



2011 Corporate Recruiting Reports

Trends

Staffing.org

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Volume 1

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23 West Branch Road, Weston, CT 06883 www.staffing.org 203-227-0186

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Trends



Globalization, demographic shifts and technological trends continue to roil the job market. Over the past few years, technology has been particularly important. Together, these forces form the context in which jobs are offered and jobs are sought. They are the deepest, most powerful currents on which the staffing boat floats. Separately and together they are radically changing the job marketplace and increasing pressure on recruiting organizations to rethink their operations.

Because the staffing world has become so transparent, enabling even yesterday's most outdated tools and processes to still produce results, it may appear that little has changed. But for companies that wish to optimize their human capital it has. Our research clearly shows that the bar for best-in-class staffing efficiency and effectiveness has risen sharply and added complexity is creating winners and losers. The efficiency gap between leaders and laggards is approaching 100%. Talent acquisition groups that are not innovating constantly are in denial.

Our collection of "things to pay attention to in 2011" that others have noted now numbers in the 40s and will probably reach the 60s before annual trend season is over. Most of them involve tactical issues like tools becoming more popular

(Facebook, video interviewing, mobile recruiting apps), less popular (major job boards, standalone ATS), tech vendor consolidation, and improving employee engagement. These are all important, but they present the changing world as a lengthy project list rather than as a broad landscape.

Here's our list of fundamental trends that need to be factored into any shorter-term tactical planning. Every one either adds complexity to the enterprise search for talent or affects the psychology and behavior of job seekers, or both.

After each one, we ask some of the basic questions it raises.

Globalization

A distant, unfamiliar, segmented world has become, over the last 50 years, an easily accessed, interconnected, interdependent world, one that becomes more so each year. Globalization now affects every aspect of who works where and what they do. The effects on the staffing equation have been profound.

Staffing Impact	
Challenges	Benefits
Administrative structure	Larger talent pools
Competition for talent	Lower talent costs
Cultural differences	
Complex messaging & branding	
Data integration	
Technology infrastructure	

- Candidate pools have expanded exponentially as competent workers with advanced skills are found worldwide. Multi-nationals now seek talent in every corner of the globe, and top executives at both Intel and Microsoft have famously said that their companies could prosper without ever hiring another worker in the United States.
- The job market has become extraordinarily transparent. Job seekers can scan worldwide job listings from anyplace that has an Internet connection, and employers can fill jobs half a world away in a matter of days. For most jobs today, applicant quantity is no longer an issue.

- Question: Have you adjusted your posting/screening process to provide more qualified applicants into the recruiting funnel instead of simply more applicants?
- Question: Have you analyzed which sources are providing the highest percentage of “A” applicants?

Competition

Globalization has dramatically increased competition. For most of the last century, the United States held very good, competitive cards: a large, homogeneous domestic market; ample natural resources; access to risk capital; an outstanding legal system; and an exceptionally well-educated, productive and ambitious workforce. Our businesses were innovative, well financed and aggressive. This combination built the most powerful economy in the world.

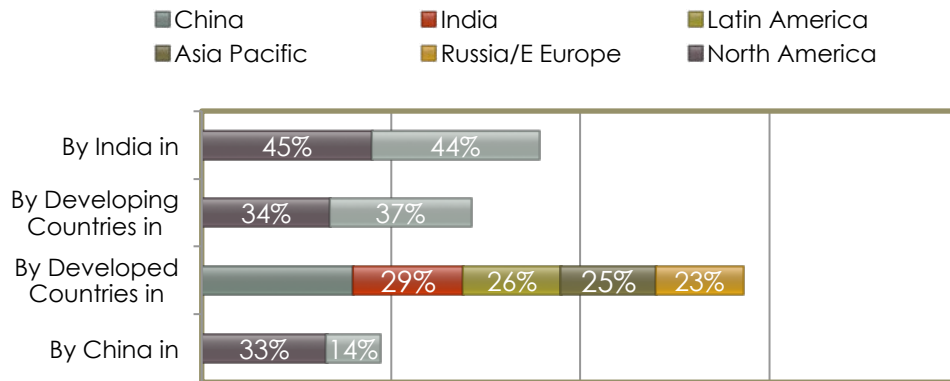
Staffing Impact	
Challenges	Benefits
Increased pace of business	Fluid job market
Increased cost	Access to passive candidates
Competition for "A" talent	
Marketing clutter	
More candidate options	
Less employee loyalty	

Globalization has reduced those advantages. Scores of countries now host world-class businesses that are just as innovative, well financed and aggressive as ours, and have built them using low-cost labor and physical resources. Half the largest and most successful enterprises in the world are now based outside the U.S.

Ten years ago, it was mainly Western companies who were exploiting foreign labor pools, either through immigration or off-shoring. There were two types of pools: one uneducated and unskilled, the other well educated and highly skilled. Both were comparatively inexpensive, so developed countries moved in with a vengeance. Today large foreign multinationals are increasingly returning the favor. Companies in fast-growing countries like China, India and Brazil have grown to substantial size and now find themselves in the same predicament as their Western

counterparts, wanting to expand globally while needing the talent to do so. Even in countries with seemingly inexhaustible labor pools, “A” talent commands a premium.

% of businesses planning to expand outside their home countries



Source: *Working Beyond Borders*, IBM, 2010

- Question: Have you assessed the flight risk of your top talent?
- Question: If your talent is foreign-born, would they leave you for a good opportunity in a well-funded, fast-growing competitor from their native country?

Mobility

Globalization has increased mobility, which in staffing terms means either employers’ ability to move workers, or the workers’ ability to move themselves, to where the work is.

Mobility has been increasing for decades, driven by a variety of factors. People have always moved for non-work reasons like marriage, retirement, illness, and adventure, but today mobility is increasingly driven by economic opportunity and career advancement.

Adaptation

To succeed in a changing world, Staffing must evolve. Doing the same work in the same way has already created performance gaps and those gaps are growing wider. The key question then is how? What needs to change?

The profession produces a great deal of “improvement” material each year, most of it skills based, and much of it helpful. In this report, we would like to suggest instead four ideas. You could call them competencies or simply the starting point for a series of projects. Three of them – *brand management*, *risk* and *agility* – are commonly used in business, but very rarely in staffing. *Brand management* is a marketing term and the other two are planning terms used in discussions of corporate strategy. The fourth, *flexible workforce*, is used by Staffing but almost always in a tactical sense. We use it here to suggest a fundamental change in Staffing’s mandate.

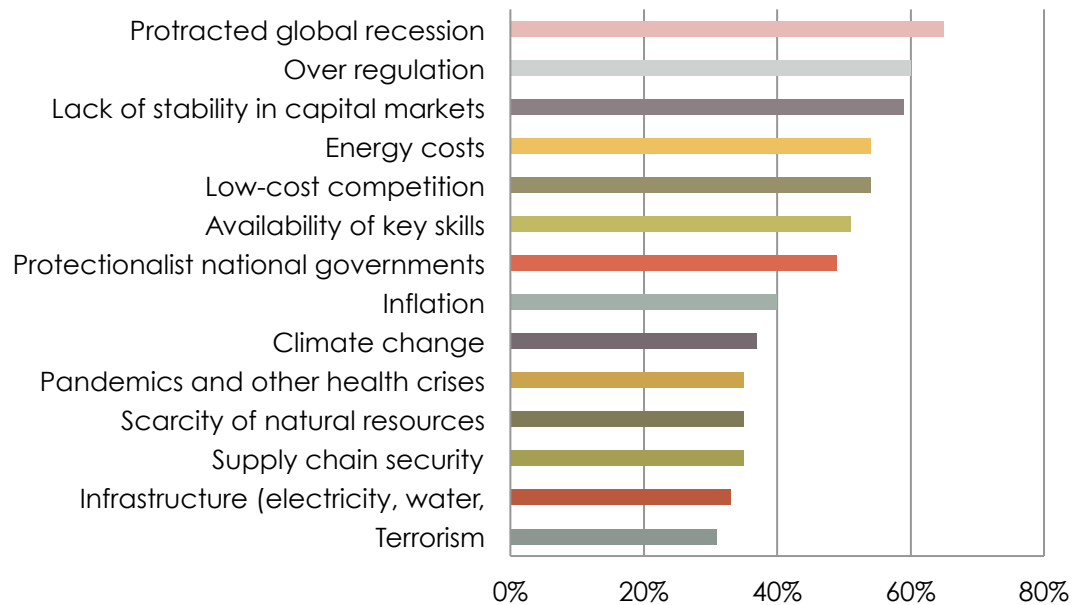
Risk Management

December is the month when researchers collect and analyze survey data from CHROs to figure out where HR has been over the past year and is headed next. Staffing.org also uses that data to learn how those near term project and priority lists compare to the longer-term trends we track. Particularly useful are comparisons of CHRO and CEO priority lists to see how well they mesh.

Usually operational activities – making sure the corporate staffing and talent management machinery runs well – dominate the CHRO lists; while the CEO lists favor strategic activities – making sure the corporation has the right priorities, is headed in the right direction with necessary resources, and has identified the most significant obstacles to success.

Risk mitigation is where the 21st century staffing model is taking us. Human capital is a major capital asset. Boards of directors are increasingly asking how HR policies affect that asset in terms of talent acquisition, retention, workforce productivity and management continuity.

2010 CEO concerns (somewhat or extremely concerned)



Source: PriceWaterHouseCoopers, 13th Annual Global CEO Survey, pwc.com/ceosurvey

In 2010, PriceWaterhouseCoopers published their 13th Annual Global CEO Survey. The list of CEO concerns is dominated by external business conditions that businesses have little control over but must nonetheless contend with and prepare for. It would appear at first glance that Staffing's only responsibility is to maintain the enterprises' inventory of critical skills and that the other CEO concerns have little to do with that function. We disagree and suggest that such an interpretation rather neatly defines one of the core issues facing Staffing in the years ahead.

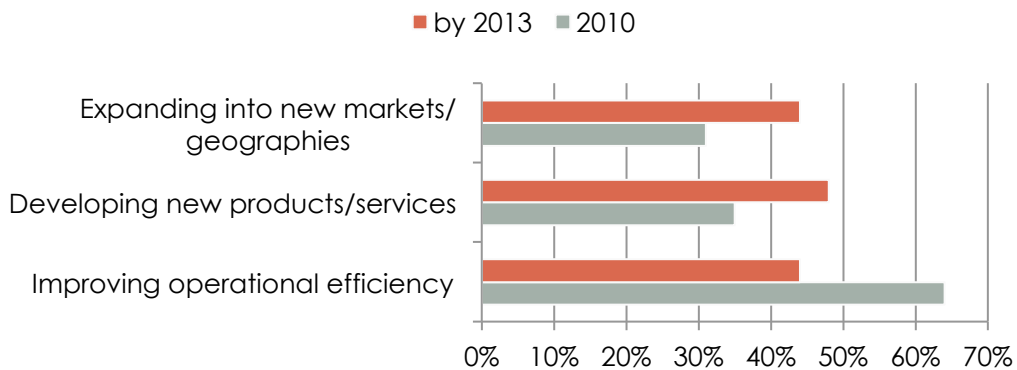
Of course Staffing has its traditional role: finding the right job candidates, bringing them on board, training them appropriately and making sure they don't quit if the company needs them. While this is an important and challenging assignment, it misses an important insight, the central role of risk in running a successful business.

Each CEO concern above represents a risk to business success. To manage risk, companies must demonstrate both foresight and agility. Without the first they will be blindsided by the unexpected and without the second they will be unable to react and adapt with the necessary speed. In a volatile and unpredictable world, success therefore depends to a great extent on contingency planning.

Staffing is most often linked to risk mitigation in a legal context, keeping the enterprise safe from charges of discrimination, lack of diversity or unfair employee treatment. But in our view, the issue is much larger than that. Every item on the CEO's risk list has a staffing connection, even those that appear the furthest removed. Pandemics and climate change, for example, which would seem to be completely outside HR's purview, require skilled individuals and teams to be alertly tracking the issues, outlining scenarios, and drawing up contingency plans. Managers and workers who have adaptive mindsets and flexible skill sets must then implement these plans. Such managers and workers are relatively rare and must be carefully cultivated.

Any CEO of a sizable organization will tell you that maintaining agility is a constant struggle, and few will say that their organization is as prepared as they would like. It's a game changer for them but Staffing isn't on the field to help despite being the main "people department" and therefore a key player.

CHRO priorities 2010-2013



Source: IBM Global Workforce Study, 2010

At present "ensuring availability of key skills" has three definitions: the first restricts Staffing to efficiently administering the requisition process (basically recruiting); the second links it to the larger issues of talent management (employee satisfaction and productivity); and the third extends it further to workforce planning (competency audits, succession planning, etc.). None of these explicitly acknowledges risk management as an objective.

We see this changing in the years ahead. It's easy to see the world of difference between being connected to only one of the CEO's 14 major concerns versus being

connected all of them. But those additional connections won't happen if CEOs and CHROs continue to lack common purpose and goals. Risk mitigation is a potent connector. Sophisticated modeling and analytical tools already exist to help Staffing quantify its contribution. Because risk is already a familiar topic of discussion among senior managers, it needs no introduction or conceptual sell.

The central purpose of our research is to ferret out best practice and see where it is leading the profession. In our 2010 year-end work, we see CEO and CHRO priorities slowly growing closer to each other. The process began a few years ago when the concepts of talent management and workforce planning allowed CEOs and CHROs to establish common goals around improving corporate bottom lines and extrapolating the value of the current workforce into the future. Risk management is now moving us another step forward.

Brand Management

The importance of employer brand management in the job market is one of the new findings that emerged from last year's research into staffing trends. We find it linked to:

- The reestablishment of growth objectives by many companies for 2011
- Pervasive plans for increased hiring
- Increased competition for relatively small pools of A-level talent
- Increasing CEO realization of A-level talent's financial impact
- Continued weakening of the employer/employee social contract
- The decreasing accuracy of the term "passive candidate"

Corporate staffing is not often viewed in a branding context, but it should be because it has significant hard dollar economic ramifications. Superior employer brand development and management in the job market, already a demonstrated best practice, will be increasingly important as the economic recovery takes place over the next several years .