The McQuaig Global Talent Recruitment Survey 2015

Highlights & Insights Report

McQuaig.com

The McQuaig Institute®

Executive Summary

Understanding what others are facing when seeking to acquire talent, what's working for them, and what isn't, is valuable information for anyone wanting to win the war for talent. In February, 2015, The McQuaig Institute surveyed 453 HR professionals to take a pulse of talent acquisition efforts at companies around the globe, to identify the current challenges being faced in acquiring and retaining talent, and the steps organizations are taking to address those challenges.

Many sources are saying that, for a variety of economic and demographic reasons, we are heading into a prolonged talent shortage. The results of our 2015 survey seem to support those theories. We also found some interesting differences in activity between companies that said it's getting easier and those that said it's getting harder to acquire talent.

Winners vs. Strugglers

In Chapter 2 of the report, we dig into the key differences between those respondents who told us it was getting easier to fill vacancies and those who said it was getting more difficult. We uncover what these groups are doing differently and where the winners are focusing their efforts. Throughout the report we explore the differences between these two groups, which we will refer to as "**Winners**" and "**Strugglers**".

What a difference a year makes

When comparing this year's results with last year's, we found some interesting changes. Far fewer felt that it was getting easier to fill open positions (8%) than in our 2014 survey (28%). One-third said it's harder today than it was one year ago. And 65% said it is hard to find a cultural fit, a 14% jump compared to a year ago.

Finding qualified candidates remains the top recruiting challenge, but it jumped 10 points from 2014, supporting the assertion that it's getting harder to find talent. We also asked what positions were the toughest to fill this year and specialized technical roles and middle-management lead the way.

Hiring managers are improving, with only a third of respondents saying they're weak interviewers, compared to 45% last year. But retention isn't getting any better with 12% (compared to 10%) of new hires not finishing their first year of employment.

The reason those new hires don't work out continues to be for reasons other than lack of skills (just 23% cited this as the reason). This year we expanded that question to ask what these other reasons were, and 58% said it was because of a personality or character conflict.

What's new?

We asked a number of new questions in this year's survey to better understand the channels companies are using to recruit and which ones are delivering the best candidates. On average, companies are utilizing four channels to source candidates. The top three channels were *employee referrals*, *online job boards* and *social media*. We'll explore which ones actually provided the best candidates in Chapters 2 and 4.

Three quarters of respondents are creating *ideal candidate profiles* to help them target their recruiting efforts. We'll explore what companies are including in those profiles in Chapter 3.

We also wanted to know how companies were using social media for recruiting and we'll explore the answers to those questions in Chapters 2 and 4.

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Contents

Is There a Talent Shortage?

Much has been said in the media recently about a talent shortage (looming or existing, depending on your market). The Conference Board in the US has predicted a 15-year period of tight labor market conditions and a shortage of workers. We wanted to find out if this possible talent shortage was having a real impact on businesses.

Compared to a year ago, do you find it easier to fill openings, more difficult, or about the same?

8% Easier

56% The same
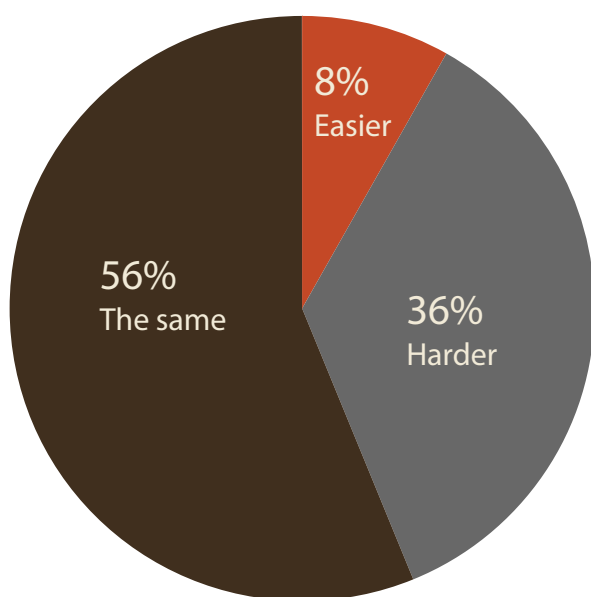
36% Harder

One-third of HR professionals in our survey say that it's harder now to fill positions than it was one year ago. Most felt it was about the same (56%), and just 8% said it was getting easier to fill vacancies year-over-year.

Compared to our survey last year, about the same number (34%) felt it was getting harder, but a much smaller percentage (8% this year vs. 28% in 2014) felt it was getting easier.

This suggests to us that a talent shortage may, in fact, be building and starting to have an impact on some segments of the market.

Which roles are hardest to fill?

When we asked what kinds of roles were most difficult to fill, 54% said specialized technical roles, followed by middle management (37%) and senior executive roles (20%).

■ All levels   ■ Middle management   ■ Entry level   ■ Specialized tech roles   ■ Senior execs

Are Millennials the Answer?

We expect to see the percentage for middle managers on the graph shown on the previous page grow in coming years. The retirement of the baby boomers means that there are fewer and fewer employees with experience to fill those roles. There aren't enough Gen-Xers to fill the gaps, so that means that companies will have to look to Millennials to fill the void. It's imperative that companies spend time to understand what makes these employees tick, what motivates them, and how to effectively coach them in order to develop them in time to fill future leadership needs. Companies that do succeed in preparing their Millennials for leadership roles will be poised to outpace the competition.

In fact, when we look at the *Winners*, they're more likely to be investing in training existing staff to address shortages than their counterparts (see next page).

Successful companies more likely to invest in training existing staff to combat talent shortages   🐦 Tweet

To better equip these young employees to fill the growing management vacancies, there are a number of strategies companies can take on, including:

- Job shadowing

- Opportunities to learn multiple areas of the company

- Opportunities to learn new/deeper skills

- Regular feedback and coaching

Research and anecdotal evidence both point to the fact that Millennials are looking for employers that offer training and development, a clear career path, and ongoing coaching and feedback. It seems they're looking for exactly what employers need to give them to get ready for management roles quickly.
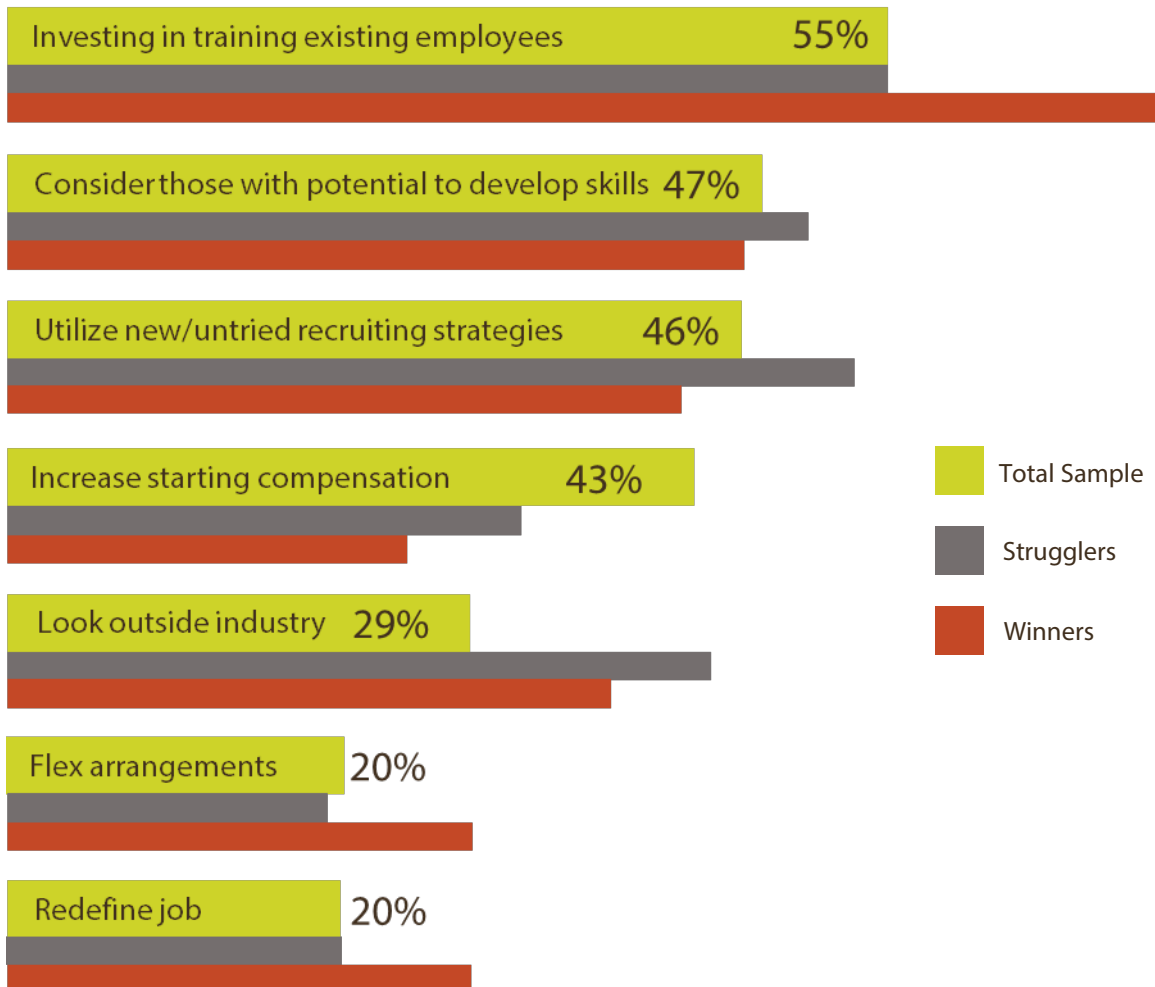
Combatting the Talent Shortage

3

To combat the talent shortage, companies are employing, on average, three recruiting strategies .

Interestingly, the *Winners* are much more likely to be investing in training existing staff (75%). This could be a sign that they're seeing a return on that investment and perhaps others should consider upping the investment in their existing workforce to compete.

They're also more likely to be offering flexible work arrangements and tweaking job definitions than their counterparts.

What steps are you taking to address the talent shortage?

Investing in training existing employees — **55%**

Consider those with potential to develop skills **47%**

Utilize new/untried recruiting strategies **46%**

Increase starting compensation **43%**

Look outside industry **29%**

Flex arrangements **20%**

Redefine job **20%**

Legend:
- Total Sample
- Strugglers
- Winners

The Impact on Culture

It's worth a look at how this talent shortage may be affecting corporate culture. Companies have spent a lot of time and money in recent years developing corporate cultures designed to differentiate themselves and increase employee engagement.

Our survey shows that 65% of HR professionals, globally, say it's hard to find an employee who is a cultural fit – that's a 14% increase year-over-year. The sellers' market for talent may mean that, as critical as culture is to long-term success, some companies begin to sacrifice it in the war for talent.

65%
Are having trouble finding cultural fit
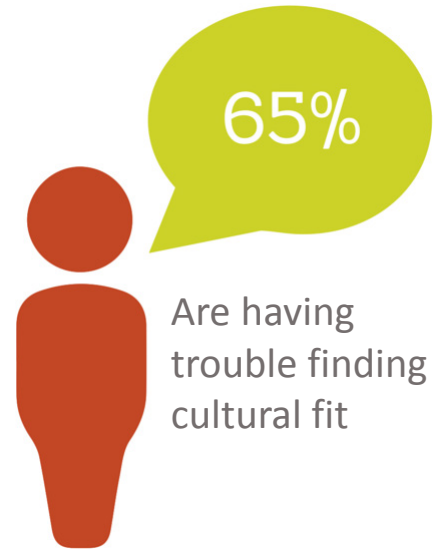
65% of #HR professionals say it's hard to find a #cultural fit

That could be short-sighted, though. When we consider that personality/attitude was the run-away leader in terms of the reason new hires don't work out (see chart below), it becomes clear that finding a good cultural fit is key to retention.

The *Winners* may actually be those who spend *more* time figuring out how to measure cultural fit and develop ways to recruit for those characteristics and temperament. It's also quite possible new hires who fail due to personality conflict or attitude problems are developing those because they were a poor cultural fit, or no one spent the time to develop them in the right manner – this is especially true when dealing with Millennials.

Why new hires fail

- Lack of Skills
- Attitude/Personality
- Conflict w/ Manager
- Conflict w/Team
- Other

Survey shows attitude/ personality is the #1 reason new hires fail

Winners & Strugglers

A foundational question we asked in our survey of global HR professionals was whether it was getting easier, more difficult, or staying the same in terms of acquiring talent. Responses to this question allowed us to split out the results and look at how the answers to other questions differed between those who said it was getting easier and those who said it was getting more difficult.

Often the market is the predominant driver of whether companies are having a harder or easier time finding good candidates, but there are always some things companies can do to improve their results, and maybe even avoid the overall trend.

Finding Candidates

We asked HR professionals which channels they were using to source candidates and which channels were delivering the highest quality of recruits.

When we look at the difference between the *Winners* and the *Strugglers*, we see that those having more success are much more likely to be using employee referrals as a formal channel. Beyond that, usage is fairly close. It gets more interesting when we look at which channels are providing the best results.

The *Winners* are realizing fairly even results across three channels (*employee referrals, online job boards*, and s*ocial networking sites*), while the *Strugglers* are heavily reliant on employee referrals for quality candidates and then looking at external agencies as their next best bet.
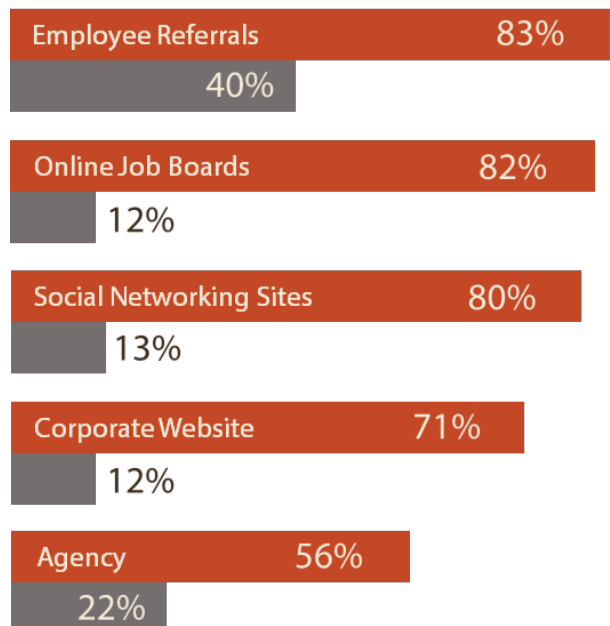
Keep in mind, these are figures for where the best candidates come from, not necessarily the most. For that reason, spreading those results across more channels could be a hint as to why one group is more successful. If they're pulling quality candidates from some of the more high-volume channels it stands to reason that the overall volume of quality candidates will be higher.
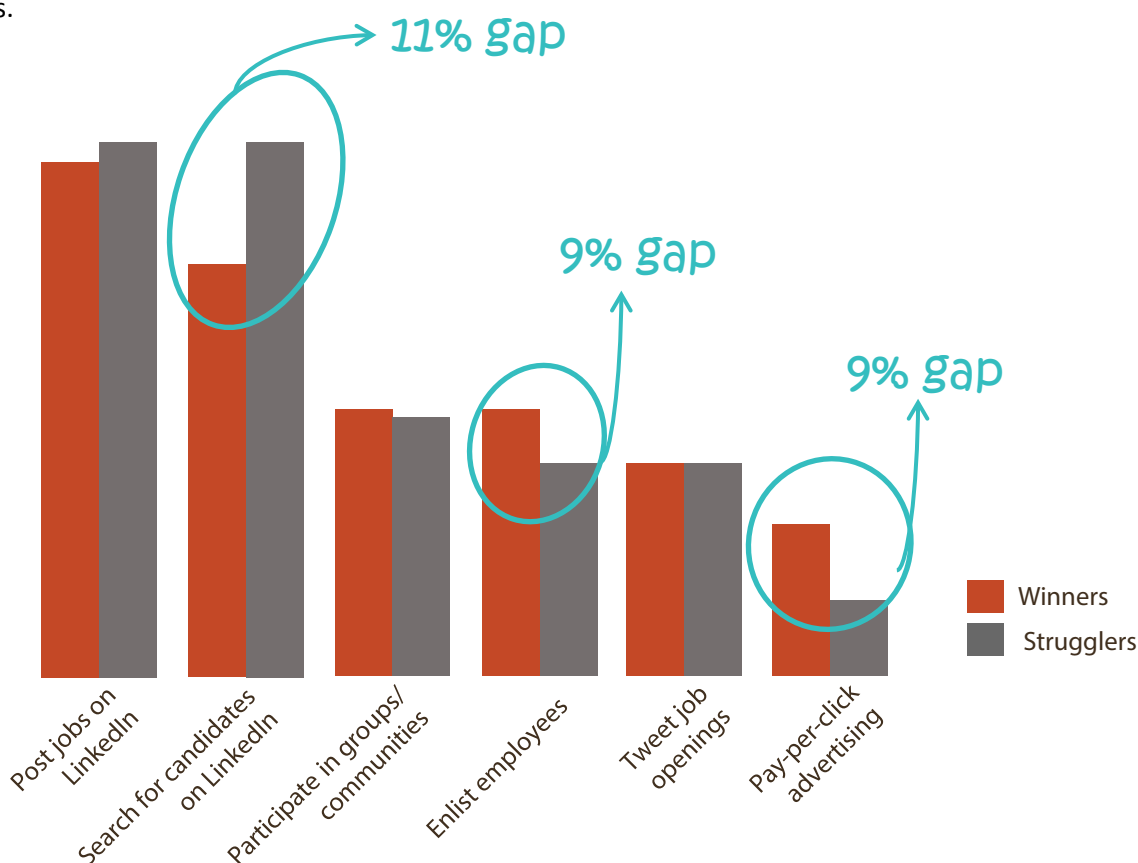
Winners

Channel	Currently using	Delivers best candidates
Employee Referrals	94%	29%
Online Job Boards	81%	23%
Social Networking Sites	81%	26%
Corporate Website	81%	7%
Agency	65%	16%

Currently using   Delivers best candidates

Strugglers

Channel	Currently using	Delivers best candidates
Employee Referrals	83%	40%
Online Job Boards	82%	12%
Social Networking Sites	80%	13%
Corporate Website	71%	12%
Agency	56%	22%

Use of Social Media

The *Winners* are also twice as likely to be receiving quality candidates through social media. Taking a deeper dive into the data, we can see how specific use of social media differs between the two groups.
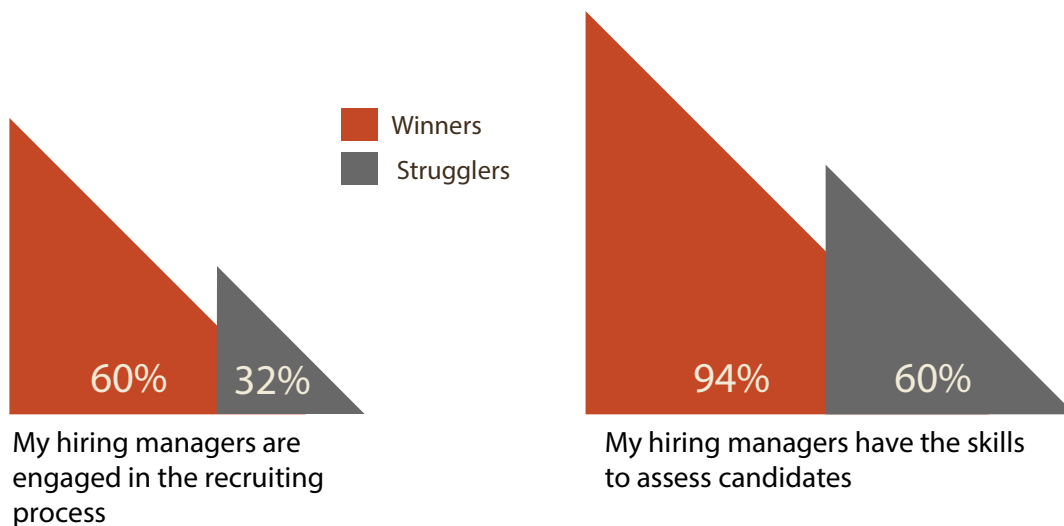

From these three results, it appears as though the *Winners* are more likely to be spending time engaging their employees to help them connect with, and nurture passive candidates, and targeting those same candidates with specific ad strategies to reach them.

Whereas, the *Strugglers* are spending more time searching for candidates on LinkedIn. Based on their respective ranking of how successful they are at garnering quality candidates through social media, we can see which approach is working best.

This comes as no surprise when you consider that social media's strength as a recruiting tool is really in facilitating engagement and building the employer brand. The companies that are doing it right are developing personas for their ideal candidates and using social media to develop relationships with those who match the employee persona, not just blasting out job ads.

The Recruiting Process

There are also some interesting differences in responses around HR's key partner in acquiring talent: hiring managers.

Legend: Winners | Strugglers

My hiring managers are engaged in the recruiting process: Winners 60%, Strugglers 32%

My hiring managers have the skills to assess candidates: Winners 94%, Strugglers 60%

The *Winners* said their hiring managers are more engaged (60% vs. 32%) and have the skills to properly assess candidates (94% vs. 60%).

These companies have taken the time and effort to equip their hiring managers with the tools and training to assess candidates.

This may take the form of interview training, standardized interview processes, and assessments. All of which will help hiring managers to get beyond surface level characteristics in the interview and avoid those hires who end up not working out because of personality/character conflicts or because of a clash with corporate culture.

According to the survey, just over half of companies have provided their hiring managers with interview training (51%). That number rises to 65% for the *Winners*. And two-thirds (64%) are using behavioral assessments to help their hiring managers assess candidates (this is slightly higher for the *Winners*' group (68%)).

This is important because respondents believe that 74% of the hiring decision is based on the interviews these hiring managers are conducting. In order to achieve the desired results for acquisition and retention, these players need to be equipped to assess candidates in those interviews.

Tips for Emulating the Winners

- Equip your hiring managers to be better at assessing candidates. Get them interview training, provide them with access to assessments that make it easier for them to make the interview count

- Invest your resources wisely, developing more than one or two channels, don't put all your eggs in one basket

- Focus on using social media to recruit passive candidates by utilizing your employees who can be brand ambassadors

- Create well-developed employee personas to target your audience in social channels

- Focus on getting more employee referrals. Use formal employee referral programs and social media to increase the flow from this valuable source of quality candidates

- Experiment with targeted pay-per-click advertising of your content and your job ads, based on a solid ideal candidate profile

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The Interview

The interview is a critical component of the recruiting process and HR professionals had a lot to tell us about key aspects of it. Not surprisingly, it's identified as the single largest contributor to the final hiring decision. It accounts for 74% of the hiring decision according to respondents.

**What percentage of the hiring decision do you feel is based on the interview?**
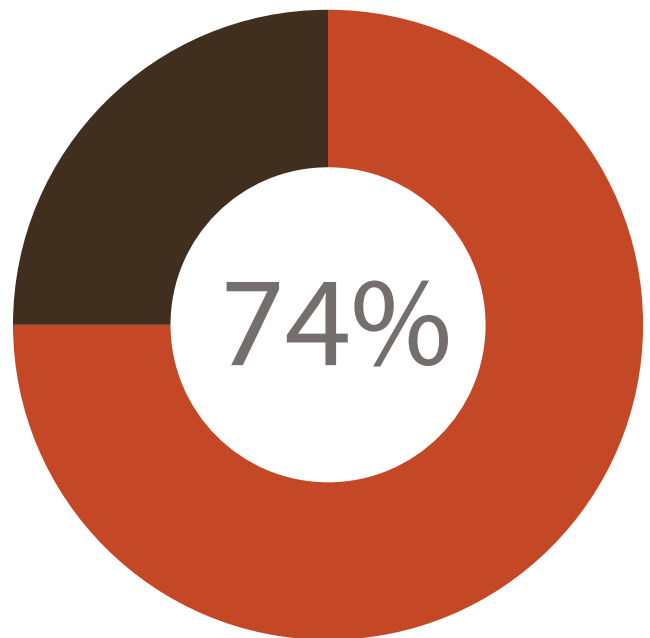
One of the challenges that arises, however, is that only 41% said their hiring managers are excellent interviewers and just 66% were confident that their hiring managers had the skills to properly assess candidates.

This may be a critical piece in the challenges companies are facing in attracting and retaining talent. When we look at the *Winners*, 94% said their managers had the skills to assess candidates and 61% said they were engaged in the recruiting process, versus only 32% for the *Strugglers*.
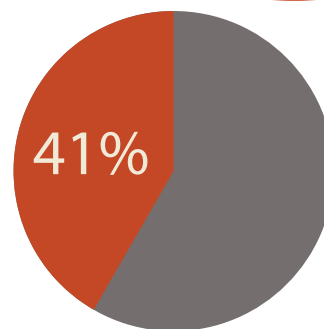
74%

41% — My hiring managers are excellent interviewers
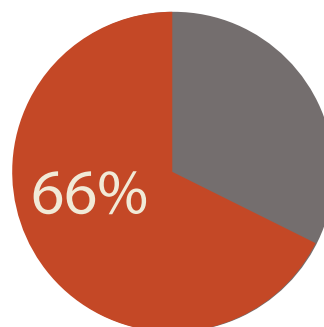
66% — My hiring managers have the skills to assess candidates

The Employee Persona

Some good news in this area is the fact that a full 75% of HR professionals are creating a profile of the ideal candidate (we call it the employee persona) as an initial part of their recruiting process. This is key because having that profile allows HR and hiring managers to measure candidates objectively, avoiding first impression bias and other biases that occur in the interview process.

Creating an employee persona can be a useful exercise to get all stakeholders on the same page before beginning to review candidates. It's also an essential part of a social recruiting strategy, which we'll explore later on.

The three most common elements respondents told us they include in their candidate profiles are:

- Experience (93%)

- Technical skills (89%)

- Personality/Character (84%)

It becomes evident just how important #3 is when we consider that it's personality/character that's behind a failed new hire 58% of the time and skills are only the cause 23% of the time. The skills have to be there for many roles (though, they can be taught for many others), but if you don't know what temperament a candidate needs for success in a role, you're likely to be rehiring sooner than you'd like.

What is an Employee Persona?

A persona is a marketing term that simply means a fictional, three-dimensional description of a person who represents an ideal customer. In recruiting, you can substitute employee for customer and create a vision of your ideal employee. This vision will inform your decision around where to look for candidates, how you approach/interact with them, how you position your company and the role, and provide a benchmark to measure candidates against.
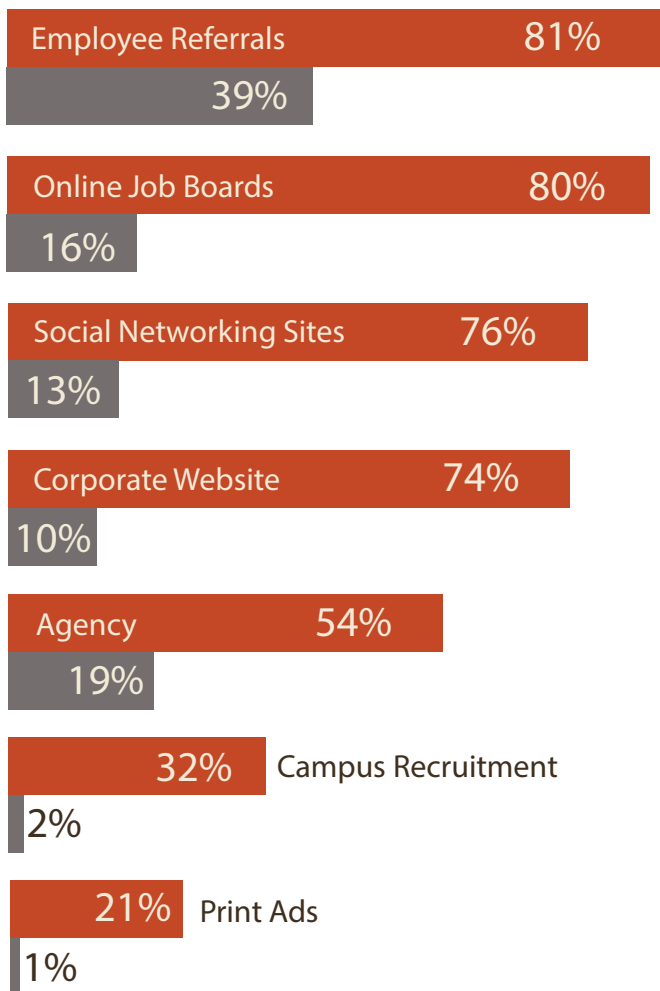
When a new hire fails, 57% of the time personality is to blame

💬 Tweet

Recruiting Channels

Where are you looking for your candidates? And which channels are bringing you the highest quality recruits? Companies who participated in our survey are using, on average, four channels to source candidates.

Most companies are seeing good results from employee referrals and the majority of companies say they are using this channel. Other research we've seen suggests that 69% of companies have a formal employee referral program in place.
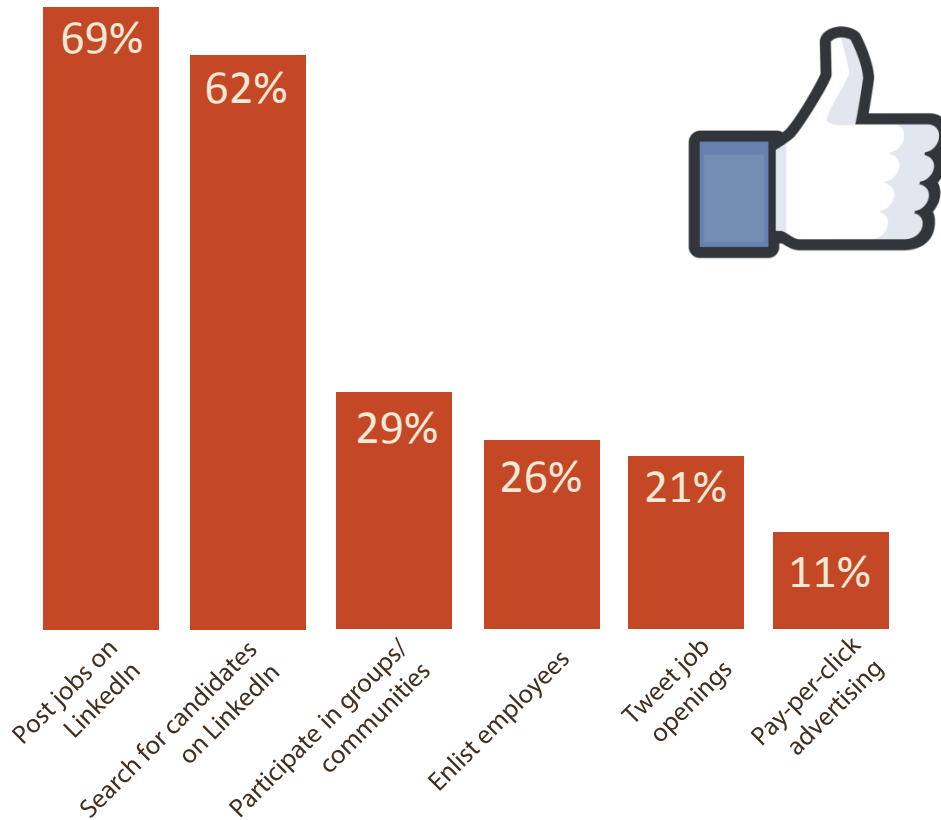
| Employee Referrals | 81% |
| 39% | |

| Online Job Boards | 80% |
| 16% | |

| Social Networking Sites | 76% |
| 13% | |

| Corporate Website | 74% |
| 10% | |

| Agency | 54% |
| 19% | |

| 32% | Campus Recruitment |
| 2% | |

| 21% | Print Ads |
| 1% | |

■ Using channel
■ Provides best candidates

As mentioned in an earlier chapter, companies in our *Winners*' group are much heavier users of employee referrals (94%). They also rank social media as their 2nd most effective channel behind employee referrals.

Social Recruiting

Social recruiting is constantly growing in popularity and buzz. In our survey, 76% of respondents said they were using social media as one of their recruiting channels (81% of companies in our *Winners* group). Digging a little deeper, we asked those who are using social media to recruit, how they're using it. Turn the page to see the results …

How Do You Use Social Media?

Post jobs on LinkedIn	Search for candidates on LinkedIn	Participate in groups/communities	Enlist employees	Tweet job openings	Pay-per-click advertising
69%	62%	29%	26%	21%	11%

Use of LinkedIn, for either candidate search or job posting, topped the list for how companies are using social media. We found that usage was highest for LinkedIn in the US, where 84% were posting jobs there and 71% were searching for candidates; but in the UK and Europe those numbers fell to 54% and 42%. And use of social media in general was higher in the US and Canada.

Only ¼ (26%) are using employees as brand ambassadors and tapping into their social networks. This suggests that most companies are not using social media as effectively as they could to attract passive candidates. This presents a great opportunity for companies that are using social media correctly to establish a strong lead. It also tells those ready to make the leap that it's not too late, if they're prepared to invest here. To effectively engage passive candidates (and most A-Level candidates are passive) companies need to enlist their employees in carrying the employer brand message to their networks.

It's these employees who will reach your passive, A-Level talent, not job postings. And when a referral does come from an employee through social channels, companies need to treat it like gold, and have a plan to nurture that potential new employee.
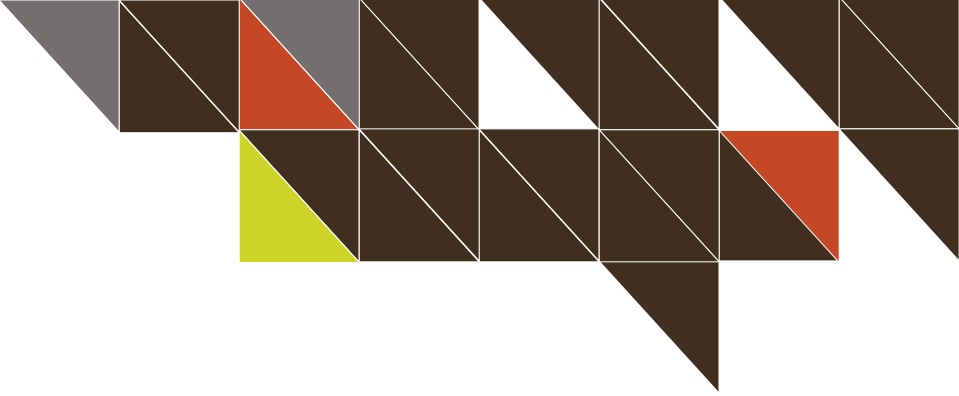
Another way to reach these passive candidates is through the online groups and forums in which they're active. Unfortunately, only 29% of companies are doing this right now. That leaves a huge opportunity for anyone looking to jump in and build an online presence before their competition.

Missing the Boat on Advertising

We were surprised to see so few companies trying pay-per-click advertising to reach candidates. Only 11% of companies are doing this right now. Arguably, this lies outside of social media; however, because many of the opportunities exist within social networks, we included it here.

Pay-per-click is a type of online advertising where you only pay when someone clicks on your ad. That ad can be a banner ad on someone else's website, a paid ad on Google Adwords, a promoted Tweet on Twitter, or an ad or promoted post on LinkedIn or Facebook. Marketers have been using them for years and, as a result, the platforms offering them have gotten very sophisticated in their ability to target a specific profile.

The reason these ads can be so effective for HR is that you're able to target them so precisely to the people you are trying to reach. For example, on LinkedIn, you can target an ad to be shown only to people in Illinois, working in a sales function in the manufacturing industry at the VP level.

Combine that level of targeting with a message that is crafted directly to your target audience (using the Employee Persona or candidate profile that 75% of you are using) and you have a powerful tool to reach your ideal candidates.

This isn't a stand-alone strategy, though. You still have to put in the effort to build your employer brand in these online channels and engage your passive candidates in the networks where they are active, but if you have done that, these ads can be a very effective way to target them with an offer or relevant content.

Methodology

Survey Sample

Our survey was completed by 453 human resources professionals from around the globe.

Regions

- United States 32%
- Canada 31%
- Europe/UK 16%
- Middle East 13%
- South America 4%
- Australia/New Zealand/ Southeast Asia 3%
- Africa 1%

Company Size (# of Employees)

- < 100 25%
- 100 – 499 24%
- 500 – 4999 27%
- 5000+ 24%

Respondent Level of Responsibility

- VP level or above 26%
- Director 29%
- Manager 26%
- Other 19%

Survey Administration

- Survey in field from February 3, 2015 to March 6, 2015
- Email contacts with three follow-up reminders; social media promotion

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A simple, accurate system that empowers you to hire, retain, and develop the right people, the right way.

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✓ Unlimited support

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✓ Customized interview guides

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