



How to recruit and retain talent in a tight labour market

Roundtable discussion notes

Hiring and retention has always been a concern for many companies and although the economic climate is tighter than we would all like, these concerns are no less prevalent.

For some companies, hiring and retention has taken on greater importance as they look to source key hires and retain their best talent to help them manage their immediate business challenges and prepare them for the future.

Modis International invited key decision makers from the IT industry to a roundtable event in Sheffield to discuss this issue, share their views and concerns and explore best practice approaches to talent management.

A handwritten signature in black ink, appearing to read 'Jim Albert', written in a cursive style.

Jim Albert
Managing Director, Modis International

About our roundtables

We see it as a big part of our role to share our know-how and expertise and to facilitate networking and sharing of best practice with other decision makers. Roundtables like this are a reflection of our promise to our customers, to add value by really getting to understand the issues you face.

When and where

This exclusive roundtable took place at Cutler's Hall in Sheffield on Tuesday 15 September 2009.

Hosted by

Jim Albert, Managing Director,
Modis International

Executive summary

Topics discussed

- The state of the economy
- Retention of key employees when you need them most
- When to hire, versus when is the best talent on the market?
- E-sourcing: when is it useful, and when is it insufficient?

Key points

- The economy has some deep remaining concerns, including the recent news of cuts in public sector spending. However overall it appears that the early indications of a recovery are in place, including construction spending, and recruitment job order increases.
- Retention will be a concern, as disgruntled employees who had no options but to stay, take the chance to jump ship as soon as the market presents them with new opportunities. Employers should act in advance to protect and care for their best and brightest.
- History has shown that the early stage hires are the highest performers in the long run, however budgets are still tight. Companies need to be creative in sourcing talent before the floodgates open up, in order to successfully import the top talent early.
- While many more electronic/web-based tools exist to see and attract talent, factors such as knowledge of the candidates, attraction of passive applicants and face to face judgment are still required to get the right person the first time.

The discussion

Jim Albert
Managing Director,
Modis International

Introduction

Recent observations from market analysts and economists suggest the market has bottomed. Early stage recovery of the real estate and construction markets in the US and the UK usually indicate the beginning of reinvestment, which drives jobs and demand. In the last upturn, job growth peaked at a year-over-year (YOY) increase of 10%, whereas the decline peaked at a YOY decline of 26%; what does this mean for the next upturn?

The UK tends to see the trends experienced in the United States between 3-6 months later (for better or for worse!). The US has seen a few months of increased job orders and contract staff being placed – particularly in the professional disciplines of IT, engineering, legal, and accounting & finance.

In both the US and the UK, serious financial concerns remain, including high public and private debt, high unemployment, and pressure on the currencies.

We are seeing evidence of projects not being able to be deferred any longer – many clients are now saying that must-have projects need to be delivered and are taking steps to ensure delivery.

One year ago it was difficult to find quality available candidates. Now, we have hundreds of candidates for each role, but the problem remains to find the one that is the quality, best-fit for the job.

One theme running through the industry, based on the experience at the beginning of the last recovery, has been that some of your best people are potentially going to leave at the first sign of a recovery.

Retaining your best talent

Retaining top talent is most definitely a cause for concern. Most delegates could relate to this as most of their organisations were enforcing pay review freezes etc. It was agreed that this had a negative effect on employees, particularly the longer serving ones.

These are the employees who will be most likely to leave when the market improves and other opportunities become readily available elsewhere. They will have had limited opportunities to explore new options during the severest months of the recession.

Initiatives to engage employees included investing in training (internal and external) and regularly sharing business information to keep them informed of commercial decisions. The sharing of company information enabled staff to understand the short term fixes the organisations were trying to achieve. Small gestures such as buying employees an occasional drink or a team lunch has also helped to maintain morale.

An interesting development was that some contractors were offering to work for almost the same rates as permanent staff; however these contractors have in some cases now left for higher rates elsewhere as the market has shown positive movement. Another example was given where candidates were offered employment on a contract basis during which time they would need to prove their worth – if they did so they would be recruited permanently.

It was pointed out that IT is used by many organisations to actually take costs out

of other areas of the business. Some organisations had actually continued to recruit through the downturn.

Recruiting top talent remains still difficult with the market seemingly flooded with lesser able candidates, particularly in the areas of Business Analysis, .NET Development and high level Project/Programme Management.

The table agreed that good candidates were currently keeping their jobs, and those good candidates were perhaps reluctant to look for new opportunities in an unstable market. This was backed up with an example from a delegate whose business has continued to recruit through the downturn - many candidates applying for opportunities were of people who were out of work and very few candidates were currently employed and looking for a move.

A client Modis work with in the Banking sector hired a little, early in the last upturn and aggressively towards the end. They discovered that the best people were the ones hired early, and the ones made redundant in this downturn were often the last hired. If the best talent is available early, how do you get ahead this time, without overriding corporate budget guidelines?

Can you put a time on recruiting the best?

With huge recruitment plans in place for the next 12 months there was a feeling that timing must be managed properly. One company was currently networking with candidates and “parking” them for 3-6-9 months. This method was being used to plant the seeds early in the process and then hope the candidates are still available down the line.

Some companies are creating mini-projects to run between now and the end of the financial year. This was done on the basis that if the market improved sufficiently to warrant budget being released, the team could be justified on a longer term basis. If the team didn't prove itself or budget was not granted the team would then be released.

The business model adopted by one organisation was 2/3 of the staff were permanent and 1/3 were contractors. When orders dropped the contract 1/3 were the ones affected and released as required. The remaining permanent staff then felt safer in their positions. Then, as conditions improve, the contract positions would be filled before more perm positions open up.

With the REC reporting a rise in permanent recruitment for the first time in 17 months there is the possibility that we have turned a corner and can see the green shoots of recovery in the perm market. But is this a sign of things to come or just a blip?

Will permanent recruitment take a long time to pick up?

This question generated a mixed response with some delegates saying it may be a long time, whilst others spoke of current and ongoing permanent plans.

The point was also raised that during more positive economic times, organisations kept average and below average people, but since the market has changed these positions have been permanently eliminated.

Another made the point about the importance of cultural and ethical fit, so for key positions they always look to perm hires, even in a down or slowly recovering economy.

Can electronic sources be relied upon completely to provide staff?

The table agreed immediately that these means could not be relied upon completely, as it does not factor in face-to-face impact, personal experience with the candidate, cultural match, ethical considerations, and passive candidates.

Digital media is automating many of the functions typically associated with recruiting, such as auto screening and shortlisting CVs, and providing off the shelf flat fee recruitment solutions, but does this mean we can rely solely on technical solutions to help us recruit and select talent?

An example was given of literally hundreds of candidates applying for a mid-level support role. A large number were from overseas and many were unsuitable matches.

It was recognised advertising on job boards is a good way of getting the company's profile into the marketplace.

A broad consensus agreed that high level roles were unsuitable to advertise on job boards. This was an area where recruitment consultancies added real value to the recruitment process, giving an insight into the candidate's backgrounds, personalities etc.

Direct jobsite advertising attracted only active candidates, while recruitment consultancies can find passive and active candidates. Those non-active (otherwise employed) candidates typically prove to be the better talent.

Forums/user groups and business networking sites were also proving to be a great source of talent. There were experiences of some candidates offering their services directly through these sites.

It was felt that more and more consultants were cold calling and attempting to force candidates through spam emails. It was agreed that in the short term this was likely to get worse as more opportunities opened up.

Future roundtables:

We are planning to run similar events on a regular basis and at various locations around the UK and Europe. If you would like to suggest a topic for a future event please contact ray.murray@modisintl.com