



ROBERT WALTERS WHITEPAPER

RECRUITING PROFESSIONALS IN A CANDIDATE SHORT MARKET

ROBERT WALTERS

INTRODUCTION

Experience tells us that companies are only as good as their people. In an ideal world, job vacancies would be filled by individuals whose skills and experience provide a perfect match for each role. Instead companies have focused on recruiting ‘best fit’ candidates, and the labour market has for many years provided the right people in enough numbers so as to avoid the risk of talent shortages.

During the recession, the focus for many companies was on keeping their operations afloat. Training new staff, succession planning or investing in people became a relatively low priority. As a result, amid strong economic growth and surging business confidence, recruiting the right professionals has become increasingly complex and competitive.

Shortages of suitably qualified candidates and rising vacancy levels are also increasing the pressure on employers to ensure the company retains its existing employees.

Combining employer surveys with our unique recruitment insights, this whitepaper looks at the effects and impact of talent shortages and how to overcome them.

METHODOLOGY

Robert Walters surveyed 226 hiring managers and consulted our recruitment industry experts to complete this research.

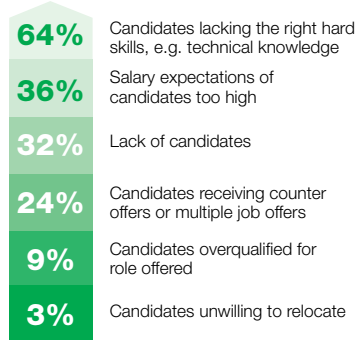
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AN OVERVIEW OF TALENT SHORTAGES

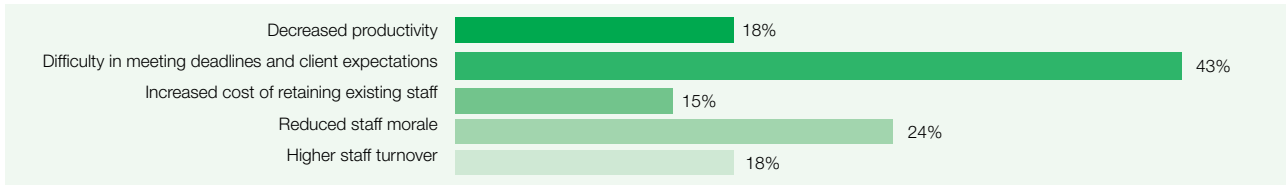
72%
of employers have been affected by talent shortages

Which of the following recruitment challenges has your business faced?

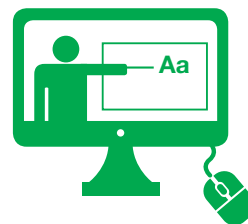


40%
of employers are unlikely to hire those who do not meet the exact requirements of the role

How have skills shortages affected your business?

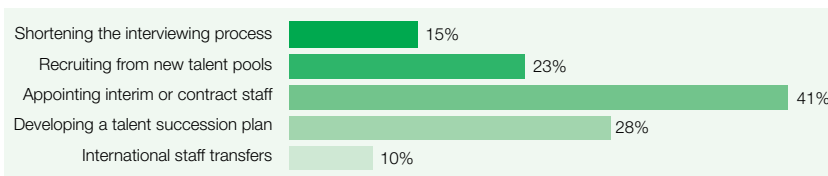


Does your company have a plan for managing talent shortages?



42%
of hiring managers have upskilled staff to manage candidate shortages

Which of the following recruitment strategies have you adopted to manage candidate shortages?



Only 10%
of employers use international transfers to manage talent shortages



65%
of employers use counter-offers to retain staff that have accepted a job offer with another employer

Less than 10%
of employers use career progression opportunities or the chance to work overseas to beat counter-offers

Just 20%
of employers say adding value to the business matters to professionals

However, 60%
of professionals say their contribution to the business is essential to career progression

HOW PREVALENT ARE TALENT SHORTAGES?

More than half of all employers - 56% - have had at least some difficulty recruiting professionals, our survey shows. A further 16% are finding it extremely hard to find the right people for the majority of roles they are looking to fill.

The outcome is broadly similar regardless of company size, with 79% of businesses with more than 1000 staff, 64% with 100-1000 staff and 69% with less than 100 employees all affected by candidate shortages.



Nic Sephton-Poultney
Country Manager-South Africa

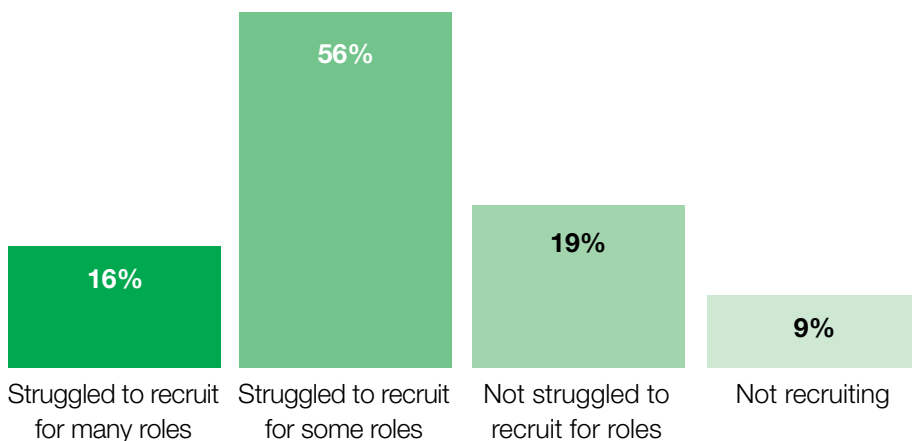
“When companies cut back on recruiting, particularly for entry or junior level professionals, skills gaps inevitably result. This also has an effect on the size of the talent pool that the business needs in order to be able to build and progress.”

With many employers facing the same challenge regardless of location, the survey shows that talent shortages are a widespread cause for concern.

Even with the right in-house HR support, in a talent short market, these figures indicate that many companies are not always using the right strategies to attract professionals who will help their business grow. They also suggest that hitherto established tactics - offering larger pay packets, for instance - may no longer guarantee a candidate's signature.

Only one in five employers say they have not faced any problems recruiting the right professionals.

Have you had difficulty recruiting suitably qualified candidates?





72%

of employers have been affected
by talent shortages

WHAT ARE THE KEY RECRUITMENT CHALLENGES AFFECTING YOUR BUSINESS?

Two-thirds of hiring managers say they have struggled to attract candidates with the right hard skills, technical knowledge or experience. For some businesses, the consequences can be potentially serious. A lack of appropriate specialist staff could hamper efforts to increase productivity, turnover and profitability, preventing the company from reaching its full potential.

A third of respondents to our survey also claim they have simply not been able to find enough candidates to interview, raising questions about the availability of suitably qualified professionals. However part of the problem is that employers are only considering 'active' job seekers, when they should be tapping into the wider candidate pool.

Having the knowledge and ability to approach 'passive' candidates (those not actively searching for a new role) increases your access to a much wider pool of professionals. Very often, those who provide a best fit for the role aren't the ones looking for a job.



Julie Blues
Associate Director at Robert Walters

"Passive candidates may not be openly looking for a job but that does not mean they are not available. If you feel you lack the connections to tap into this market, you may benefit from working with a partner that offers you access."

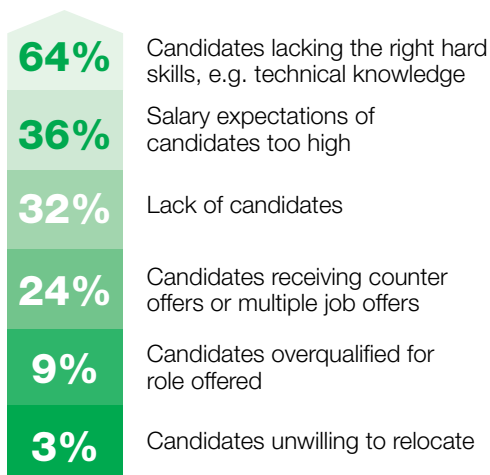
Pay remains a stumbling block, with four in ten hiring managers saying that the salary expectations of candidates they are trying to hire are too high.

Of course, some amount of salary inflation is an inherent trait of a talent short market, and most professionals will expect employers to match or improve on market rates at a very minimum.

Yet we know that many individuals place a greater premium on benefits such as work-life balance and career progression than they do on pay. In other words, simply offering more money may not be enough to distinguish your company from the competition.

Make sure you sell the most interesting elements of the job or any opportunities to take on new responsibilities or managing duties. With many candidates thinking about their long-term career development, this can really help you stand out.

Which of the following recruitment challenges has your business faced?



THE IMPACT AND EFFECTS OF TALENT SHORTAGES ON YOUR BUSINESS

Among businesses we surveyed, the most common concern is that talent shortages increase the risk of not being able to meet client expectations, including the ability to hit deadlines. 43% of hiring managers say that talent shortages have already undermined client relationships, more than twice as many who have been affected in other ways.

As a result, employers find that both their finances and reputation are damaged, making it difficult to win new business. For a range of companies, from early stage enterprises to larger businesses and organisations looking to establish new revenue streams, the effects of talent shortages can prove very long lasting.



Michael Fraser
Associate Director at Robert Walters

“Companies can only create growth plans around the professionals they are able to hire. While it’s important that working practices and culture reflect the goals of the business, many employers stand to benefit from implementing changes that will make their organisation a more attractive place to work.”

A quarter of businesses also say that talent shortages have affected employee morale. The toxic influence of low morale is frequently underestimated for its influence in creating a ‘revolving door’ of high staff turnover. Given the popularity of social media and the speed with which bad news can be shared, companies with a reputation for low morale will find it harder to recruit.



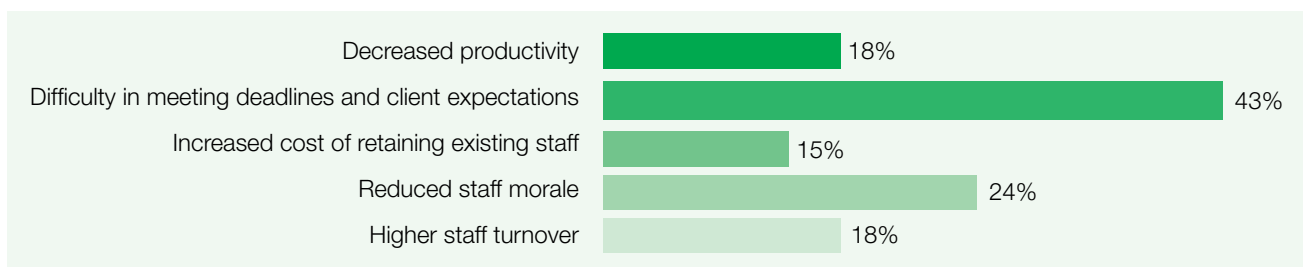
24%
of hiring managers
say candidate
shortages have hit
staff morale

Decreased productivity is often seen among companies unable to fill key vacancies, and this is especially true of heavily regulated industries such as financial services, where a shortage of back and middle office staff can take its toll on front line operations. Nearly a fifth of hiring managers feel that talent shortages have directly impacted on productivity.

In some cases, companies have been able to plug the gaps by reallocating staff or giving them extra work. However, an overworked or overstretched workforce is a surefire recipe for employee discontent. Many will also expect to be paid a higher salary, increasing the cost to the business.

To counter this, employers should take steps to increase the appeal of working for their business, for example by offering greater autonomy, flexible working or clear opportunities for career progression. Other solutions include revisiting recruitment practices, all hiring professionals with related skills who can be trained or upskilled.

How have skills shortages affected your business?





43%

of hiring managers say
candidate shortages make
it difficult to meet client
expectations

PLANNING FOR TALENT SHORTAGES

Our survey reveals that only a minority of hiring managers have prepared their businesses to meet the challenge of talent shortages. Just one in three have a plan in place, with more saying they have no intention of developing any strategy for addressing this issue.

However, 27% of hiring managers say they are in the process of creating a strategy to manage talent shortages.



Robert Nel
Associate Director at Robert Walters

“Businesses that rely on internal recruitment teams to keep a lid on costs are often restricted to recruiting from more limited talent pools. This approach is also a false economy, as making the right hire at the first opportunity will always save your company money in the longer run. To fully explore the breadth of talent available, make sure you engage with a range of hiring channels.”

This suggests that many businesses are not keeping up with the recent shift in candidate behaviour. The recession forced many professionals to put their career progression on hold: now, after years of limited opportunity and muted pay inflation, the market has opened up for them again. Many candidates looking for their next career move will be able to pick and choose between roles, with an increasing number attracting multiple job offers.

Consider how your business can adapt to this shifting landscape. Shortening the hiring process and reducing the time from interview to offer, for instance, or introducing flexible working hours, can create significant competitive advantages.

A long-term plan for dealing with candidate shortages involves a two-pronged approach. Firstly, keeping existing staff motivated and incentivised is vital for developing a ‘talent pipeline’ and creating viable succession plans.

But equally important is mapping out the type of professionals you want to hire to beat the effects of skills shortages. Where will you find the right people with the relevant skills who can be trained to the appropriate standards? What skill sets will help you meet business objectives?

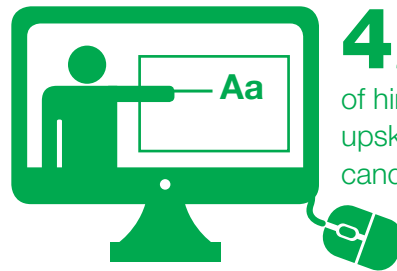
Drawing up a list of preferred criteria will focus the search, enabling you to work effectively with your partners in identifying and targeting suitable professionals from the widest possible talent pool.

Does your company have a plan for managing talent shortages?



WHAT WORKPLACE POLICIES HAVE YOU IMPLEMENTED TO MANAGE TALENT SHORTAGES?

For many hiring managers, one way of counter-acting the effects of talent shortages has focused on getting more out of existing employees. Nearly half - 42% - say they have provided staff with opportunities for training or the chance to take on new responsibilities, with a further 25% implementing new policies to fast-track career progression.



42%

of hiring managers have upskilled staff to manage candidate shortages

On balance, this is a useful strategy for retaining staff and preventing the emergence of further skills shortages. Most employees will relish development opportunities, and this has the added effect of increasing staff loyalty to your company or brand.

Look beyond pay

A fifth of companies say they are also trying to take action on talent shortages by raising salaries. However, while higher pay has some influence on overall job satisfaction, it still may not prevent you from losing employees to competitors.

A recent Robert Walters candidate survey shows that, regardless of profession, a larger number of candidates rate a good work-life balance or interesting assignments as more important than pay. Ultimately, understanding the role these influences play will help you craft successful retention policies.

Internal communication is also key. It's essential that you're able to explain clearly the long-term benefits and opportunities that your organisation offers.

Yet while these strategies are important, it's also important to consider how your organisation is going to increase headcount. Rebalancing workloads, cited by 22% of hiring managers as a solution to talent shortages, will also create long term tensions unless new staff can be hired to take some of the strain.



Lance Maree

Associate Director at Robert Walters

"A lot of companies acknowledge the importance of career progression or better work-life balance, yet to what extent do they actually deliver? Businesses that act on what employees want from their career are more likely to appeal to a broader cross-section of the market."



WHAT RECRUITMENT STRATEGIES HAVE YOU IMPLEMENTED TO MANAGE TALENT SHORTAGES?

Even with talent shortages affecting their businesses, 40% of hiring managers rarely hire professionals who do not meet key job description criteria.

While this mindset is understandable during a recession - when many candidates may be competing for the same role - it is a misguided approach to recruiting in a talent short market.

Holding out for 'best match' candidates can mean that vacancies remain open for weeks or even months. As mentioned earlier in this whitepaper, this means that existing employees are working harder than ever to provide the necessary cover, damaging morale and increasing staff attrition rates.



Nic Sephton-Poultney
Country Manager-South Africa

"Diversity drives innovation, which is one of the main reasons why recruiting from a variety of talent pools makes such a difference. New people bring fresh ideas, so fostering greater diversity in the workplace will help your company keep pace with changes affecting your markets."

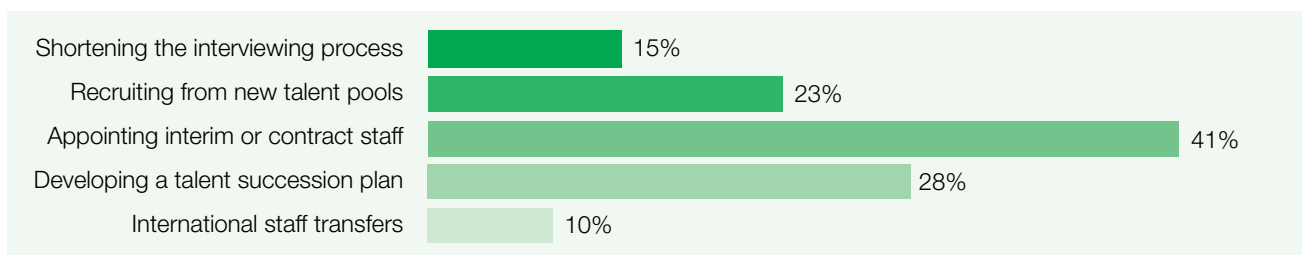
A quarter of businesses say they have introduced greater flexibility into vacancy criteria, interviewing and hiring those who may lack all of the required skills but can develop into the role or benefit from further training.

This often delivers a wealth of benefits, boosting the diversity of your workforce and introducing fresh perspectives to problem solving. It also helps drive innovation as different skill sets and approaches are brought together under one roof.

Effectively, the opportunity to tap into new sources of experienced professionals, their contacts, expertise and management skills is often an invaluable way of overcoming the threat of skills shortages.

Recruiting from a mix of talent pools is also a good method for managing salary inflation. In many cases, candidates looking for the chance to step up are more likely to prioritise a fresh challenge over a large pay rise.

Which of the following recruitment strategies have you adopted to manage candidate shortages?





40%

of employers are unlikely to hire those who do not meet the exact requirements of the role

10%

of businesses have used international staff transfers to manage talent shortages

Use of interim professionals

Hires of interim or contract staff are often used to cover skills shortages caused by a lack of available permanent candidates. As a pool of highly qualified professionals, ready to start work at short notice, it is no surprise that four in ten hiring managers have dipped into the interim recruitment market.

More employers say they prefer to recruit interim hires to mitigate skills shortages than turning to permanent talent pools or reducing the time to hire, despite these being a more effective remedy to the problem.

While there is real value to be derived from interim or contract hires, they also come with a considerable amount of risk. The interim market is itself vulnerable to talent shortages, pushing up day rates and leaving businesses at risk of losing these professionals at very short notice. An overreliance on interim or contract staff can also undermine attempts to build organic, long term succession plans or 'talent pipelines.'

Reduce the time to hire

A swift hiring process speaks volumes about the attitude and values of the company, helping to secure employee buy-in from the very beginning. To achieve this, it's vital that all decision makers have bought into a pre-defined recruitment timetable. Greater accommodation of the candidate's needs, such as flexibility around interview times, will also help sell your organisation.

With the economy picking up, companies that fail to reduce the time from interview to offer are already losing out to more flexible competitors.

Your approach during the interview also makes a difference. Remember that you need to sell the benefits of the business and engage with the drive and ambitions of the candidate.



Robert Nel

Associate Director at Robert Walters

"There is little excuse for an inefficient recruitment process in a talent short market. Quite simply, the ability to come to a swift decision is more likely to secure your preferred candidate and help reduce the threat that talent shortages pose."

International transfers

Another means of dealing with talent shortages, and often overlooked, is to transfer employees either internationally or from another part of the company.

Not only does this provide easy access to a pool of candidates with a good understanding of the company, its values and processes, it creates multiple benefits for the employees concerned. According to the Robert Walters Career Lifestyle Survey, a majority of professionals report that a period spent working overseas is important to career development.

However, just one in every ten hiring managers uses international transfers to counter talent shortages.



Michael Fraser

Associate Director at Robert Walters

"Consider how you can get the most from international employee networks - in some cases, especially for very hard to fill roles, the cost of visa sponsorship will be less than that of failing to find the right person for the job. If you don't have access to these networks, there is clear value to be gained from working with advisors that do."

HOW TO APPEAL TO PROFESSIONAL CANDIDATES

What motivates professionals at work

According to our survey, most employers feel that the top motivating factor for professionals is remuneration. Half of all hiring managers say that this is 'very important' to career satisfaction, considerably ahead of career progression (rated by 38% as 'very important') or varied and interesting work (30%).

Additionally, only 20% of businesses believe that adding value or taking advantage of training matters to professionals.

Yet six out of ten professionals say that their contribution to the business is essential to efficient career progression, with a third placing a very high value on encouragement or motivation from senior management.

More candidates also rate work-life balance as 'very important' to happiness at work than remuneration, which is judged on a par with interesting or challenging workloads.

On top of this, many professionals won't move just for money, especially if an offer comes from an organisation within the same sector. A new challenge, or the chance to work for a business with an exciting brand or culture, can be a much greater incentive.



20%

of businesses believe that adding value or taking advantage of training matters to professionals

Generational shifts

An additional concern is that many companies have not grasped the shift in attitudes between different generations of workers. So-called 'Millennials' (professionals born since the early 1980's) are disproportionately more likely to move jobs on a more frequent basis and seek greater responsibilities and feedback from management than older generations. They are also particularly likely to prioritise a healthy work-life balance over high pay.

Creative freedom is seen by a third of businesses 'as neither important nor unimportant' to employees, and less than 10% rate it as 'very important.' Yet for many young professionals keen to mark their mark, the freedom to work autonomously is a very attractive prospect.

This doesn't mean turning your company's working culture on its head. Many changes - ensuring that senior staff are always on hand to provide encouragement and feedback to younger professionals, for instance - are often surprisingly straightforward and could transform your reputation as an exciting organisation in which to forge a long-term career.

Remember that different generations of professionals can often work in harmony, sharing their experiences and delivering new approaches to solving problems or taking a project over the line.



Julie Blues

Associate Director at Robert Walters

"There are considerable misconceptions about what drives different generations of professionals. For instance, older workers are often more receptive to change or the opportunity to upskill than they are given credit, while many younger professionals are keen to learn from their more experienced peers. A company that balances the needs and motivations of all these groups can look forward to even greater success."

OVERCOMING COUNTER-OFFERS

Counter-offers are an increasingly common feature of a talent short market. For many employers, an increase in pay and benefits is the easiest method of dissuading staff from the uncertainty of accepting a new job elsewhere.

Two-thirds of companies surveyed use counter-offers as a tool to retain professional employees, with a number of recipients earning double-digit pay rises as a result.



Lance Maree

Associate Director at Robert Walters

“Remember that an individual's worth is determined by the market, reflecting the prevalence and size of many of the counter-offers we are seeing. Make sure you're clear about how to sell the business to a candidate and what additional benefits you can offer to overcome the effects of counter-offers.”

While it may seem the only feasible response to counter-offers is to increase salaries, there are other options at your disposal, many of them under-utilised.

For example, less than 10% of employers would focus on career progression opportunities, while virtually none use the lure of a overseas career as a means of beating counter-offers.

Yet for candidates, both of these are rated as 'very important' to career satisfaction. More than half said that a period working overseas is 'important' or 'very important' to career progression, and 76% had either been employed abroad or would like to be.

While hiring managers might believe this is to earn more money or take advantage of tax breaks, many professionals view overseas working as the chance to add value to their worth in the workplace. 48% say the main reason is to gain invaluable exposure to new cultures and clients.

Among professionals who accept a counter-offer consisting only of a pay rise, 40% were looking for a new job within a year, suggesting that it is important to appeal to a candidate's motivations beyond just pay.





KEY RECOMMENDATIONS

Professionals are motivated by a wide range of concerns

Employers still view salary increases as a panacea to talent shortages when other routes are available. Remember that while pay is important, so too are factors such as flexible working hours, autonomy and the chance to develop a career, especially among 'Millennials' and other younger groups of professionals.

These 'added benefits' can be particularly useful in making you stand out from the crowd, especially if you are not in a position to increase salary budgets.

Plan for the unexpected

Despite the challenge they pose to their day-to-day operations, many businesses have so far failed to plan for the impact of talent shortages. Sensible preparation will help you identify where gaps may emerge and enable you to formulate a long-term talent management strategy.

This will also give you the opportunity to phase in new working arrangements, such as flexible hours, while minimising any adverse effects on the business.

Expand your horizons

If you're struggling to recruit from traditional talent pools, consider widening the search. While many of these professionals won't tick all the boxes straight away, the right combination of training and motivation will help them make the step up. As an added bonus, these employees are also likely to be more loyal and brand aware.

Don't overlook the benefits of transferring employees between different parts of your business. Many professionals see this as a fantastic avenue for building their career, so giving them the right opportunities is likely to increase their engagement with your business and brand.

Don't leave it until it's too late

By putting off new hires, employers simply increase pressures on existing staff - the two are intrinsically linked. This affects your company's ability to deliver for clients, damaging your reputation and undermining morale.

Flexibility is key in a candidate short market, so don't spend weeks or months waiting for the 'perfect candidate' to materialise.

Be decisive

Short, efficient hiring processes and the ability to make a prompt offer are essential to securing a candidate's interest in your company.

In a recovering market, many candidates will often receive more than one job offer at a time, so 'time to hire' - and getting in ahead of your competitors - is critical.

Dealing with counter-offers

Across many sectors and industries, businesses have become more determined than ever to retain existing employees, leading to greater prevalence of the use of counter-offers.

While the temptation is to simply improve your salary offer, you may have more success by appealing to career progression opportunities or the chance to work overseas, as these are often judged to be more important by candidates than money alone.



ABOUT THE ROBERT WALTERS INSIGHT SERIES

This whitepaper is the fifth in the Robert Walters Insight Series. The Insight Series is a range of thought-leading whitepapers aimed at assisting employers in their recruitment strategies and helping them address key talent management issues. To register your interest in future topics, please email contact@robertwalters.com

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To discuss this whitepaper, request other titles in the Insight Series or talk about your recruitment needs in more detail, please contact us or visit our website at www.robertwalters.co.za.

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