

The Top Challenges HR Teams Are Facing in 2020

Human resources has undergone enormous changes over the past few years. A tight labor market, changes in candidate demographics, and technological advances have contributed to these changes, and are expected to continue to do so in the future. Moving forward, new opportunities and challenges are being examined and strategies are being planned to help HR teams and their organizations reach new business goals.

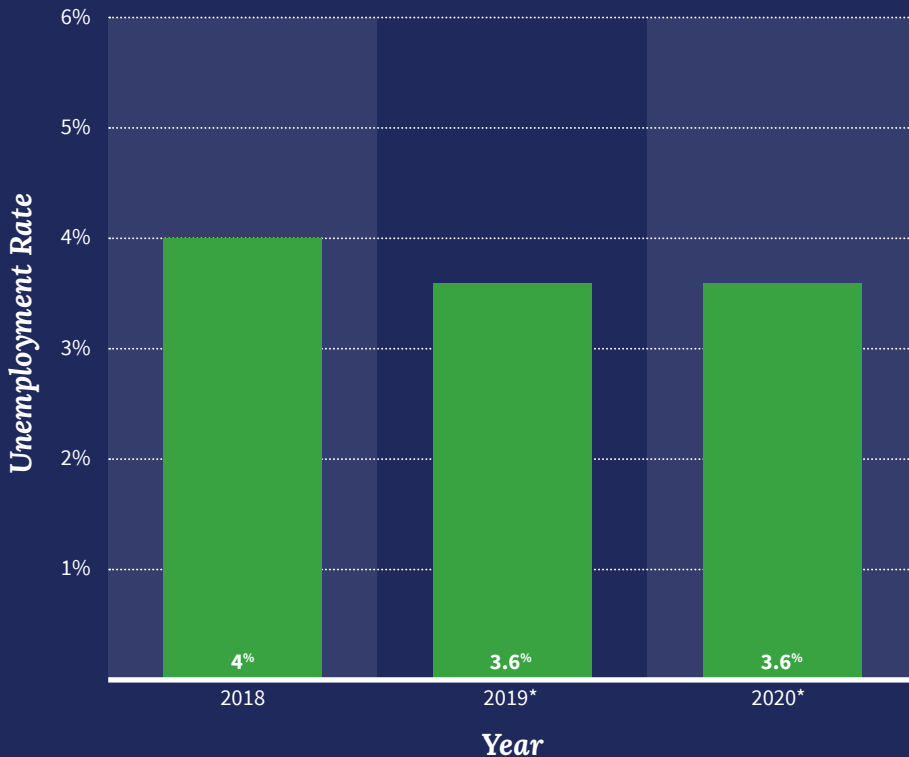
Because human resources must bridge the gap between employer and employee, HR teams are under pressure from different sources and must balance competing priorities. External forces may add considerable pressure as well, as a tight labor market makes it more challenging to find and hire top candidates.

Unemployment is expected to remain low and job growth strong with a projected 2 million new jobs¹ added in the U.S. in 2020, continuing the current candidate-driven labor market through the near future. In addition to managing candidate sourcing and hiring, staffing teams must also manage goals and metrics, balancing the need to find the perfect candidate with the need to reduce time to fill and control cost to hire.

To manage these competing priorities, it is important that HR teams create comprehensive strategies to meet and overcome the challenges they will face in 2020 to improve business outcomes.



FORECAST OF THE UNEMPLOYMENT RATE IN THE UNITED STATES FOR FISCAL YEARS 2018 TO 2020



Source

<https://www.statista.com/statistics/217029/forecast-to-the-unemployment-rate-in-the-united-states/>

1 A Candidate-Driven Market

In 2020, recruiters must strategize new ways to deal with a candidate-driven labor market, employing technological and people-based solutions to source and hire the best from a limited supply of qualified candidates.

In the upcoming year, the job market will continue to be candidate-driven, as the unemployment rate continues to be low at an average of 3.6%.² This puts the power in the hands of candidates, who are empowered to wait for the ideal job offer to come along – particularly in sectors where demand is increasing while supply is limited, including finance, IT, and creative.

Increased competition among enterprises for top candidates can extend the time it takes to fill open positions, particularly for jobs with hard-to-find skill sets. However, top candidates only stay on the market for a very short time - 10 days, according to some estimates.³ Recruiters must streamline processes to reduce time to hire as much as possible, to have any chance at attracting top candidates.

SOLUTIONS

In a candidate-driven market, employers must think strategically to fill open positions. This includes improving time to hire, as the best candidates are off the market within 10 days,⁴ on average. Tactics HR teams can use to reduce time to hire include:

- **Creating a talent pipeline to identify top candidates before a position is actually available**
- **Collaborative hiring, which can help speed the hiring process and improve fit**
- **Updating and monitoring market research to ensure that salary and benefits are competitive.**

2 Diversity Requirements

An increasing number of companies are taking steps to ensure that their workplace is diverse and inclusive, for a number of reasons. First, as candidates are evaluating one employer against another, the one that mirrors their own values can gain a competitive edge. Additionally, research has discovered that more diverse enterprises have significantly better business outcomes than others.

Research from McKinsey⁵ shows that companies in the top quartile for ethnic diversity in their executive team are 33% more likely to realize above-average financial returns.

Diversity in the general workforce has also been found to improve productivity, morale, and creativity in employees. However, a limited pool of available candidates can make diversity recruiting goals even more difficult to achieve.

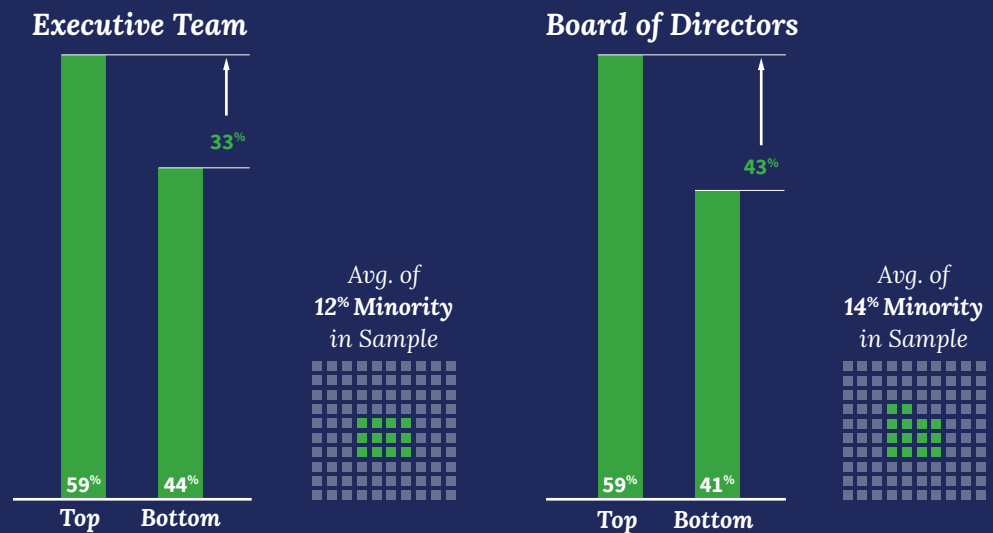
SOLUTIONS

Organizations looking to improve workforce diversity in the face of a labor-driven market should work on reducing bias in staffing and hiring; proactively reach out to underrepresented candidates; and implement diversity benchmarking into regularly reviewed metrics and KPIs.

A company struggling with diversity may also consider engaging a staffing partner, with experience in attracting and retaining diverse candidates. This may include agencies who are certified minority- or LGBT-owned enterprises, which are majority owned, managed, operated and controlled by minority or LGBT individuals. Incorporating diverse suppliers in staffing and hiring is a clear indication of your company's commitment to diversity initiatives, which can help make you more attractive to diverse candidates.

LIKELIHOOD OF FINANCIAL PERFORMANCE ABOVE NATIONAL INDUSTRY MEDIAN

Ethnic Minority Diversity by Quartile



Source

<https://www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity?cid=other-eml-nsl-mip-mck-oth-1802>

“**91%** of companies
are investing in technology to improve sourcing.

60% of companies
are looking at AI-powered recruiting software.

3

Lack of Technological Solutions

As the recruiting landscape becomes more challenging, companies must use every available tool to improve outcomes. Technological advancements have created a number of tools that can help to improve the recruiting process: reducing time to hire and cost to hire, streamlining application review processes and candidate management, and making the hiring process better for organizations and candidates alike.

Currently, 91% of companies⁶ are investing in technology to improve sourcing; 60% are even looking at AI-powered recruiting software. A company that has delayed investing in technology to improve recruiting and hiring risks losing a competitive advantage to those who have.

SOLUTIONS

Technological solutions may include applying technology to the candidate experience, ensuring applications are streamlined and mobile-friendly. Introducing video interviews as an option for difficult-to-schedule or for remote candidates can be an effective way to reach more potential candidates.

Candidate intelligence tools may be used to help identify passive candidates, those who are not actively looking for a job but would be interested if contacted with a new opportunity. And using or optimizing an applicant tracking system (ATS) can be extremely beneficial in sourcing, screening, and selecting candidates in a timely manner.

4

Retention: Keeping Your Best and Brightest

A different way to address the challenging recruiting environment is to look to the demand-side, rather than focusing on the limited supply of available candidates. A company that can keep its top employees has fewer positions to fill and can spend more time focusing on improving the quality of those hires.

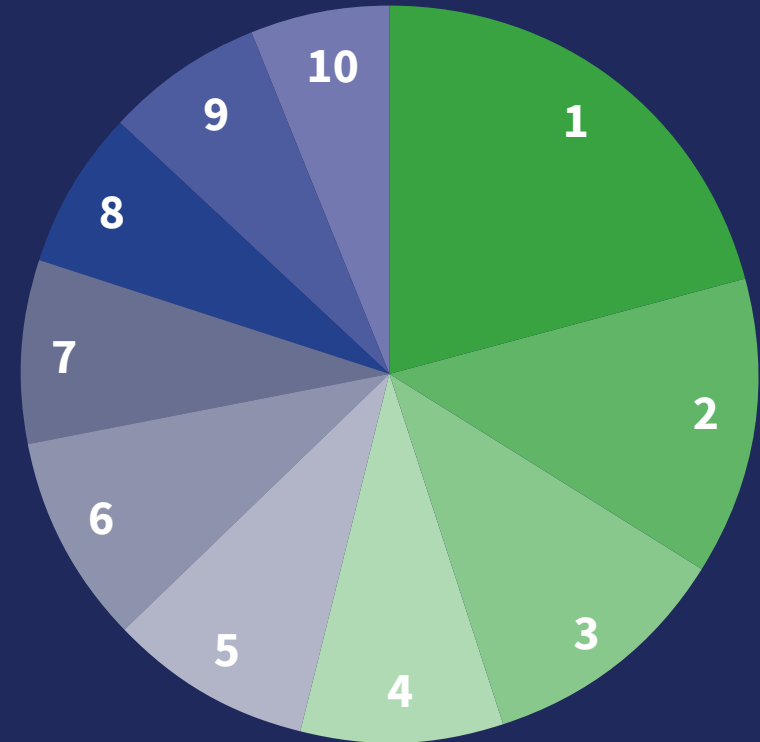
To keep employees, it is critical to understand the reasons for high employee turnover. A recent survey⁷ found that **77% of employee turnover is preventable**; with the top reason for employees leaving are related to career development opportunities.

SOLUTIONS

Improving employee retention supports recruiting initiatives, by reducing the number of open positions that must be filled. With less turnover, recruiters can channel time and resources to strategies, rather than running from one urgent request to the next. To improve employee retention, HR teams can execute a number of strategies. These may include:

- Ensuring compensation and benefits are competitive;
- Building a positive office culture;
- Increasing flexibility to prioritize work-life balance;
- Improving employee trust by increasing business transparency;
- Offering career development opportunities and growth plans.

TOP REASONS PEOPLE LEAVE THEIR JOBS



1. Career Development - 21%

Opportunities for growth, achievement and security

2. Work-Life Balance - 13%

Travel and scheduling preferences

3. Manager Behavior - 11%

Positive and productive relationships

4. Well-Being - 9%

Physical, emotional and family-related issues

5. Compensation & Benefits - 9%

Total rewards promised and received

6. Relocation - 9%

Physical move out of proximity of the job

7. Job Characteristics - 8%

Ownership and enjoyment in manageable work

8. Involuntary - 7%

Terminations or layoffs

9. Retirement - 7%

Decision to exit the workforce

10. Work Environment - 6%

Physical and cultural surroundings

Source

<https://cdn2.hubspot.net/hubfs/478187/2018%20Retention%20Report/Work%20Institute%202018%20Retention%20Report%20043018%20-%20Final.pdf>



5 Shrinking HR Teams

As automation becomes more prevalent in human resources, HR teams may be reduced in size. SHRM recently noted that the majority of human resources functions may be fully or partially automated - only the highest level strategic and interpersonal functions of HR are not suitable to automation. As more tasks become automated or outsourced, the size of HR teams may be reduced, and processes streamlined.

However, this isn't all bad news for HR teams. Automating or outsourcing manual, repetitive tasks allows an HR team to channel resources to higher-level strategic objectives, repositioning HR as a strategic partner to the C-level rather than an administrative, task-focused department.

SOLUTION

Proactively addressing automation and outsourcing as part of a long-term, strategic plan for the Human Resources team allows you to get ahead of and control any streamlining or reduction in force in the future. HR processes that are suitable for outsourcing may include benefit and payroll administration, compliance, training, and recruiting.

The current job market presents a number of challenges for recruiting and staffing, but a strategic, long-term mindset can help an organization manage hiring challenges and meet business objectives.

Full-service staffing agencies, such as Sparks Group, employ a variety of strategies to make sure that the candidate pool is as robust as possible. Additionally, agencies can narrow a candidate pool to focus on the exact type of candidate needed, relieving internal HR teams of the burden of reviewing large numbers of potentially unqualified candidates.

SPARKS GROUP

Leveraging a Strategic Partner to Exceed Your Hiring Goals

Sparks Group is a leading temporary staffing and recruitment agency and provides direct-hire and temporary talent to companies nationwide. Our team specializes in placing candidates in the following industries:

- Accounting and Finance
- Administrative, Office Support, and Clerical
- Creative and Marketing
- Human Resources and Talent Acquisition
- Information Technology
- And Much More

Our experts have a deep understanding of the recruiting landscape in their respective industry as well as the soft skills and experience a candidate needs to succeed in a specific position. We work with you to truly understand your company culture and growth goals to match you with candidates who will be a long-term fit to reduce turnover and contribute to company growth.

With a large pool of qualified candidates and passive candidates, our team provides you with access to candidates that your internal team may not be able to find to help fill open positions quickly.

Schedule a consultation with our recruiting experts to tell us about some of the challenges your HR team is facing and strategies to overcome them.

Get in Touch



Sources

¹ <https://www.statista.com/statistics/269959/employment-in-the-united-states/>

² <https://www.bls.gov/news.release/empsit.nr0.htm>

³ <https://www.ere.net/top-candidates-are-gone-within-10-days-so-assign-each-a-hire-by-date/>

⁴ <https://www.officevibe.com/blog/12-recruiting-stats>

⁵ <https://www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity?cid=other-eml-nsl-mip-mck-oth-1802>

⁶ <https://www.statista.com/statistics/880903/leading-recruiting-channels-tech-companies-will-invest-in-worldwide/>

⁷ <https://cdn2.hubspot.net/hubfs/478187/2018%20Retention%20Report/Work%20Institute%202018%20Retention%20Report%20043018%20-%20Final.pdf>

