



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. Amid strong economic growth and increased 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.

Our unique recruitment insights, coupled with numerous employer surveys, has produced this whitepaper which looks at the effects and impact of talent shortages and staff retention in Ireland.

METHODOLOGY

Robert Walters surveyed both indigenous and multinational organisations in Ireland* to research the effects of both a candidate short market on the recruitment process and the strategies businesses employ to manage them.

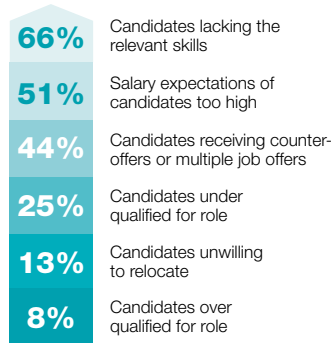
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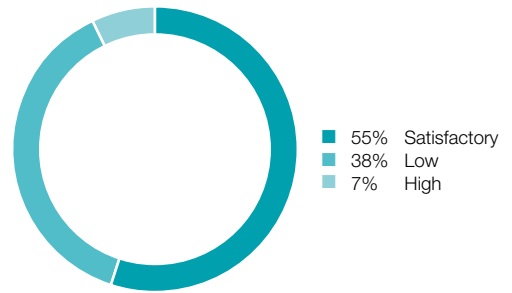
01. AN OVERVIEW OF TALENT SHORTAGES

82%
of employers have been affected by talent shortages

Recruitment challenges businesses have faced:*



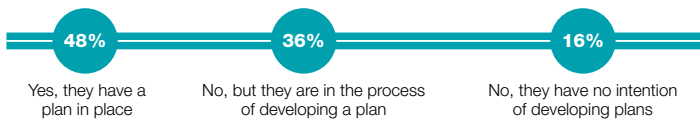
Availability of suitable candidates locally



How have skills shortages affected companies in Ireland?

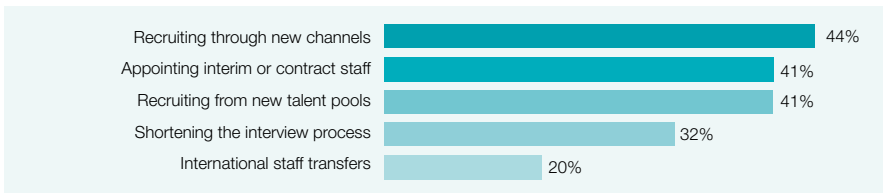


Do companies have a plan for managing talent shortages?



50%
of hiring managers have upskilled staff to manage candidate shortages

Recruitment strategies, which have been adopted to manage candidate shortages:*



20%
of employers use international transfers to manage talent shortages



33%
of hiring managers use the advantages of the job to retain staff that have accepted a job offer with another employer



18%
of companies use career progression to beat counter-offers

22% of employers say adding value to the business is important to professionals

33% of professionals say their contribution to the business is essential to career progression

*Multiple choice question

02. THE PREVELANCE OF TALENT SHORTAGES

Our survey shows that an overwhelming majority of employers (82%) have experienced challenges when recruiting suitably qualified candidates in the past twelve months.

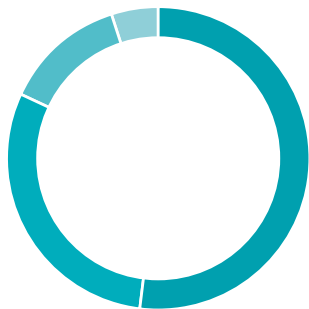
The outcome is broadly similar regardless of company size, with 20% of businesses with more than 1000 staff, 50% with 100-1000 staff and 30% with less than 100 employees all affected by candidate shortages.

How many employees work for your company in Ireland:

1-100	40%
101-500	30%
501-1.000	15%
1.001-10.000	12%
10.001+	3%

Irrespective of location, our survey shows that talent shortages are a widespread cause for concern. Despite the appropriate levels of in-house recruitment support, 83% of companies are failing to attract adequate levels of professionals, even after deploying numerous tactics to attract candidates such as offering larger pay packets and benefits or upskilling/training existing staff. A mere 13% of employers say they have not faced any problems recruiting the right professionals.

Difficulties recruiting suitably qualified candidates:



- 52% have occasionally found it hard to fill vacancies
- 30% say it has been hard to fill many of the existing vacancies
- 13% had no difficulties recruiting suitable candidates
- 5% if the companies have not recruited in the last 12 months

33%

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

50%

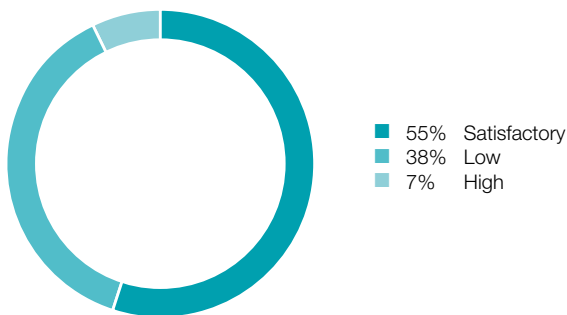
of employers have implemented up-skilling or training of existing staff in an attempt to retain and attract candidates this year

“When companies scale back on recruitment activities, a lack of depth and expertise is created in the long term, inevitably resulting in skills gaps.” *Louise Campbell, Managing Director Ireland*

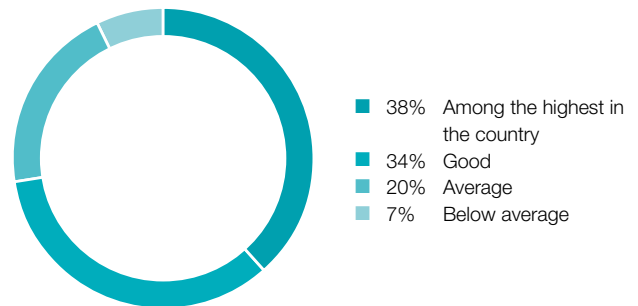
03. THE KEY RECRUITMENT CHALLENGES AFFECTING BUSINESS

66% of hiring managers say they have struggled to attract candidates with the right hard skills, technical knowledge or experience. 38% also claim they have simply not been able to find enough candidates to interview, raising questions about the availability of suitably qualified professionals. However, we assume that part of the problem might be that employers are only considering 'active' job seekers, when they should be actively engaging with a wider candidate pool.

How companies rate the availability of suitable candidates locally:



How companies rate the quality of candidates locally:



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 as those who provide a best fit for the role are usually not actively seeking employment opportunities.

13%

of hiring managers take candidates unwilling to relocate as a serious recruiting challenge

Career progression an important factor to professionals

55% of hiring managers believe opportunities for career progression are most important to candidates seeking a new role, while 46% believe salary and bonus is the deciding factor. Many professionals however place a greater premium on benefits such as career progression and work-life balance than they do on remuneration.

In order to distinguish yourself as an 'Employer of Choice', companies need to highlight elements of the role such as career progression, company culture and work-life balance over remuneration.

04. THE IMPACT AND EFFECTS OF TALENT SHORTAGES

26% of businesses say that talent shortages have impacted 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 negative reputation will find it harder to recruit. 29% of hiring managers feel that talent shortages across all job functions have directly impacted on productivity. An overstretched workforce is a sure-fire recipe for employee discontent.

To counter this, employers should take steps to increase the appeal of working for their business; for example, by offering greater autonomy, flexible working hours and clear opportunities for career progression.

"By actively marketing your employer brand at the start of the interview process, employers have the opportunity to distinguish themselves from their competitors, putting them in an advantageous position to attract the best candidates in the market place." *Gemma Allen, Director*

How have skills shortages affected businesses?*

Increased difficulty in meeting deadlines and client expectations	55%
Increased cost in retaining existing staff	29%
Decreased productivity	29%
Reduced staff morale	26%
Higher staff turnover	25%
Business have not been affected by talent shortages in the past 12 months	12%

*Multiple choice question



05. WORKFORCE PLANNING

Our survey reveals that the majority of hiring managers have a strategy in place to meet the challenges of talent shortages. 48% of hiring managers have a plan in place to address talent shortages, 36% say they are in the process of creating one, while 16% say they have no intention of developing any strategy for addressing this issue.

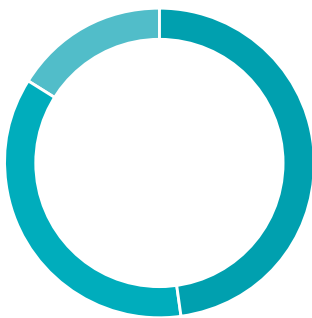
“Businesses that seek to keep hiring costs at a minimum are often restricted to recruiting from limited talent pools. This approach is a false economy, as making the right hire will save your company money in the long run. To gain access to the complete talent pool, make sure you engage with multiple hiring channels.”

Suzanne Feeney, Director

In the past year, we have witnessed a shift in candidate behaviour: the market is now flush with opportunities for candidates who for many years were forced to put their career progression on hold during the recession. Now, after years of limited opportunity and muted pay inflation, the majority of skilled professionals are able to pick and choose between roles, with an increasing number attracting multiple job offers.

Consider how your business can adapt to this changing landscape. Introducing steps to make the hiring process more efficient and reducing the time from interview to offer, for instance, can create significant competitive advantages.

Do companies in Ireland have a plan for managing candidate shortages?



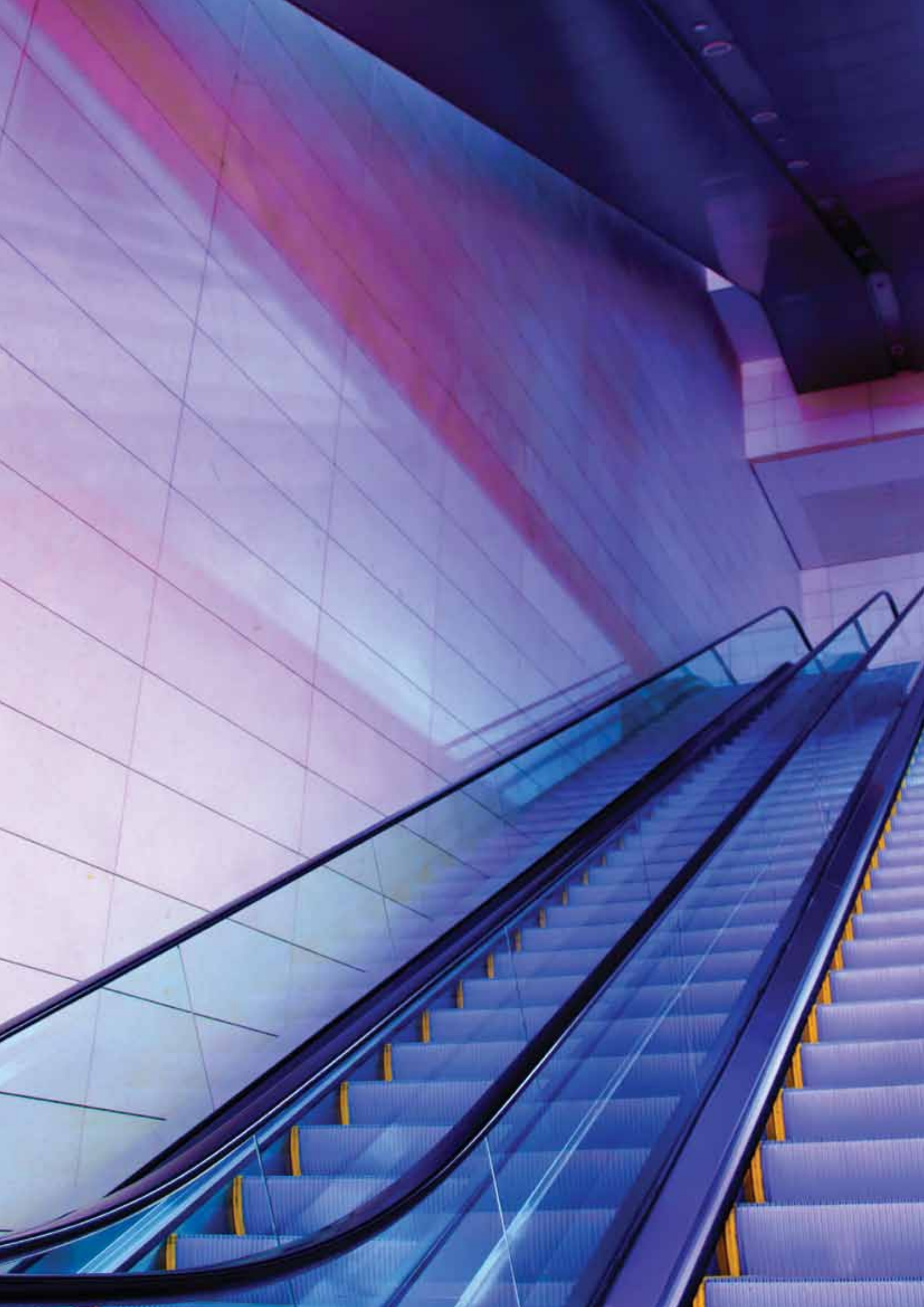
- 48% have a plan in place
- 36% are in the process of developing a plan
- 16% have no intention of developing a plan

13%

of employers say that they are very flexible in hiring less experienced candidates if the opportunity to upskill exists

A two-pronged approach is advisable when dealing with a candidate short market. Firstly, retention of top performing staff becomes priority. Equally important is ensuring that you have the ability to attract the type of professionals with the right skill sets for your business.

To focus the search and enable you to work effectively with your recruitment partners, drafting a list of essential skills and competencies will assist in targeting suitable professionals from the wider market.



06. WORKPLACE POLICIES IMPLEMENTED TO MANAGE TALENT SHORTAGES

For many hiring managers, one way of combating talent shortages has been to focus on getting more out of existing employees. 50% say they have provided staff with opportunities for training or the chance to take on new responsibilities, with a further 41% implementing new policies to fast-track career progression. This may prove to be a useful strategy for retaining staff and preventing the emergence of further skills shortages. Most employees

7%

of hiring managers say that the skill set of local professionals is below the average of the country

will appreciate development opportunities and this has the added effect of increasing staff loyalty to your company or brand. Employers should be mindful, however, that this will undoubtedly lead to longer term issues unless these employees receive appropriate monetary recognition at some stage in their future.

Look beyond pay

34% of companies say they are also trying to take action on talent shortages by raising salaries. While higher pay has some influence on overall job satisfaction, it still may not prevent businesses from losing employees to competitors.

A recent Robert Walters candidate survey shows that, regardless of profession, 48% of candidates would leave a role if experiencing a lack of career progression and 31% would accept a lower fixed salary in order to have a good work-life balance. Understanding the role these factors play, in terms of importance to your employees, will help you craft successful retention policies.

“A significant number of companies acknowledge the importance of career progression or better work-life balance, yet to what extent do they actually deliver? Businesses that respond to what employees want from their career are more likely to develop a high level of trust with their staff.”

Louise Campbell, Managing Director

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

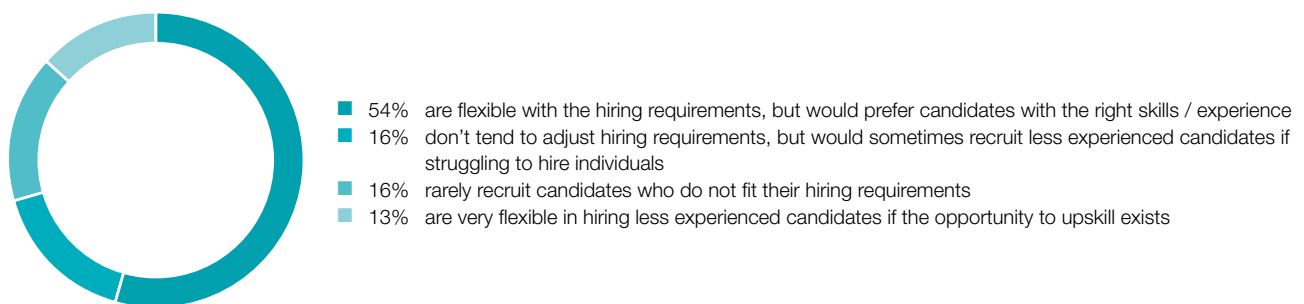


07. RECRUITMENT STRATEGIES IMPLEMENTED TO MANAGE TALENT SHORTAGES

Even with talent shortages affecting their businesses, 33% of hiring managers stated that they rarely hire professionals who do not meet their key job description criteria. While this mindset is understandable throughout a recession as hiring managers have an array of talent to choose from, in a candidate short market a more flexible, open minded approach regarding competencies and skillsets is advisable.

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. We would advise clients to differentiate between "must have" and "nice to have" skills when recruiting.

When hiring new staff, how do businesses balance experience against the opportunity to upskill?



13% 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 from further training.

This can deliver numerous 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, expertise and skills is often an invaluable way of overcoming the threat of skills shortages.

"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 market."

Louise Campbell, Managing Director

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

Recruiting through new channels	44%
Appointing interim or contract staff	41%
Recruiting from new talent pools	41%
Shortening the interview process	32%
International staff transfers	20%

*Multiple choice question

Use of contract professionals

Contract staff are frequently utilised to cover skills shortages caused by a lack of available permanent candidates. With a pool of highly qualified professionals ready to start work at short notice, we have seen many companies turning to a contract solution in the Irish market which also circumnavigates any headcount restrictions that may be in place.

41% of employers actively recruit contract staff to mitigate skills shortages rather than increase permanent headcount.

32%

of employers think shortening the process of interviewing is an advantage for hiring suitable candidates

Reduce the time to hire

A well managed and efficient hiring process gives insight into the attitude and values of a company, helping to secure candidate buy-in from the very beginning. To achieve this, it is vital that all decision makers have agreed to a defined recruitment timetable. Greater accommodation of the candidate's needs, such as flexibility around interview times, will also help sell your organisation.

In a buoyant market, companies that fail to reduce the time from interview to offer lose out to more flexible competitors. The approach you take throughout the interview process makes a substantial difference.

Internal transfers

For companies with multiple offices, another way to manage talent shortages is to transfer employees nationally or internationally (or across divisions). Not only does this provide access to a pool of highly relevant candidates with a great insight into the company, its values and processes, it also creates multiple benefits for the employees concerned.

According to a recent Robert Walters Employee Insights Survey, a majority of professionals report that their primary motivator for moving abroad would be for better career opportunities and to gain international exposure. However, only 38% of multinational companies use international transfers to counter talent shortages.

“Consider how you can get the most from international employee networks. For very hard to fill roles, the cost of visa sponsorship will be negligible in comparison to keeping the role vacant. If you don't have access to these networks, there is clear value to be gained from working with recruitment partners who do.”

Gemma Allen, Director



08. HOW TO APPEAL TO PROFESSIONAL CANDIDATES

What motivates professionals at work

According to our survey, most employers feel that career progression is the top motivating factor for professionals. 55% say that this is 'very important' to career satisfaction, ahead of work-life balance (rated by 48% as 'very important') or remuneration (46%).

From our experience and indicative of our survey results, 75% of professionals won't move purely for money, especially if the offer comes from an organisation within the same sector. A new challenge (23%), or the chance to work for a business with an exciting brand or culture (14%), can be a much greater incentive.

What businesses think the importance of the following are to candidates considering a new role:*

	Very important	Important	Neither important or unimportant
Good salary and bonus	46%	52%	1%
Good work-life balance	48%	46%	6%
Being able to add value to the business	22%	55%	18%
Creative freedom/autonomy	9%	57%	30%
Opportunities for training	22%	66%	11%
Good prospects for career progression	55%	43%	2%
High level of recognition and reward	29%	62%	9%
Varied and interesting work	38%	58%	4%

*Multiple choice question

Interestingly, this table shows the disconnect between the employer and employee, highlighting the importance of communication during the interview process.

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 more likely to prioritise work-life balance over high pay.

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 into that of an engaging organisation in which to forge a long-term career.

Different generations of professionals can work well together, sharing their experiences and delivering new approaches to problem solving or taking a project over the line.

38%

of hiring managers believe that varied and interesting work is very important for a candidate's choice when considering a new role

"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 for, 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 success." *Suzanne Feeney - Director*

09. OVERCOMING COUNTER-OFFERS

Counter-offers are an increasingly common feature of a talent short market when both retaining and attracting staff. While an increase in pay and benefits is often thought to be the easiest method of dissuading professionals from accepting a new job elsewhere, it may not always be feasible or practical. There are other options at your disposal, many of them under-utilised.

When hiring candidates, what is the preferred way of managing counter-offers/offers from competitors?*

Sell the advantages of the job based on the candidate's requirements or demands	33%
Companies usually don't take action to manage counter-offers or offers from other employees	22%
Sell the opportunities for career progression	18%
Determine other benefits that can be offered in place of a higher salary	13%
Review budgets and, if appropriate, adjust salary offer	10%

*Multiple choice question

“Companies need to be able to clearly define career progression, training opportunities, their cultural ‘DNA’ and other important factors such as mentoring support and guidance to ensure candidates are not tempted by counter-offers based solely on financial gain.”

Mark Fallon, Associate Director



10. KEY RECOMMENDATIONS

1 Consider the different motivations of professionals

The majority of employers tend to view salary increases as a panacea to retain staff when other options are available and equally, if not, more effective. While remuneration is important, so too are factors such as flexible working hours, autonomy and the chance to develop a career, in particular among 'Millennials' and other younger groups of professionals. These 'added benefits' can be particularly useful in differentiating your employer brand from competitors.

2 Plan ahead for success

Many businesses fail to effectively plan for talent shortages. It is advisable to develop a long term talent management strategy which will assist in identifying where skills gaps may emerge in future. 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.

3 Expand your horizons

If you're struggling to recruit from traditional talent pools, consider widening the search by identifying and differentiating between key criteria and "nice to have". Where possible, look at rotating graduates around a number of business functions. This will assist you in identifying their core skills and offers great opportunity and insight into the workings of your organisation.

4 Don't leave it until it's too late

Employees working in understaffed departments are usually overworked and highly pressurised. This situation needs to be resolved as soon as the option to add headcount becomes viable. Understaffing issues affect 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.

5 Be decisive

Smooth and efficient hiring processes, coupled with prompt follow up and offer details is critical in a market where sought after candidates are juggling multiple job offers.

6 Manage counter-offer situations

While the first temptation to retain an existing employee may be to simply improve your salary offer, you may have more success by highlighting opportunities for career progression or the chance to work overseas, as these are often judged to be more important by candidates than money alone.

ABOUT US

Robert Walters is one of the world's leading specialist professional recruitment consultancies and focuses on placing high calibre professionals into permanent contract and temporary positions at all levels of seniority. The Irish business recruits across the accountancy and finance, banking, sales and marketing, HR, legal, compliance, IT, engineering and business support fields. The Group has grown since 1985 and so has our ambition. We now operate across 24 countries and employ over 2,900 people. It is a powerful success story built on the strength of our people.

CONTACT US

Robert Walters Ireland

Level 3

Custom House Plaza 2

IFSC

Dublin 1

Tel: +353 (0) 1 633 4111

Email: dublin@robertwalters.com

Website: www.robertwalters.ie



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