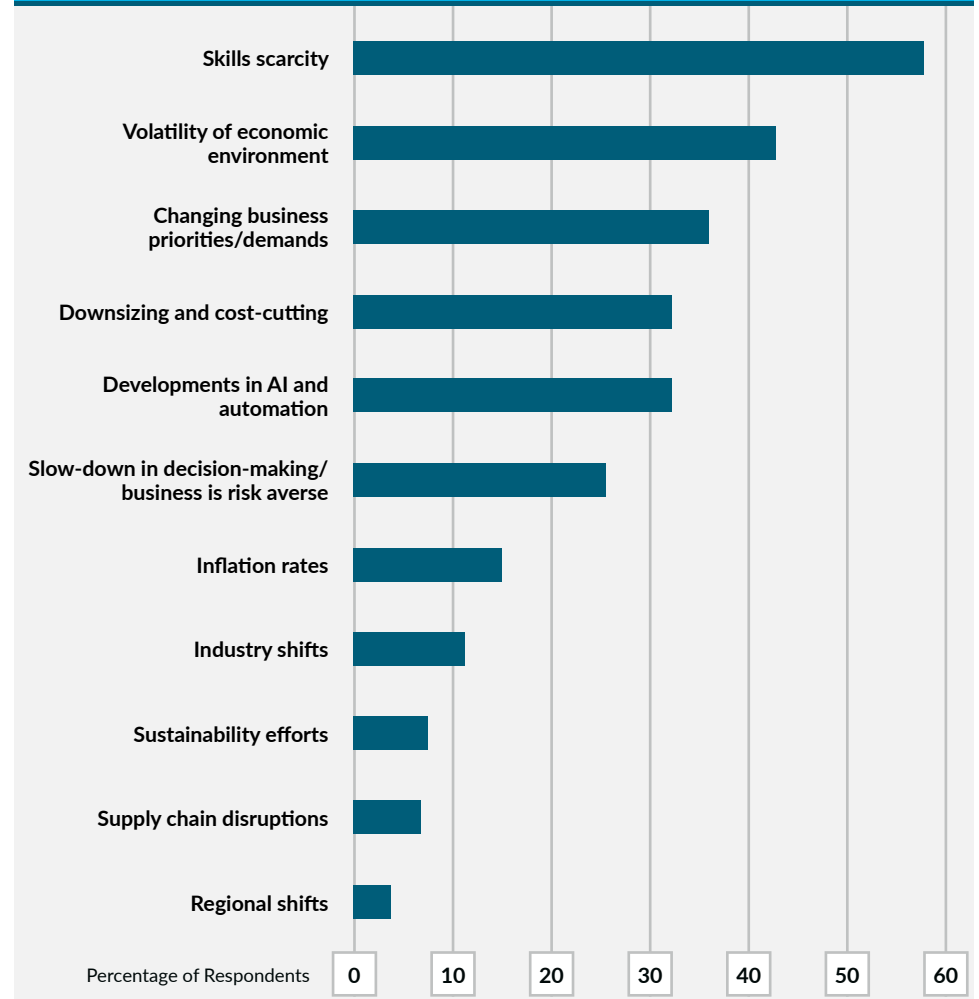
Caught between Skills Scarcity and Changing Business Demands

Skills scarcity currently stands out as the predominant challenge for TA teams, indicating a critical gap between the skills available in the labor market and those needed by organizations. Economic volatility and changing business demands also pose significant challenges, requiring agility and foresight in talent strategies.

The concern about developments in AI and automation highlights the ongoing transformation in the nature of work, with technology both displacing traditional roles and creating new ones. This underscores the need for TA strategies to adapt to technological advancements.

Interestingly, downsizing and cost-cutting concerns are on par with technological developments, indicating a balancing act between optimizing costs and investing in critical talent.

Q: What macro forces do you anticipate will have the biggest impact on your TA function over the next 12 months?



Opportunities in Talent Acquisition

Q: To what extent do you agree with the following statements?



While TA functions are recognized for their strategic importance, there's a consensus on the need for greater integration within organizational strategies to elevate their impact.

Operational pressures, particularly around cost reduction, highlight the budgetary constraints facing TA teams, alongside challenges in aligning team composition with organizational needs. Significant hurdles, such as skills shortages and the difficulties associated with implementing skills-based hiring, underscore the critical challenges in sourcing talent.

Despite these challenges, there's a strong commitment to DEI, signifying its central role in future TA strategies. Moreover, the survey points to a widespread recognition of the need for transformative approaches in talent acquisition to address rapidly evolving business needs, coupled with the importance of leveraging technological advancements like AI to enhance recruitment processes.

These insights collectively underscore the urgent call for TA functions to adapt and innovate in response to the dynamic landscape of talent management.

Operational Pressures and Internal Mobility Top the Priority List

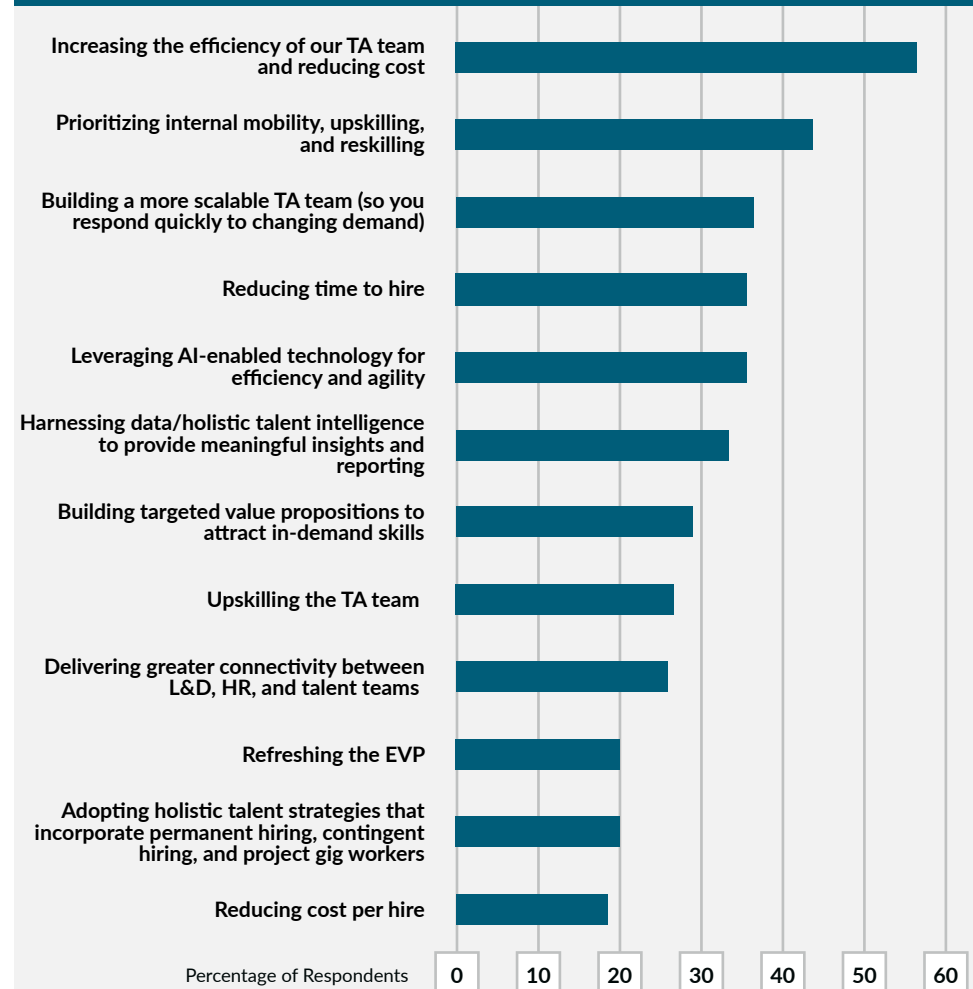
TA executives report a multifaceted approach to their priorities, with a strong emphasis on increasing efficiency and reducing administrative burdens. There's a notable focus on leveraging technology and data, promoting internal mobility, and fostering skill development. These priorities underscore the importance of agility, continuous learning, and the necessity for technological advancement.

These top priorities are complemented by the focus on building more scalable TA teams to quickly respond to changing demand, while leveraging AI-enabled technology for both efficiency and agility.

Cost reduction and efficiency remain major concerns, but reducing cost per hire—once a classic top priority for TA—is now ranked much lower on the list of priorities for the next 12 months.

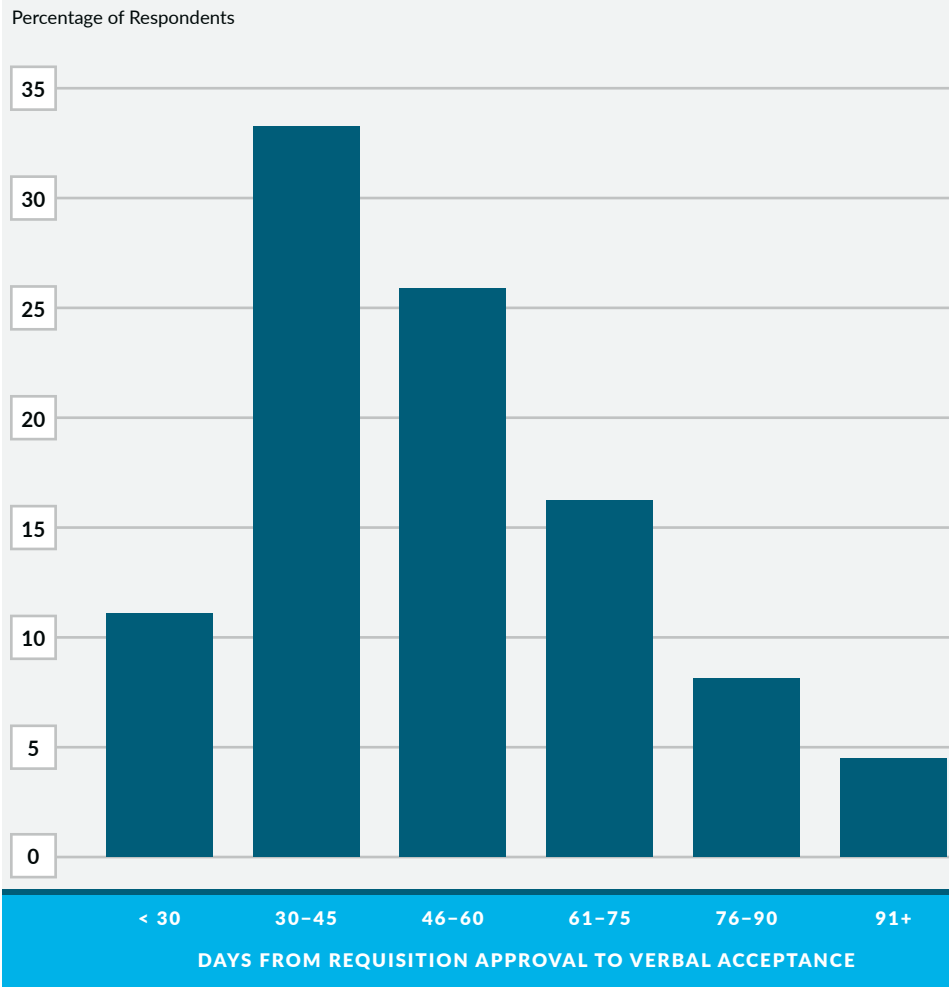
This diverse set of focus areas reflects a comprehensive strategy aimed at not only optimizing the talent acquisition process but also ensuring it aligns with the overall organizational goals and the evolving workforce landscape.

Q: Which of these topics best reflect your organization's TA priorities for the next 12 months?



Much More than a Month to Hire

Q: What is your average time to hire?



While most organizations aim for a hiring timeline of 30 to 45 days, it's evident that completing this within a month may be more of an aspiration than a reality for many. This variance in timelines not only reflects the differing organizational procedures and the complexities of the roles being filled but also serves as a litmus test for the efficiency and adaptability of the TA function itself. It highlights a critical need for TA leaders to manage expectations both internally and externally, ensuring stakeholders are aligned with realistic hiring timelines. Concurrently, it emphasizes the importance of continuously seeking innovative methods to enhance and streamline the recruitment process.

TA teams must strike a fine balance between the speed of hiring and the quality of candidates brought into the organization. For organizations facing longer hiring timelines (61 days and above), there lies an untapped potential to refine and expedite recruitment processes without sacrificing candidate quality.

The integration of AI and other technological advancements in TA practices offers a promising avenue to address these challenges. Automating routine and time-intensive tasks, such as interview scheduling and document verification, can significantly reduce administrative burdens on TA teams.

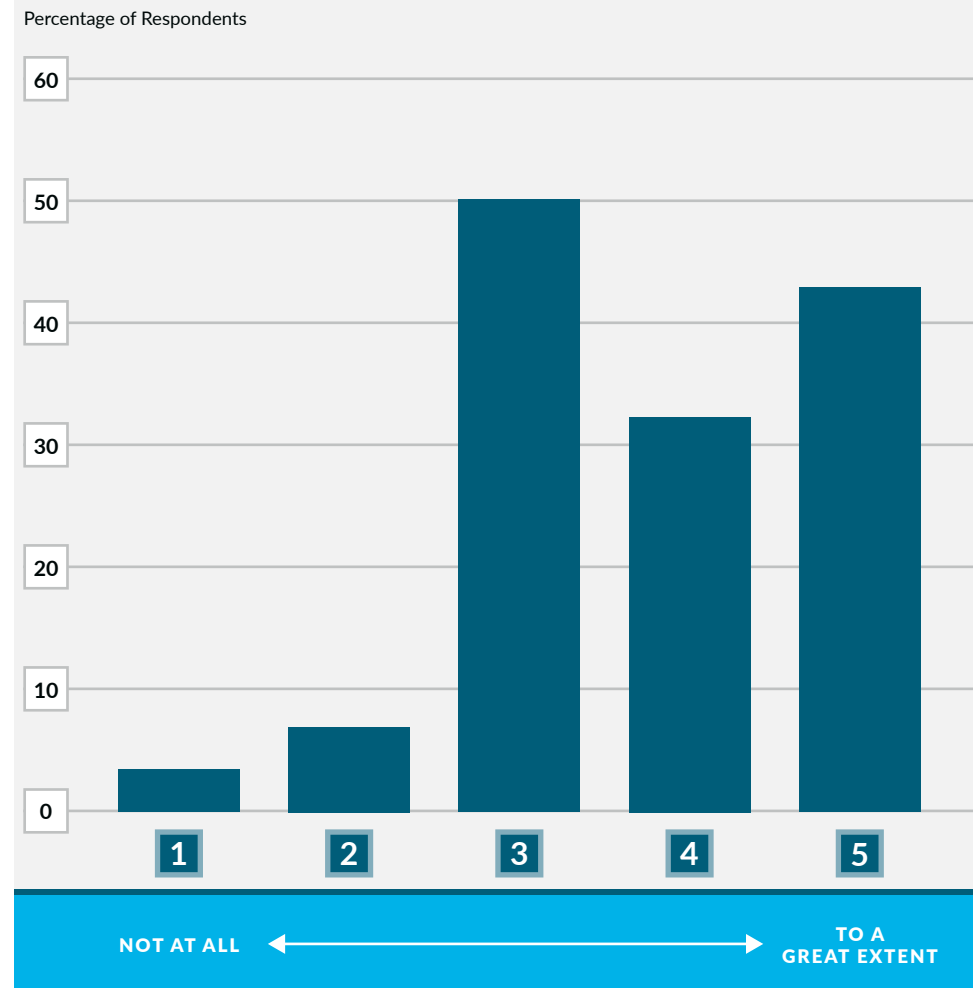
Strategic Alignment and Organizational Perception

The TA team is increasingly recognized as a strategic partner, with almost 55% of companies viewing it as an integral part of the business.

Response distribution shows a general trend toward recognizing the strategic role of the TA team, with the weighted average of responses of 3.81 indicating overall positive agreement. This reflects an evolving perception of the TA team from solely fulfilling operational tasks to serving as a strategic partner that contributes to broader organizational objectives.

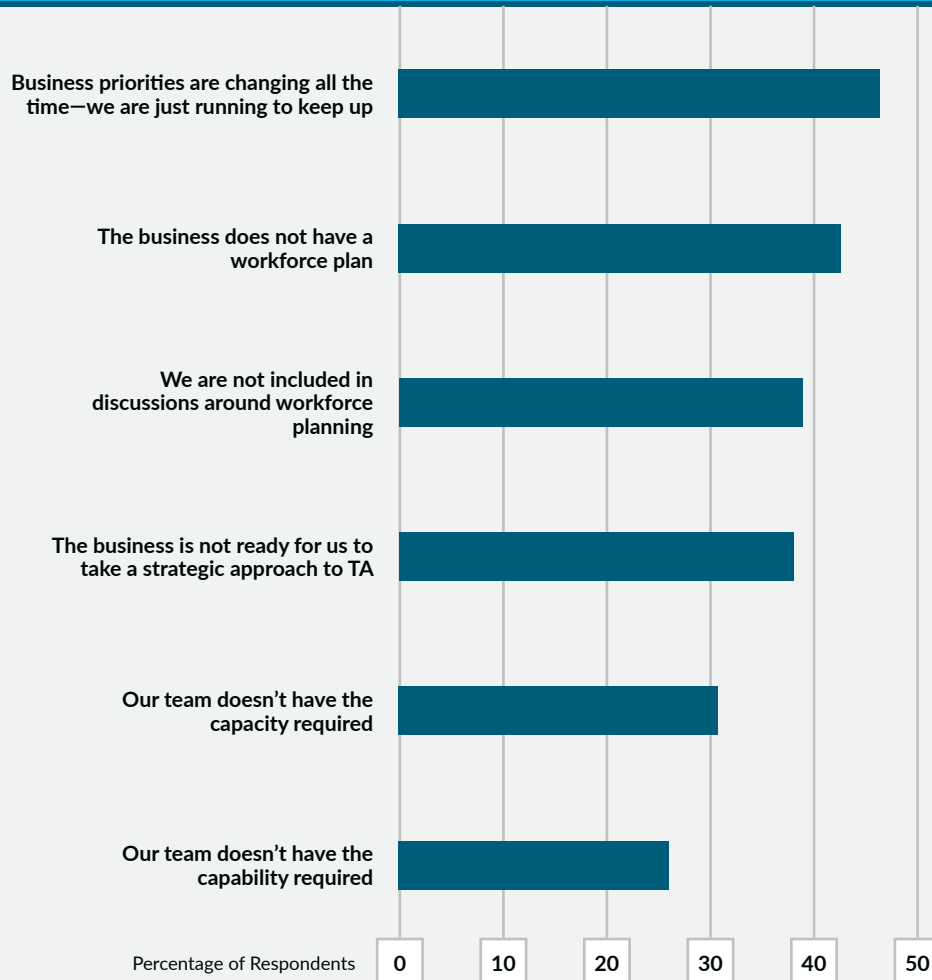
Despite the moderate agreement on the TA team's strategic partnership, the variance in responses underscores the opportunity to further enhance its strategic impact.

Q: To what extent do you agree that TA is a strategic partner to the business in your organization?



Top Barriers to Becoming a Strategic Business Partner

Q: What are the barriers to the TA team becoming a strategic partner to the business?



Respondents indicate a range of organizational and operational challenges facing TA teams in transitioning to a more strategic position. The most prominent barrier is the dynamic nature of business priorities, which complicates strategic planning for TA.

The dynamic nature of business needs and the rapid pace of change pose challenges to TA's ability to keep up with demand. The lack of inclusion in strategic discussion and absence of a clear workforce plan are significant obstacles that prevent the TA team from aligning its efforts with long-term business plans. Additional internal constraints, such as insufficient capacity and capability, along with organizational readiness, further complicate the landscape.

These findings further emphasize the need for closer alignment and integration of TA teams within the broader strategy discussions.

In order for an organization to be dynamic, companies must proactively anticipate changes in the business environment, continuously transform at the speed and scale needed to drive exponential outcomes, and strategically align people and skills to the most important opportunities, thereby improving productivity and boosting competitiveness.

Closer Business Alignment Starts with Business Skills

The survey highlights that skills scarcity is a force profoundly impacting the TA function. Skills scarcity is not limited to hiring new talent across the organization. It's also prevalent within the TA function itself.

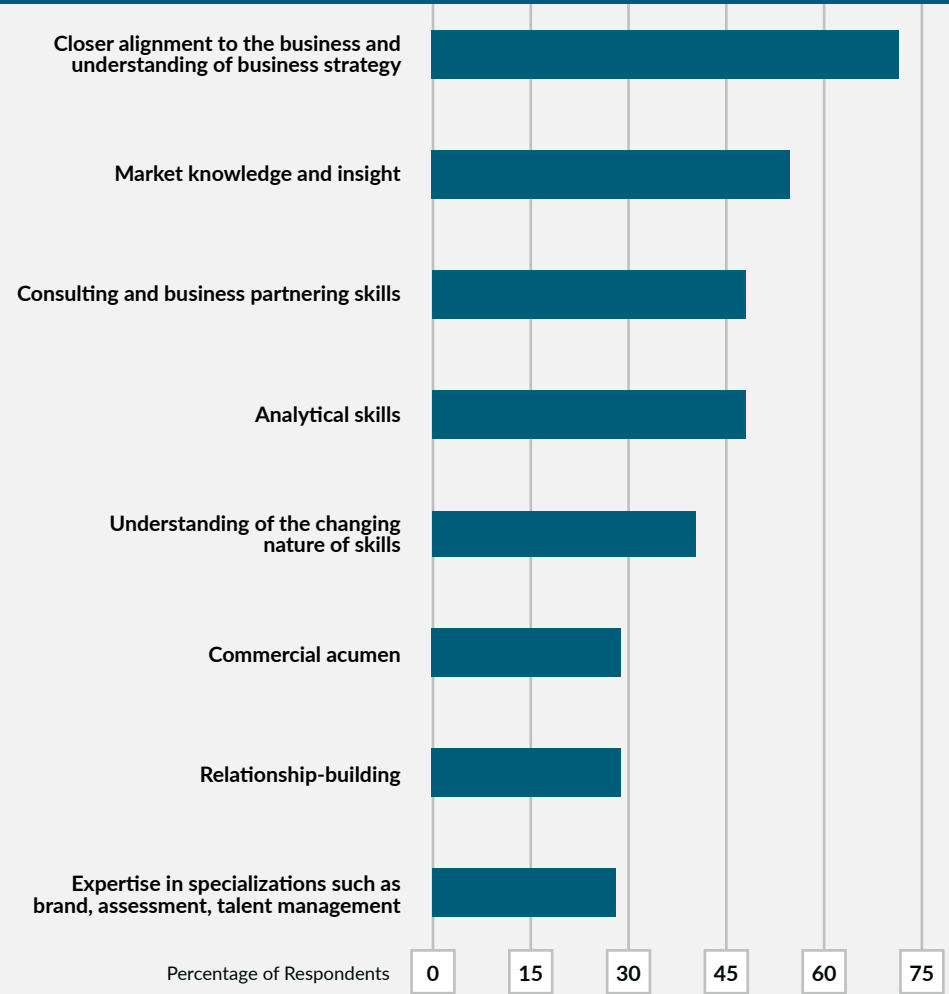
To effectively contribute to the organization, TA departments need to keep up with the needs of the industry and the business. This entails efficiently and thoughtfully expanding the workforce within their organization.

Competencies like analytical skills, commercial acumen, and relationship-building were reviewed in this study, with results considered from both respondents in all functions and those in executive roles, as well as across sectors.

While there are differing perceptions about the skills that the TA function should prioritize, professional development opportunities exist to solve any gaps. Considering the forces impacting TA efforts and the organization more broadly, TA leaders can prioritize skill-building for maximum impact in record time.

This shift toward more strategic and business-aligned capabilities suggests organizations are increasingly recognizing the critical role of TA in achieving long-term business objectives. Organizations are thus seeking to equip their TA teams with the skills needed to fulfill this role effectively.

Q: What skills/capabilities do you think your TA team needs to develop to become a strategic business partner?



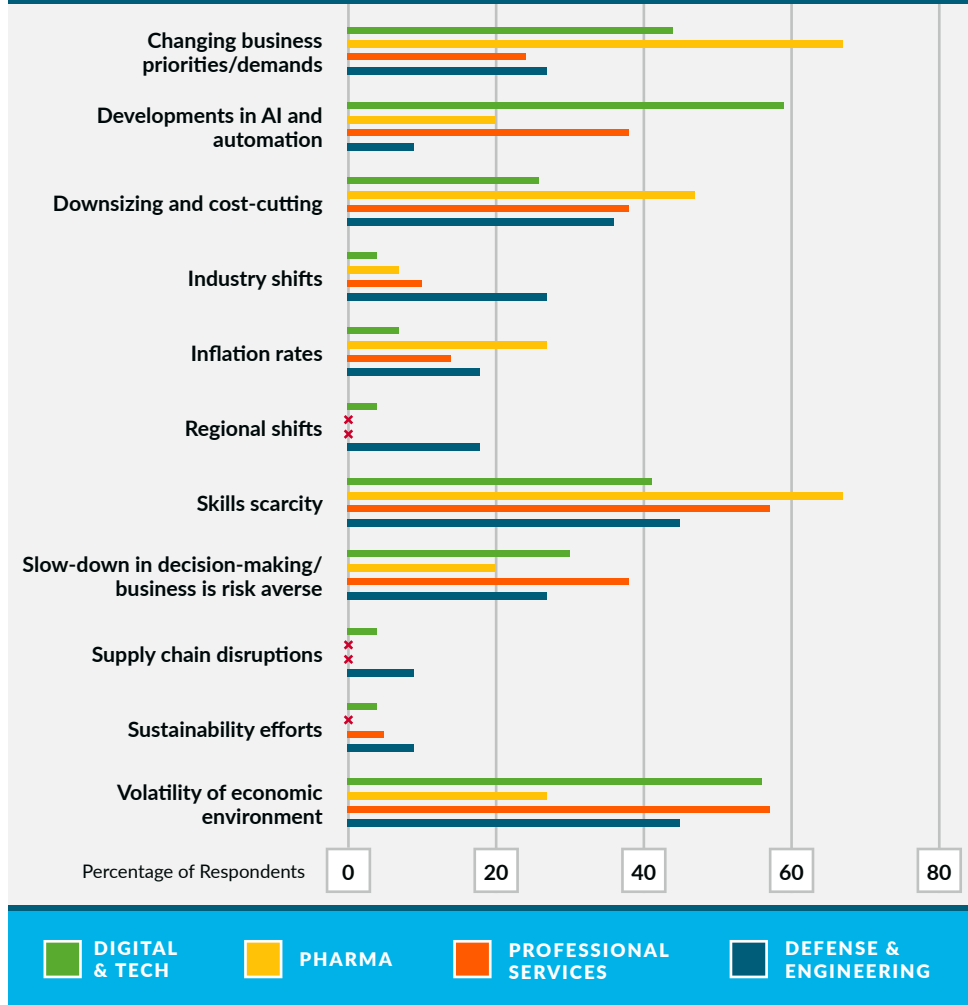


Part II

Industry and Regional Trends

External Forces at Play by Industry

Q: What macro forces do you anticipate will have the biggest impact on your TA function over the next 12 months?



Key Observations

Skills Scarcity as a Universal Concern

Skills scarcity is a dominant force impacting TA across all industries. Pharma stands out with the highest concern at 67%, which reflects the specialized nature of roles in this sector and the critical need for specific expertise. The slightly lower percentages in Digital & Tech (44%) and Defense & Engineering (45%) indicate that while skills scarcity is significant, it is less acute in these industries.

Economic Volatility's Varied Impact

The volatility of the economic environment is perceived as a major force impacting Professional Services (57%) and Digital & Tech (56%), due to the fast-paced and project-based nature of these industries where economic changes rapidly influence client budgets and project viability. In contrast, Defense & Engineering shows a moderate concern (45%) due to long-term contracts and relatively stable funding. Pharma's lower concern (27%) suggests it may be somewhat insulated from economic fluctuations, potentially due to the ongoing demand for pharmaceutical products.

AI and Automation in Professional Services

The impact of AI and automation is particularly noted in Professional Services (38%), ranking within the top three forces. This industry is at a critical point of technological integration that will significantly alter how services are delivered and how talent is utilized.

External Forces at Play by Region

Key Observations

APAC and EMEA Trends

In both Asia-Pacific (APAC) and Europe, the Middle East, and Africa (EMEA), the factors affecting TA are relatively similar, with skills scarcity emerging as a top concern. This underscores a common challenge in finding skilled labor, which is acute in regions experiencing rapid economic development and competition for talent. EMEA's lower percentages across the board might suggest a more stable economic environment or perhaps more diversified strategies to mitigate these concerns.

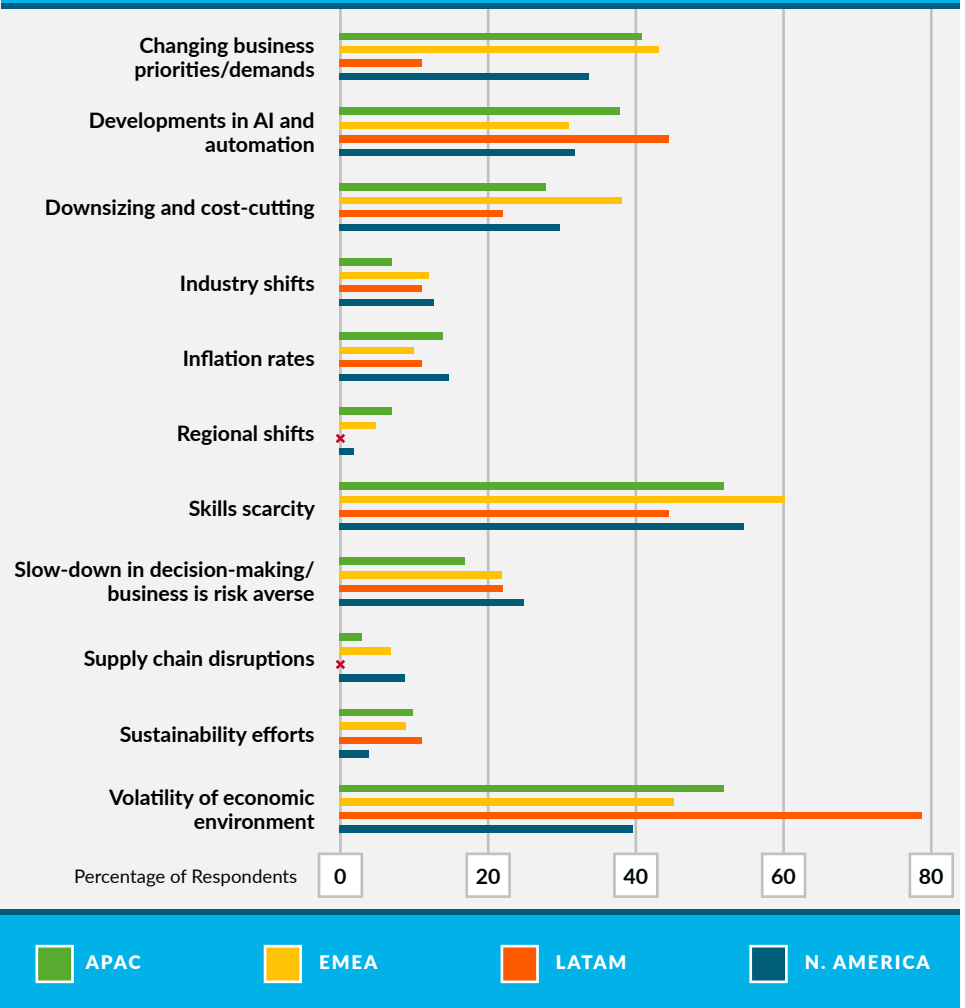
North America's Varied Concerns

North America presents a more evenly distributed concern across skills scarcity and economic volatility, with changing business priorities also playing a role. This balanced view reflects a market where economic shifts and the need for adaptability are closely tied to talent strategies.

Latin America's Distinct Challenges

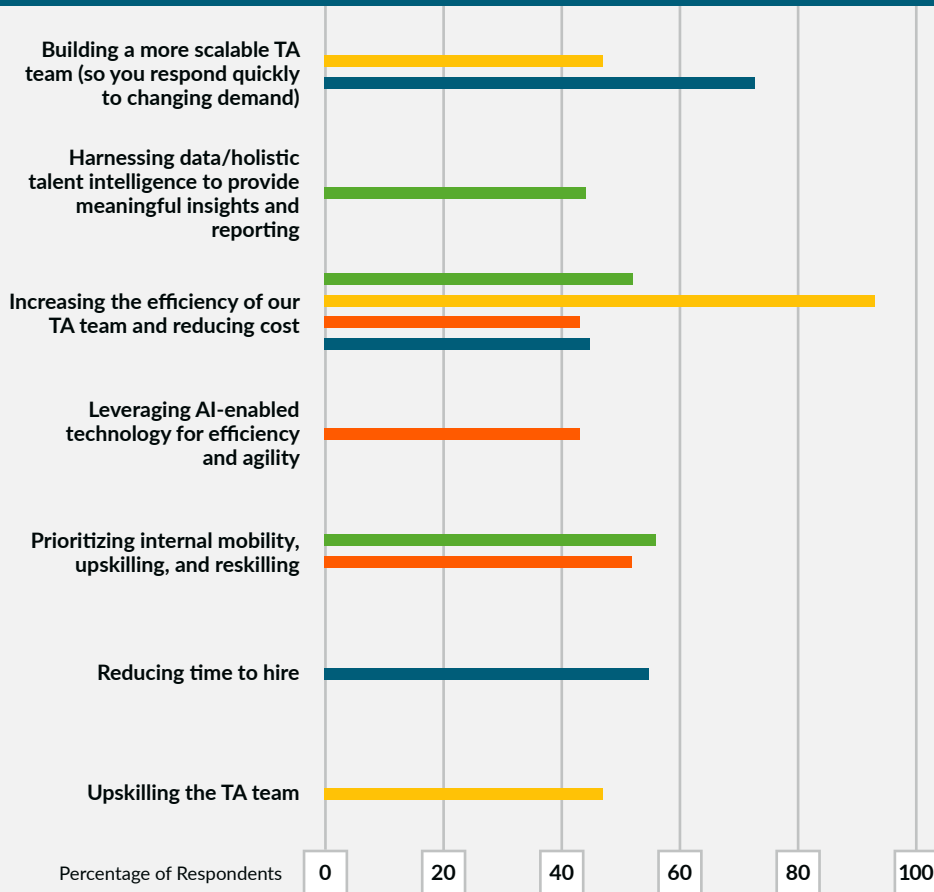
Latin America (LATAM) stands out with a significant emphasis on economic volatility (78%), likely reflecting the region's economic dynamics and perhaps recent economic uncertainties. However, changing business priorities appear to be less of a concern (11%), which is markedly different from other regions and could indicate a current focus on immediate economic pressures over long-term strategic shifts. The high impact of developments in AI and automation (44%) in LATAM also suggests a keen awareness of technological advancements influencing the TA space.

Q: What macro forces do you anticipate will have the biggest impact on your TA function over the next 12 months?



TA Priorities by Industry

Q: Which of these topics best reflect your organization's TA priorities for the next 12 months?



Key Observations

Prioritization of Internal Mobility

Both Digital & Tech (56%) and Professional Services (52%) prioritize internal mobility, upskilling, and reskilling. This indicates a trend toward cultivating existing talent pools and the importance of professional growth to retain employees in industries that are likely experiencing rapid technological changes and a competitive talent market.

Efficiency Focus across the Board

Increasing the efficiency of TA teams and reducing cost are common priorities across all sectors, including Digital & Tech, Pharma, and Defense & Engineering. This reflects a universal push toward optimizing recruitment processes to maximize resources and minimize costs, a reflection of the pressure to streamline operations without sacrificing the quality of hires.

Embracing Data and AI

Digital & Tech (44%) and Professional Services (43%) demonstrate a clear emphasis on harnessing data and leveraging AI-enabled technology. This trend signifies a shift toward data-driven decision-making and the automation of recruitment processes to enhance talent efficiency and agility in these rapidly evolving industries.

Scalability and Responsiveness in Pharma and Defense & Engineering

The Pharma industry displays a significant focus on building a more scalable TA team, suggesting a need for agility in responding to fluctuating demands, which could be related to the fast-paced nature of healthcare advancements. Similarly, in Defense & Engineering, there's an emphasis on reducing time to hire, pointing to the need for swiftness in recruitment to keep pace with project-based work and defense contracting timelines.

TA Priorities by Region

Key Observations

Global Emphasis on Efficiency and Mobility

All regions emphasize increasing the efficiency of TA teams and reducing costs as a primary focus, alongside prioritizing internal mobility, upskilling, and reskilling. This reflects a dual strategy of cost optimization and talent development transcending all geographies.

EMEA's Lean toward Agility and Mobility

In EMEA, there's a notable preference for leveraging AI-enabled technology for efficiency and agility, as well as a strong push for mobility and upskilling. This suggests a move toward agile, technology-enhanced TA processes and a commitment to talent retention through development opportunities.

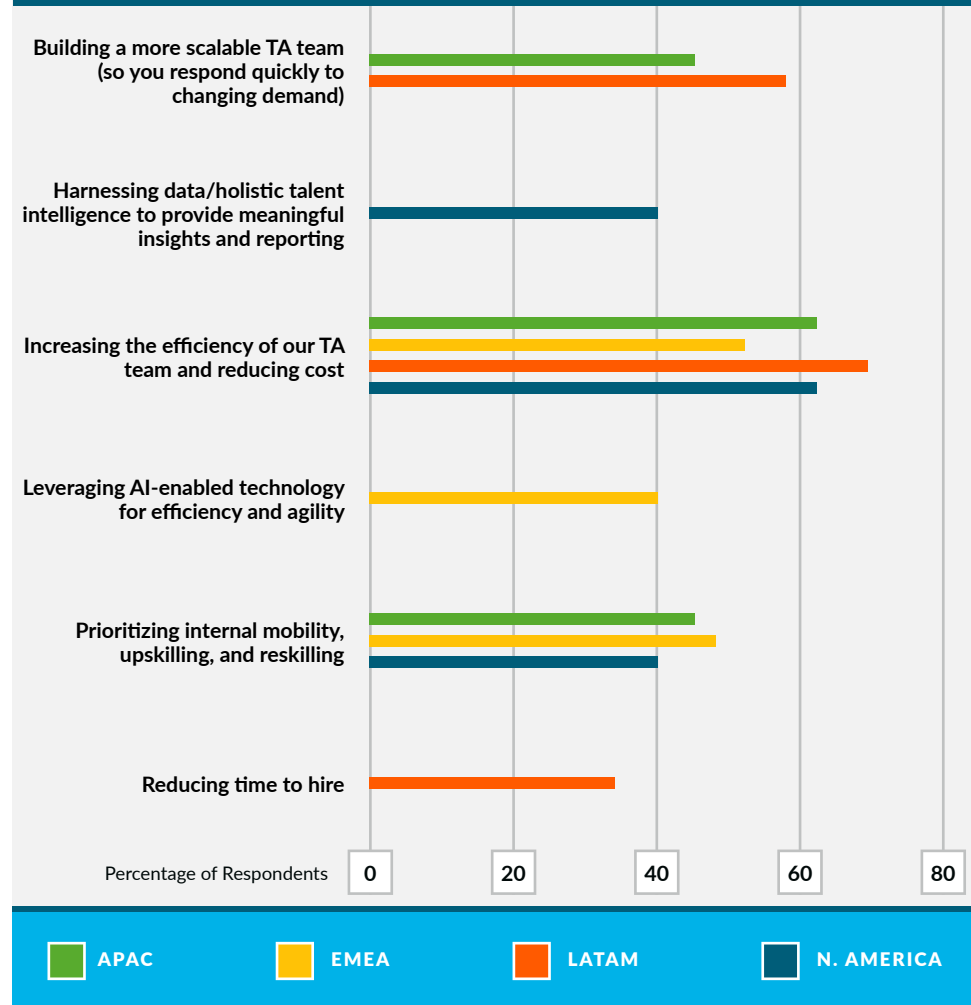
LATAM's Drive for Scalability

LATAM focuses significantly on building a more scalable TA team, reflecting a responsive approach to rapidly changing market demands. This points to the region's need for flexible organizational structures that quickly adapt to varying business conditions.

North America's Data-Driven Approach

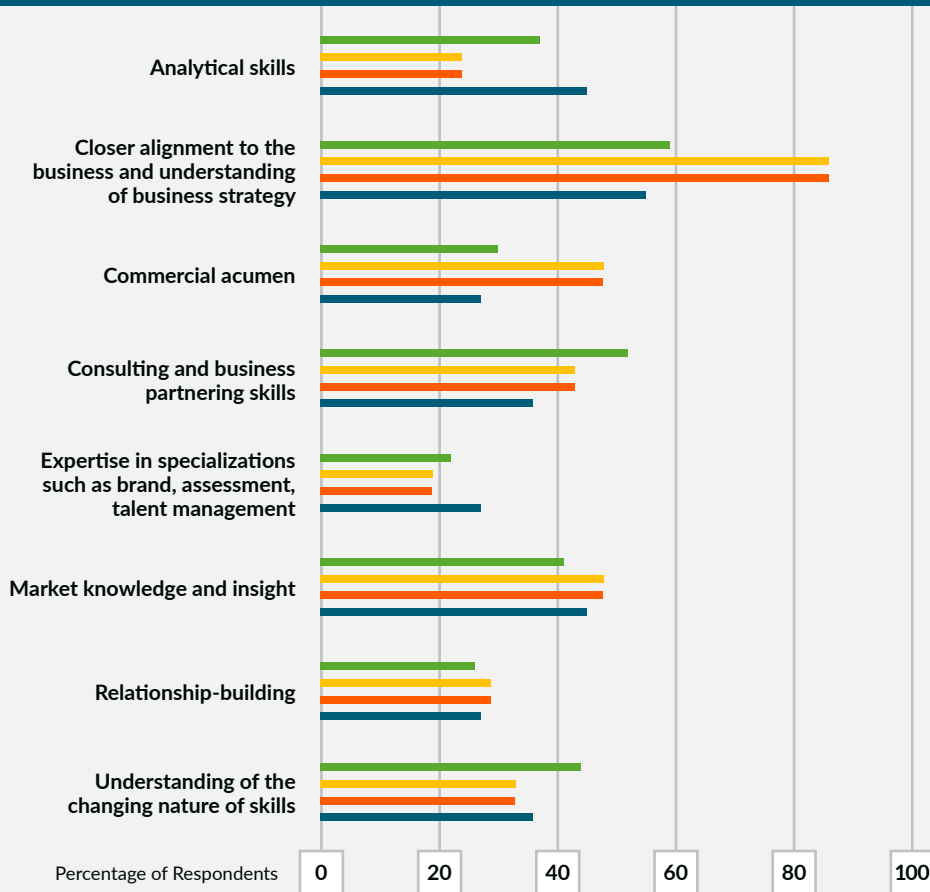
North American companies emphasize harnessing data and holistic talent intelligence, indicating a trend toward a data-centric TA strategy that aims to provide deep insights and enhance reporting, suggesting a mature market utilizing analytics to inform TA decisions.

Q: Which of these topics best reflect your organization's TA priorities for the next 12 months?



Business Skills Needed by TA across Industries

Q: What skills/capabilities do you think your TA team needs to develop to become a strategic business partner?



Key Observations

Digital & Tech: The emphasis is on the TA team developing a close alignment to the business and an understanding of its strategy, with 59% of respondents identifying it as crucial. Consulting and business partnering skills are also highly valued at 52%, indicating a demand for TA professionals who can act as strategic advisors. Market knowledge and insight (41%) are crucial as well, as staying ahead of tech trends is likely essential for competitive talent sourcing.

Professional Services: This sector demonstrates the highest percentage (86%) for TA to align closely with business strategies. This is likely due to the dynamic nature of the industry, where business models and client needs frequently change. Commercial acumen and market knowledge both stand at 48%, signaling the need for the TA team to be well-versed in trends and economic factors that can impact talent management.

Pharma: Pharma places the highest priority on an even stronger alignment with business strategy (87%), reflecting the critical importance of understanding the specific needs and dynamics of this highly regulated and innovation-driven industry. Consulting and business partnering skills come in at a significant 73%, reflecting the need for TA professionals to be active partners in shaping the workforce in a sector where talent needs are specialized and often challenging to meet.

Defense & Engineering: In this sector, the need for a stronger alignment to business strategy is less compared to others (55%) but still presents as a top skill. This suggests a more traditional approach or a current adequate level of strategic alignment. Analytical skills and market knowledge and insight (both at 45%) suggest a balanced view of the importance of data-driven decision-making and understanding industry trends, possibly due to the complex and often long-term nature of projects within this industry.

Business Skills Needed by TA across Regions

Key Observations

Strategic Business Alignment as a Universal Skill Need

Across all regions, there is a strong emphasis on the need for closer alignment to the business and understanding of business strategy, reflecting the global necessity around TA evolving into a strategic role.

The High Value of Consulting Skills in EMEA

Consulting and business partnering skills are especially prioritized in EMEA. This suggests a recognition of the importance of the TA professional acting as a strategic talent advisor as well as a desire for a more consultative approach to recruitment to ensure it closely aligns with business needs.

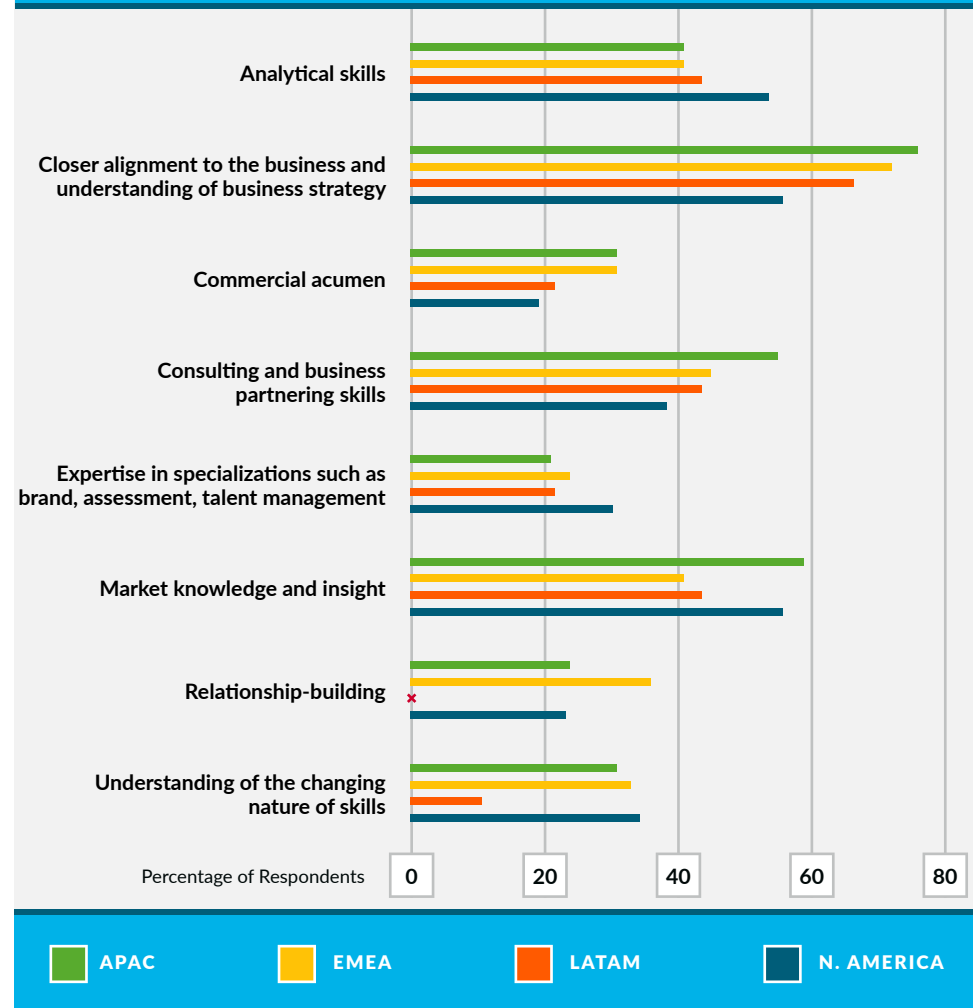
Analytical and Market Insight Expertise

Analytical skills and market knowledge and insight are consistently valued across regions, indicating a widespread acknowledgment of the need for data-driven decision-making and an in-depth understanding of the talent market to inform TA strategies.

Regional Nuances in Relationship-Building and Commercial Acumen

There's a variation in the importance given to relationship-building and commercial acumen. EMEA and North America emphasize relationship-building more than APAC and LATAM, while commercial acumen is less of a focus in North America compared to other regions. This reflects differing regional market dynamics as well as the relative maturity of TA functions.

Q: What skills/capabilities do you think your TA team needs to develop to become a strategic business partner?



Recommendations

Our ongoing research shows that the global talent climate is heating up. Talent acquisition is at a crossroads. Time-to-hire rates are on the rise, as evidenced in our previous report. Nonetheless, internal hiring remains a challenge, despite talent scarcity across industries and roles. By adopting a more strategic approach to talent acquisition and embedding that strategy from the top down, organizations can effectively confront these workforce challenges that are likely to define the next decade. This report looks at the current obstacles encountered by TA teams and identifies key focus areas to enable transformation and elevate the TA function as a strategic partner to the business.

1. Optimize talent visibility and mobility.

Conduct in-depth skills assessments and utilize advanced analytics, AI, and machine learning to gain clear visibility into your organization's skills set as you navigate new sourcing needs. Make sure the TA team is adamant about fostering a culture of mobility through gig and project work, nonlinear career paths, and continuous learning—ensuring TA is actively aligning with dynamic business needs.

2. Harness technology and data for strategic TA.

Prioritize the integration of AI and automation, especially in sectors like Professional Services, where this is critical for a competitive edge. Leverage talent intelligence tools for real-time insights to shape job roles, identify skill gaps, and refine sourcing strategies. As you are navigating the myriad complexities of reducing hiring costs, make sure transformative recruitment strategies are a core element on the agenda.

3. Cultivate an ecosystem of diverse talent.

Build a robust talent ecosystem to maintain workforce stability amid market volatility. Invest in internal talent pools, embracing DEI to broaden your talent search, and recognize DEI's pivotal role in fostering a productive workforce. Weave DEI into the fabric of your culture and talent strategies, ensuring that every individual can succeed.

4. Foster agile adaptation to talent trends.

Embrace skills-based hiring to address the evolving demands of the workforce and bridge the skills gap. Maintain agility in TA practices to adapt swiftly to changes in the business landscape, reinforcing TA's role as a strategic partner in organizational growth. This includes embracing new technologies as well as fostering an organizational culture that supports swift adaptation to change.

5. Take a systemic approach.

Adopt a systemic view of HR and talent practices, integrating recruiting, retention, development, and management to address the labor shortage comprehensively. Balance operational efficiency with strategic recruitment, coupling cost-cutting measures with investments in innovative recruitment technologies. A shift toward skills-based hiring is necessary to meet the evolving demands of the workforce.

Methodology

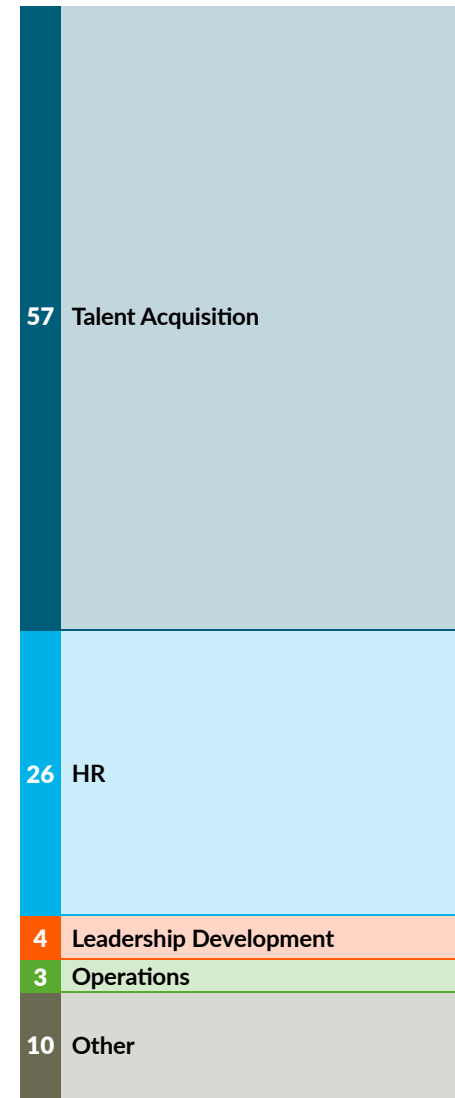
Our *Talent Acquisition at a Crossroads* report brings together global intelligence from The Josh Bersin Company and AMS to provide a data-driven view of the talent world.

The data set is comprised of half a million data points from AMS in addition to The Josh Bersin Company database of hundreds of HR practices. Together, the data provides a view of the hiring volumes, internal hiring trends, and time-to-hire statistics.

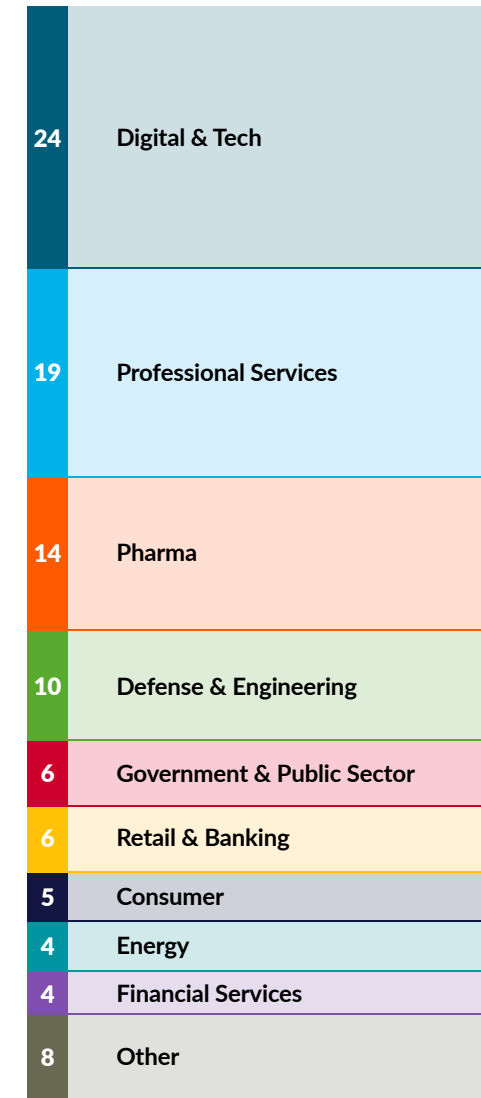
For this report, we analyzed data from more than 13 industries in a wide variety of countries around the globe.

HR leaders can use these insights to understand how the current global environment is impacting the sourcing, selecting, hiring, and retention of key talent for some of the world's most innovative organizations. Benchmarks provide guidance and targets for companies to optimize their hiring practices and prioritize internal hiring effectively.

Job Roles Breakdown (%)



Industry Breakdown (%)



About The Josh Bersin Company

The Josh Bersin Company provides a wide range of research and advisory services to help HR leaders and professionals tackle the ever-evolving challenges and needs of today's workforce. We cover all topics in HR, talent, and L&D, including diversity, equity, and inclusion; employee experience; remote and hybrid work; wellbeing; HR strategy and capabilities; learning and career mobility; HR technology; organization design and development; and talent acquisition and mobility. In 2022, The Josh Bersin Company introduced the Global Workforce Intelligence (GWI) Project to guide market-leading businesses and their leaders through the challenges of industry convergence while remaining future-focused.

Corporate Membership

Corporate membership provides senior business leaders and their teams with research, tools, support, and special events that translate The Josh Bersin Company's cutting-edge insights into actionable, transformative organizational strategies. Members have exclusive access to research reports, case studies, definitive guides, playbooks, tech market studies, and a robust toolkit featuring assessments, strategy guides, maturity models, and frameworks. Through executive briefings, thought leadership sessions, and personalized advisory support, members can better apply lessons learned within their own corporate environment. To facilitate collaboration and networking, membership also includes community events, interactive discussions, exclusive webinars, conferences, and interactive learning opportunities.

For more details, email info@bersinpartners.com.

About AMS

AMS is a talent solutions business. Working with clients across the globe, they have learned what it takes to build high-performing employers through sourcing, selecting, and keeping the right talent. AMS has unmatched expertise in digital innovation and a deep understanding of the complex needs of the talent you are seeking to engage—whether that talent is external to your business or already inside it. With 11,000+ experts across 120+ countries, speaking more than 50 languages, AMS delivers projects for the world's most admired companies.

For more details, email hello@weareams.com.

