

A Roadmap to Sourcing Talent in the Remote World

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Remote work lets organizations source talent from unlimited locations but also poses risks and complexities. This research offers recruiting leaders practical guidance on how to think about sourcing talent to build a competitive edge and mitigate risks in the remote world.

The percentage of work positions that are flexible (i.e., that are fully remote or allow employees to choose between working remotely or in an office) has more than doubled over the last two years in the U.S., from 5% in 2019 to 14% in 2021, and reached 18% in the first two months of 2022.¹ Flexible roles are becoming more common in various functions and industries, not just those in which remote work was already conventional before the COVID-19 pandemic.

The shift is happening for good reasons. Employees increasingly demand flexibility in where and when they work. The pandemic experience showed how remote working supports business continuity during disruptions. Studies suggest employees who work remotely can be more productive, save time commuting and even sleep better.²

A world in which remote work is common gives organizations more options for sourcing talent. Organizations can't technically source talent from anywhere, as some advocates claim, due to varied regulations and labor market conditions in different locations. However, sourcing for fully remote roles no longer needs to be bound to the organization's office locations. While hybrid and on-site roles still need to be located near an office, the organization can source talent for these roles from an expanded radius of

proximity to the office or one of several offices, which further increases the choice of locations (see Figure 1).

To really take advantage of these expanded location options for talent sourcing, organizations should carefully assess the limitations and prepare to source talent in unfamiliar locations. This research offers a practical roadmap to help recruiting leaders think about how to effectively source talent in the remote world (see Figure 2).

Figure 1. Spectrum of Expanded Location Options

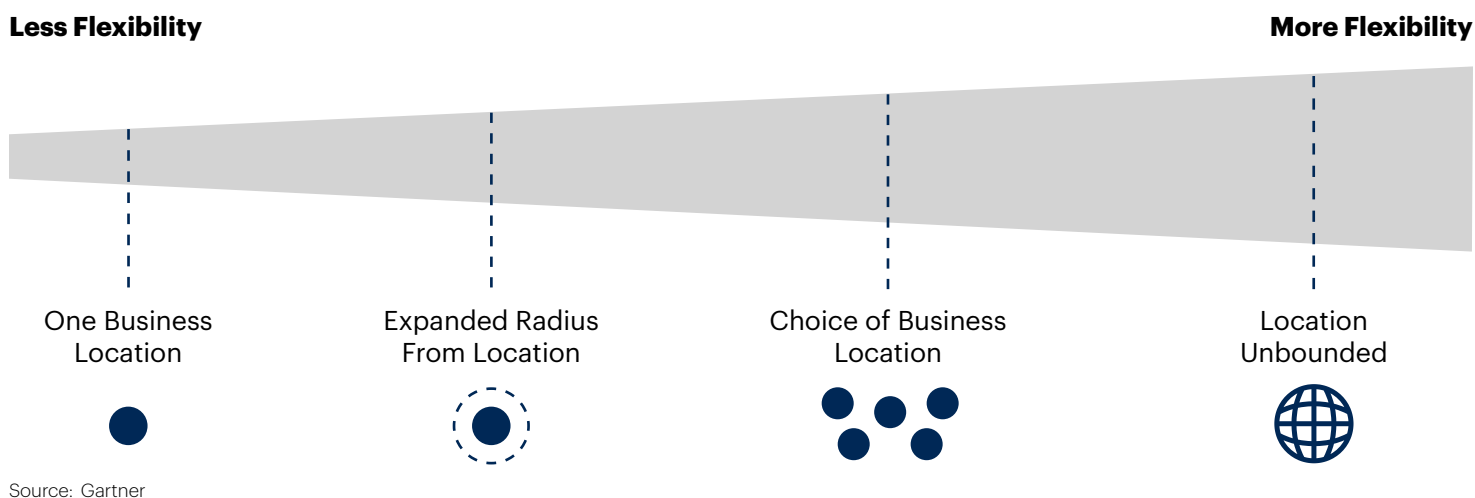
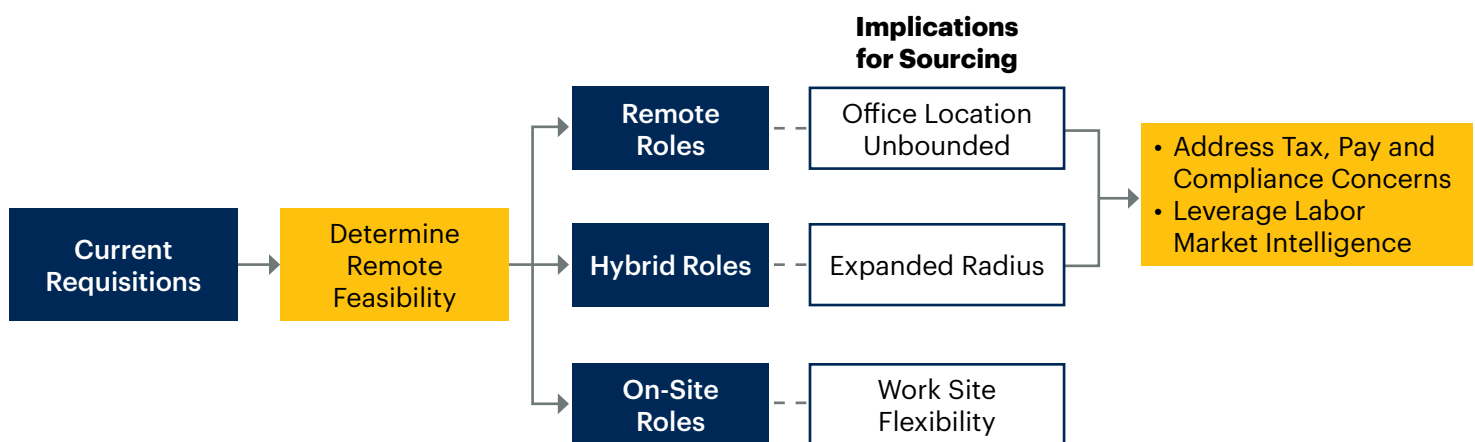


Figure 2. The Roadmap to Sourcing Talent in the Remote World



The journey starts with current requisitions and progresses into key considerations and implications for sourcing in the remote world:

1. Recruiting teams need to determine how much location flexibility a role can have. Determining feasibility of remote work will be a key capability for recruiters in the remote world.
2. Once the roles with flexibility are determined, organizations can tap into more locations to source talent for remote and hybrid roles. To do so, however, organizations need to be prepared to comply with a variety of local employment regulations.
3. Organizations need better and more comprehensive labor market insights to make educated decisions on whether to invest in unfamiliar talent locations.

By taking these three concrete steps, recruiting leaders can drive talent sourcing success in the remote world.

Determine Feasibility by Activities, Not Roles

Roles often differ in flexibility. For example, an assembly line worker might not be able to work remotely at all, but most sales representatives can work remotely for a significant portion of their time, and most software developers may prefer remote working as the default. So to start, recruiting leaders need to carefully assess how remote different roles can be.

Most organizations take a role-based approach to this assessment, but this is often ineffective. Recruiting leaders who limit their view to what other organizations are doing about flexibility in a given role can miss opportunities to offer remote or hybrid work options. The same role can vary

significantly by organization and industry in terms of remote feasibility. The activities the role requires the employee to perform determine whether a job can be done remotely, either some or all of the time.

For this reason, we recommend an activity-based approach to determining remote feasibility. This approach requires recruiters to demonstrate strategic influence and act as true talent advisors to hiring managers. Managers are often biased toward assuming their team members need to be in the office full-time, but looking at roles through the lens of activities may change their perspectives. The recruiter's task is to work with the hiring manager to review each role by its core activities, realistically reassess its potential for flexibility and, in the process, get the manager's buy-in on adding flexibility to a role where appropriate.

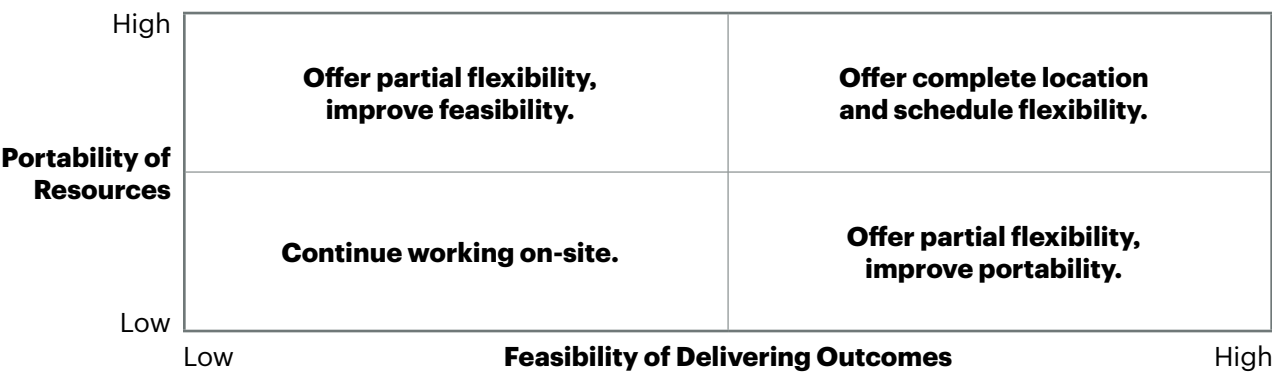
Activity-Based Discussion Questions for Managers to Assess Remote Feasibility

Recruiters can use these activities-based discussion questions in conversations with hiring managers to address their biases in assessing remote feasibility of roles:

1. What activities does this role focus on?
2. What are the different activities our team does?
3. Which of these activities can be performed flexibly?
4. What activities require employees to be in person, work specific hours or complete work in a defined manner?



Figure 3. Activity Analysis for Flexibility



Source: Gartner

An activity-based approach uses two lenses to review the major activities required to perform in a specific role — feasibility and portability:

- **Feasibility** is about whether the role can deliver the needed outcomes in a remote setting. If an activity relies on face-to-face interactions with customers or benefits from synchronous collaboration with co-workers, it has low feasibility, as there is less flexibility in when and where these tasks can be performed.
- **Portability** concerns whether an activity requires the use of specific equipment or technology that is location-bound, so employees have to work on-site to access it. If that's the case, the activity has low portability.

The best solution for any given role depends on the interaction of its flexibility and portability (see Figure 3). A role with high feasibility and high portability is a good candidate for total location and schedule flexibility. Low-feasibility, low-portability roles are better suited to on-site work. If a role has high feasibility and low portability (or vice versa), the organization can offer partial flexibility and look for ways to increase portability or feasibility to make the role more flexible.

Leverage Cross-Functional Expertise to Address Tax, Pay and Compliance Concerns

Taxes, pay policies and other regulations vary across locations. Companies looking to hire talent in new locations must cope with all these requirements. Recruiting teams shouldn't try to address all requirements by themselves. This is a team effort that requires expertise from

legal, finance, accounting and other teams to make sure the organization can comply with regulations in any new locations where it is trying to source talent.

Five Steps to Navigate Tax and Compliance Complexity

Follow these simple action steps to navigate complexity in tax and compliance practices when sourcing remote talent:

1. Connect with key stakeholders from legal and finance to contextualize tax and pay implications within the wider organizational strategy.
2. Gather data, in partnership with IT, HR business partners and talent management leaders, to understand where employees are currently working, where they would prefer to work and if they plan to relocate.
3. Analyze likely compliance, operational and cost challenges to understand what policy changes remote workers will require.
4. Identify boundaries regarding where employees will be permitted to work, including nonnegotiable locations.
5. Develop a compliance response plan to ensure clarity for employees on required activities and availability of necessary resources.

Another difficult question when hiring remote workers is whether to benchmark their pay according to average salaries and costs of living in the places they live (which may be lower than in major cities), to pay them the same as their peers in higher-cost areas or to use some other criteria for determining compensation.

Before the pandemic, most employees worked on-site and their pay was usually tied to their location. In the remote world, however, there is no consensus among organizations on how to determine pay. Most companies (63%) are still using employee work location as criteria to determine compensation, but more than a third are using other location criteria (see Figure 4).

We've also seen companies such as Reddit, Zillow and Spotify adopt location-agnostic pay, which ties compensation to pay ranges of high cost-of-living areas regardless of employees' actual work locations.^{3,4,5}

It's imperative the company's pay policy is perceived as fair by all employee segments, not just on-site or remote employees. Organizations can improve employee confidence in pay fairness by:

- Increasing pay transparency
- Training managers
- Helping employees understand the complete value of their rewards package

Use Labor Market Insights to Guide and Influence Hiring Plans

Labor market intelligence enables organizations to make talent plans just as light enables eyes to see. Without labor market intelligence, companies risk making blind guesses in a fast-paced, constantly changing labor market. However, an analysis of recruiting team activities between January 2020 and July 2021 found that only 26% were gathering labor market intelligence.⁶

Beyond the tax, pay and compliance limitations described above, recruiting leaders also need relevant labor market insights to identify which locations are most promising for sourcing talent.

Recruiting leaders can focus on three criteria to narrow down where they can get a good return

on investment from sourcing talent in a given location. The greatest returns are where:

1. The costs (salaries) are significantly lower.
2. The location has a robust supply of talent relative to demand.
3. The location will enable them to meet their organization's diversity goals more easily (see Figure 5).

Figure 4. Location Criteria Used to Determine Employee Compensation
Percentage of Organizations



n = 30 HR leaders worldwide

Source: 2Q21 Gartner Compensation Watch Survey

Figure 5. Key Talent Metrics for Sourcing Location Considerations



Source: Gartner



Analyzing locations based on these criteria can deliver high-impact labor market intelligence to not only help guide talent sourcing decisions but also influence the business's strategic direction. When the labor market becomes more volatile, recruiting leaders can also bring labor market insights to business leaders to inform them of the changing talent landscape and how they can best adapt their future sourcing and hiring plans.

Remote Work Is Here to Stay

The shift toward remote work is not a passing trend that will disappear when the pandemic ends. Although it has some limitations, a remote work environment offers great opportunities to organizations for sourcing talent. To grasp these opportunities, recruiting teams must:

- Know how to assess the feasibility of remote work in any given role.
- Have a practical, cross-functional plan to deal with tax, pay and compliance complications when sourcing from new locations.
- Leverage labor market intelligence to make informed decisions about where to hire talent.

¹ Gartner TalentNeuron

² [Are We Really More Productive Working from Home?](#), Chicago Booth Review.

³ [Evolving Reddit's Workforce](#), Reddit.

⁴ [Why Zillow Group Is De-emphasizing Location as a Component of Compensation, Making It Easier for Employees to Move](#), Zillow.

⁵ [Spotify Says It's Letting Employees Work From Anywhere, While Still Paying San Francisco and New York Salaries](#), Business Insider.

⁶ Gartner HR Score for Recruiting (data collected from 1 January 2020 through 31 July 2021).

The organization profiled in this research is provided for illustrative purposes only, and does not constitute an exhaustive list of examples in this field nor an endorsement by Gartner of the organization or its offerings.

Case in Point: Workforce
Modeling Tool for
Business Leaders

PHILIPS

Philips

Philip's Workforce Modeling Tool for Business Leaders helps recruiters work with the talent intelligence team to optimize sourcing by talent location, not business location:

- Philips implemented a data-driven strategy to position itself more competitively in the market.
- Recruiters at Philips work with their talent intelligence team to use data to map out where talent sits all over the world, for example, coders and developers.
- Based on supply availability at any given location, Philips recruiters influence hiring managers to consider broadening their hiring criteria to encompass more viable locations.
- The recruiting team also proactively shares information with business leaders to guide future sourcing decisions. By allowing leaders to visualize talent cost and availability, the tool makes it easier for them to make future trade-off decisions about talent.
- This process has effectively evolved the relationship between hiring stakeholders and the recruiting team. Hiring managers now expect to see talent supply data as they determine the best hiring strategy.