



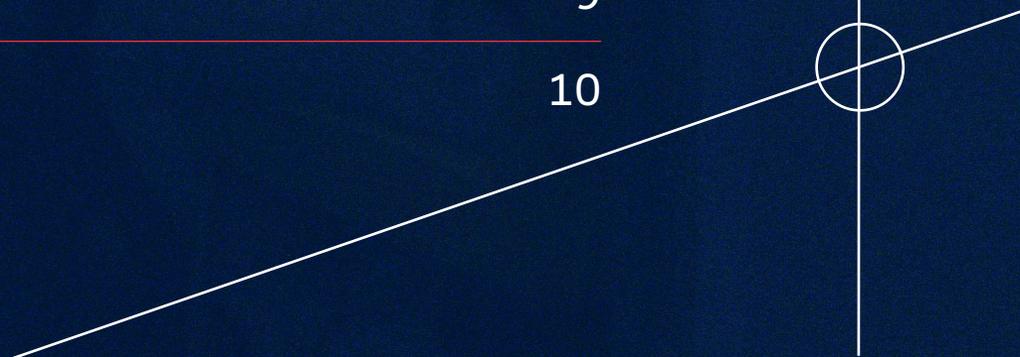
THE FUTURE OF THE WORKFORCE

2019 Trends Report

 **ACARA**

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A brief introduction

While 2018 continued the upward trend of staffing growth, the intensity and insecurity felt by job seekers during the Great Recession have cooled. The struggles for employers over this past year have primarily involved:

- The advent of automation
- New workforce technologies
- New sourcing models
- Candidate-driven markets
- Emergence of new hiring platforms
- The freelance economy
- Economic volatility

Although these factors have placed pressure on hiring organizations, they still indicate boom times for savvy staffing professionals. With that said, let's take a look at the topics that will likely dominate 2019.



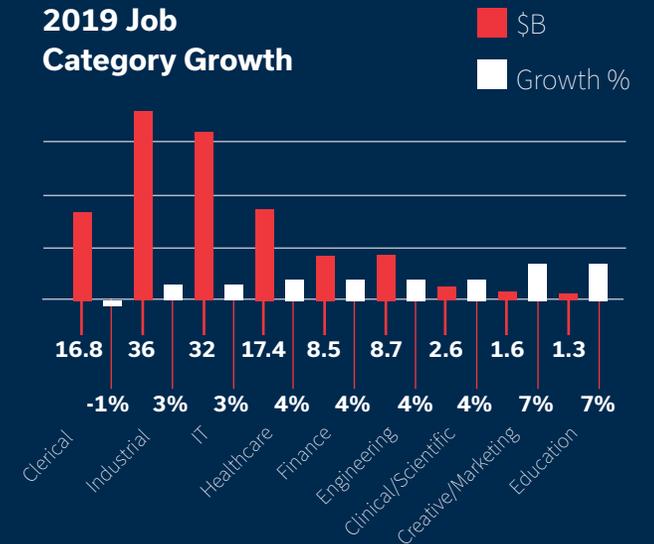
The state of the industry

According to Staffing Industry Analysts' (SIA) "US Staffing Industry Forecast" report, 2018 saw a 4% rise, with \$147.8 billion in revenue projected by the close of the year. The outlook for 2019 is similar, with analysts predicting another 3% increase in the U.S. staffing market. SIA believes the industry will capture \$152 billion next year.

As SIA CEO Barry Asin told Monster, **"Our industry's fates and fortunes are largely tied to the broader economy."** Recent concerns about stock market volatility, the friction over trade agreements and tariffs, and the looming specter of a recession point to a level of uncertainty.

facts & figures

2019 Job Category Growth



10-year Staffing Industry Growth (\$B)



The staffing and recruiting **pulse**

The health of staffing and recruiting remains strong as the industry enters the new year.

According to the American Staffing Association's October 2018 assessment, year-to-year **growth** in staffing jobs **averaged 3.2%** per month during the first 10 months of 2018. That figure outpaces the 2.2% per month growth for all of 2017.

The number of **job openings** for 2018 totaled **6.8 million** in April—the highest number since the U.S. Bureau of Labor Statistics began reporting the metric in 2000. The **volume** of hires amounted to **5.6 million**, based on data from the American Staffing Association, Staffing Industry Playbook 2018.



Top Reasons Customers Choose a Strategic Staffing Partner

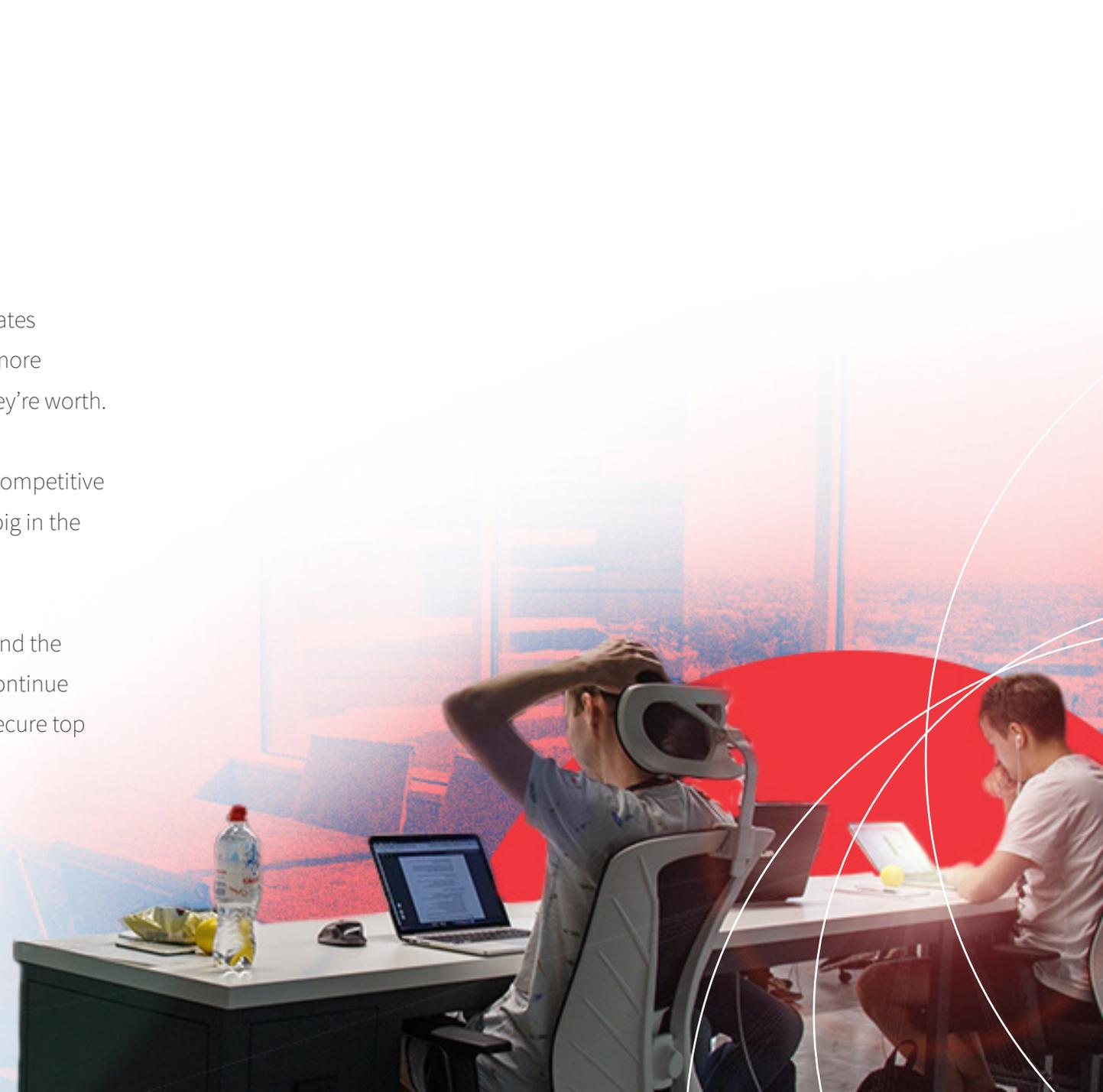
- 30%** Find Higher Quality Talent
- 22%** Strong Firm Reputation
- 14%** Ability to Find Niche Talent
- 9%** Relationship with Recruiter
- 9%** Competitive Pricing

Candidates in control

In 2019, businesses must make themselves more attractive to job candidates than ever before. Why? The talent pool is shrinking, staffing is becoming more competitive, and high-quality job candidates won't settle for less than they're worth.

It's the employer's responsibility to offer the job candidate a strong title, competitive pay, and a comfortable company culture; if the employer can't come up big in the beginning, it'll likely lose out in the end.

If you compare staffing to real estate—where the job seeker is the buyer and the employer is the seller—it's a **buyer's market**. As this trend is likely to continue throughout the year, it's going to become more difficult for recruiters to secure top talent.



A non-technical revival

Now that the technical space has reached a level of maturity, employers are seeking creative roles to sell and market the solutions. So, we can expect an increase in job requisitions for these non-technical positions.

We're also witnessing a renaissance in job categories that most people would discount as "soon to be automated," or even unnecessary. Spurred by technological innovations, positions in manufacturing, construction, energy, and health continue to grow.

Manufacturing is surfing on a wave of recovery. Employers created 37,000 new manufacturing jobs in July, according to the Labor Department this summer, the strongest gain since December and the third straight month in which factory job growth accelerated.

U.S. manufacturers produced about \$6 trillion in gross output in 2017, according to the Bureau of Economic Analysis.

From 2017 to July 2018, manufacturing added 327,000 jobs, the most of any 12-month period since April 1995.

Despite the strong numbers, we're still staring down the face of a troubling **skills gap** in the manufacturing sector—one that could leave an estimated **2.4 million positions unfilled** between now and 2028. To get ahead of the curve, companies should start building relationships with trade schools to connect with the next generation of manufacturing employees before their competition does.

Industrial jobs outpaced white-collar jobs, according to October 2018 employment data from the U.S. Bureau of Labor Statistics: 54,000 professional and business services roles compared to 24,000 in transportation and warehousing, 23,000 in construction, and 18,000 in manufacturing—for a total of 65,000.



Freelancers on the **rise**

Freelancers are on track to be the **majority** of the workforce within a decade.

More and more professionals are taking the independent contractor route—not because they need to, but because they want to. And why shouldn't they? These freelance workers enjoy a level of flexibility, autonomy, and variety that many traditional work arrangements just can't match. To be specific, independent contractors can work for as many (or as few) businesses as they want at any time, withhold their own taxes for as long as possible, and write off any expenses related to their self-employed operation.

The advantages don't just favor these types of workers, though; forward-thinking employers are already reaping the benefits that 1099 workers bring: **cost savings, fresh perspectives, and specialized skills**, among others. Without having to pay for an employee's insurance, benefits, severance, or stock shares, for example, an employer can invest in other areas that enhance the efficiencies of their organization.



Freelancers and ICs in 2018 comprised 36% of the entire workforce



Freelancers now contribute \$1.4 trillion to the U.S. Economy, a 30% increase from 2016 – 2017



47% of millennials engage in some form of freelance or independent work



55% of freelancers have undergone reskilling, or retrained themselves in the past 6 months



63% of freelancers believe that having a diverse portfolio of clients is more secure than having one employer



59% of HR managers have used freelancers or ICs in the past year, with an expectation for growth

A 2018 survey of **HR managers** found that **59% had used independent contractors in the last year**, and of that group, the majority expect their use of independent contractors to rise in the years to come. Similar estimates are echoed across the country: over the course of the next 10 years or so, **"contractors and freelancers could make up half of the American workforce."**

Big data, digital talent pools, and machine learning

The consistent growth in talent data pools will redefine the searching and recruiting strategies of staffing professionals in 2019 and beyond. Machine learning has reinvented the way job seekers discover matching jobs, leading to more personalized candidate experiences.

A couple years ago, Google brought machine learning to talent acquisition. Google's Cloud API provides recruiters, hiring managers, and other users the most relevant search results and recommendations. The API relies on Google's advances in machine learning to understand how job titles and skills correlate. It then compiles the data to determine the closest match between job content, location, and seniority. Since that time, countless other companies have launched talent acquisition and screening technologies that capitalize on the advances of artificial intelligence (AI) and machine learning. And developers of existing ATS and VMS platforms are working to incorporate those same features in their existing solutions.

As developers refine natural language processing and intelligent algorithms, chatbots are evolving rapidly. What's more, they're assuming rudimentary customer service duties. In 2019, chatbots akin to Amazon's Alexa could facilitate informed decision-making for recruiters and talent acquisition teams across the country. Why? Excellent user experiences. According to data from over 300,000 candidate interactions, **chatbots scored 93 to 99% satisfaction ratings.**

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What's better than a chatbot? AllyO is a **personal AI system** that intelligently automates end-to-end recruiting workflows. It also won SIA's Shark Tank event in 2018. It reported that customers have experienced between 2x and 6x increase in applicant capture and conversion rates, 91% application completion rate, and over **50% reduction in cost and time-to-hire.**

Through chatbots and AI, customers have experienced a 6x increase in applicant capture and a 50% reduction in time-to-hire.

Talent platforms, not talent networks

Amazon proved that virtualized, platform-based business models will define the future of commerce.

What started as an online bookseller blossomed into a revolutionary approach to uniting buyers, sellers, and distributors in a centralized setting. Amazon achieved this by developing a solution stack that integrated modern technology platforms with a multisided marketplace and lean operations.

The same shift is taking place in staffing. Automated platforms will create thriving talent marketplaces where workers, hiring organizations, and staffing suppliers interact and connect through the exchange.

Many benefits await:

- On-demand hiring
- Shared talent pools
- Enriched user experience
- Limitless supplier networks
- Actionable data insights
- Unified tech platforms

What's to **come?**

The upcoming staffing trends for 2019 may not appear radically different than those of the previous two years, but they will become more pronounced and perhaps more urgent. Technology has shown no signs of slowing. The labor market continues to constrict. Economic volatility persists. And candidates remain in control of their destinies. **The real change required must come from the staffing industry itself.** Its leaders have little choice but to embrace the changes, pioneer new approaches for recruiting, adopt the emerging technologies entering the space, and even consider leaving legacy solutions behind. The focus on diversity and the candidate experience will be paramount to success. But we have the tools and the acumen to make 2019 a groundbreaking year. All it takes is a shift in mindset and perspective.

The Acara Difference

For nearly 60 years, Acara has been a premier provider of talent and recruiting solutions trusted by companies in all industries. We work from a people-first perspective and employ a high-touch, consultative approach that seeks to gain a deep understanding of your needs, so we can swiftly, purposefully, and proactively provide the contingent staffing, direct placement, payrolling, contract-to-direct, and executive search services that make a real difference in your company.



Contact us today to learn how Acara can help you find the right fit for your company.

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