2018 HIRING OUTLOOK

The Impact Of The Growing Skills Shortage On The Employer-Employee Relationship
Let's face it. The job market looks a lot different than it did just a few short years ago.

After 86 consecutive months of job gains, the national unemployment rate in November of 2017 was 4.1%—the lowest it has been in 17 years, according to the Bureau of Labor Statistics. While this certainly points to a positive trend, it does create new challenges for employers. In this market, where professionals know they can be more selective when making career decisions, talent engagement at all stages of the employment life cycle—from hiring and onboarding to succession planning—will become even more critical for success in 2018.

Not only is the competition for talent stronger than ever before, but employers are now facing a new set of challenges. Whether it’s addressing the skills shortage, transitioning into a millennial-dominated workforce, or keeping up with evolving industry trends, these factors traverse all sectors. They also all contribute to one overarching theme: the evolving employer-employee relationship.

Today, professionals consider their careers an integral part of their lives. While they still care about compensation and traditional benefits, they expect their job to provide personal fulfillment and meaning. If they do not enjoy what they are doing, cannot see their impact, are not learning new skills, or do not feel valued by their employer, they will move on.

Case in point: there has been a reduction in the number of employees who are willing to accept a counter offer. What professionals are looking for in an employer (and their careers) is changing, so making a last-ditch effort to entice them to stay with higher compensation will not work. The investment needs to be made before they have one foot out the door, and you have to show you care about their future.
JOB VS. CAREER
Employee Mentality Over The Years

OLD MODEL: Work for the company

Employees were in search of pay, benefits, and stability in exchange for loyalty to the employer.

NEW MODEL: Work for career development

Employees today are in search of purpose, personalization, and development to improve professional marketability.

65% of working professionals plan to stay with their employer for 5 YEARS OR LESS

To build strong employee engagement, employers must first accept this new relationship with their staff. Next, they must turn inward and determine how they can create a culture that recognizes and nurtures talent, while helping them achieve purpose and fulfillment in their lives.

COLLECTING THE DATA

To gain a full understanding of what professionals are seeking in their careers and whether their employers are meeting these needs, we surveyed a wide cross-section of job seekers, working professionals, and hiring decision makers.

This allowed us to gain insight from professionals at varying experience levels and from different sectors on what they value most in an employer and what they tend to prioritize in their career—making it possible to evaluate whether these findings are in line with what employers are offering their staff. This eBook offers a unique perspective into:

- How to address the skills shortage through strategic hiring
- How redefining job security has changed the way employers train staff and engage with talent
- The importance of creating a culture of collaboration and transparency
- How to embrace wellness in the workplace and invest in the health of employees
In recent years, the skills shortage has plagued employers across industries. As it becomes increasingly difficult to find the talent they need, these gaps in the workforce can impact a company’s ability to grow.

This skills shortage takes many forms. On one hand, it could be a generational shift where baby boomers are retiring and taking their skills out of the workforce. In another case, it could be the significant creation of new jobs; jobs that demand an entirely new set of skills.

As more companies look towards future growth, it will only become more challenging to identify and hire the talent your organization needs for success.

**EMPLOYERS REPORTED THEIR TOP HIRING CHALLENGES AS:**

- **lack of qualified applications submitted**
- **candidates lack technical skills or experience**

**WHY IS HIRING SO DIFFICULT RIGHT NOW?**

- **HIRING IS UP**
  - 69% of employers plan on hiring new staff in 2018.
  - *This is a 13% YoY increase*

- **THE SKILLS SHORTAGE**
  - Employers cite their ability to find candidates with the right technical skills + experience as a top hiring challenge.

- **MORE COMPETITION FOR TALENT**
  - 55% of professionals were interviewing for 2+ other roles while they were interviewing for their current position.
Despite these trends, employers aren’t doing enough to address this talent shortage on their own. It is this sense of indifference—not necessarily a lack of talent—that will ultimately cause the skills gap to widen. To combat this, employers need to redefine their definition of talent and rethink some of their hiring strategies to adapt to this candidate-driven market.

Rather than seeking professionals who check off a list of pre-set expectations, employers should be open to investing in training to help new staff and current employees develop the skills needed for success in their roles.

Many organizations make the mistake of overlooking applicants who do not possess the “required” experience and set of industry-specific skills. Instead, keep an open mind about professionals who possess the personal attributes as well as the transferable skills that will allow them to be successful in the role. By doing this, you will find that you are creating more loyal employees in the long run. To evaluate a candidate’s potential during the interview process, ask behavioral or situational-based questions. An analysis of the candidate’s experiences and personality can reveal how they may work and grow within your company.

Allowing a position to go unfilled due to a lack of candidates can lead to lost profits and over-worked employees. This is where a temporary employee, contractor, or consultant can step in. Armed with the industry skills and experience needed to hit the ground running, they can be especially valuable during periods of high demand, project implementations, or to cover positions that will eventually be filled with full-time employees.

HOW CAN EMPLOYERS COMBAT THE SKILLS SHORTAGE THROUGH THE HIRING PROCESS?

1 IN 4 EMPLOYERS has not made any effort to address the skills shortage at their company

HIRE FOR POTENTIAL

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BE OPEN TO TEMPORARY EMPLOYEES

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62% of professionals are open to freelance or contract work.
FACILITATE A POSITIVE CANDIDATE EXPERIENCE

With job seekers interviewing for multiple jobs simultaneously, they are becoming more willing to hold out for the opportunity that meets their needs. As a result, one simple misstep in an organization’s hiring process can quickly change a candidate’s mind about an opportunity they were once excited to pursue. This is especially true given the critical role that research plays in a professional’s job search:

66% of professionals spend at least 10 minutes researching a company before they even apply for a role.

69% of professionals spend at least 30 minutes researching a company before they interview for a role.

CREATE A POSITIVE CANDIDATE EXPERIENCE WITH THESE STEPS:

Portray a strong employer brand: Job seekers do a lot of company research as they progress through each stage of the hiring process, from applications to the final offer. Since this is primarily done via the internet, your company’s digital presence matters far more than you may think. Not only can it help you build a connection with a prospective hire, but it helps them learn more about who you are, what you do, and why you’re a great place to work. These are messages that should be communicated across all platforms that are relevant to the organization’s business and recruitment efforts.

Emphasize the company culture: Working for an organization with a unique and attractive identity has always been important to professionals, but today, it matters even more. In fact, a company’s culture (or lack thereof) can make or break a candidate’s decision to accept an offer. As a result, it’s critical to give prospective hires an authentic, well-rounded view of what it’s like to work for the organization. To successfully do this, however, everyone—from the chief executives to prospective team members—needs to be on the same page regarding the company’s values and practices.

Make faster, more competitive offers: In today’s job market, you’ll often find your top candidate interviewing with multiple companies at once. This means taking too long to make an offer—or not giving the best offer up front—can lead you to miss out on a candidate who has a better experience elsewhere.

To ensure these practices don’t negatively impact your ability to secure talent, try the following:

✓ Extend salaries or pay rates that are competitive with market trends
✓ Keep candidates in the loop about where they stand
✓ Reduce the number of interview rounds
✓ Make faster decisions
The blended workforce has grown and evolved in recent years, and along with the growing skills shortage has come the rise of temporary consulting. Take a look at how the temporary workforce has changed:

Temporary staff consists of more than simply administrative, reception, or accounting roles. In fact, high level consulting has grown exponentially in recent years. **In fact, 30% of employers bring in external experts on a temporary basis to address skills shortages in their organization.** In light of the gig economy in combination with the growing skills shortage, temporary consulting has become an effective solution for employers. With specialty recruitment solutions, employers are able to bring in experts on a temporary basis for any work that needs to be done.

**REASONS TO HIRE A HIGH LEVEL CONSULTANT:**

- Specialized roles that require a specific skill set
- Large projects that require extra hands
- System implementations
- UX/UI or marketing consultants
- Contract recruiters
- Seasonal roles

As employers consider utilizing high level consultants, there are several benefits to this route. When you are able to bring in top-tier experts at a lower cost, you only have to pay for the work that you need. As a result, you’ll get a faster, more cost-effective result. While employers may feel as though the talent pool in temporary staffing may be of lower quality, it’s actually quite the opposite. Employees are excited about the opportunities and benefits of temporary work, which often draws in top talent—especially for more skilled roles.
The shift from ‘One Job For Life’ to ‘A Career For Me’

Employers must make the effort to close the skills gap not only for themselves, but for their employees as well. Why?

The perception of job security is shifting. Rather than climbing the career ladder with one employer, professionals in today’s market—especially those who came of age in a time of economic uncertainty—are focused on identifying opportunities that allow for continuous skills development. If they've stopped learning or don't feel their employer is providing them with the tools they need for career progression, they'll find a job that will.

This doesn't necessarily speak to a larger trend of “job hopping.” It does, however, imply that professionals are prioritizing their own marketability when making career decisions. When asked, “What motivates you to learn new skills and/or further your education?” more than half of respondents answered, “Improving my employability for future job opportunities.”

As employers struggle to provide upward mobility and salary growth, it might be time to change your perception of professional development. While it has traditionally come in the form of a promotion and/or raise, this isn't always a possibility for every employee who deserves it. Considering the finding that 51% of working professionals do not even understand what they need to accomplish in order to earn a promotion, this trend is becoming increasingly common.

By taking a professional’s desire for skills development into account, there are other ways to offer your staff meaningful professional development opportunities. This investment in your employees’ careers will soon become a business necessity. Reskilling your staff for future opportunities will not only help the company remain agile in times of change, but also entice top performers to stay with the organization and attract future talent.
HOW CAN EMPLOYERS OFFER GREATER CAREER SECURITY FOR THEIR EMPLOYEES?

PROVIDE STRONG INITIAL TRAINING

New hires aren’t the only ones who have to put their best foot forward during their first few days on the job. Since first impressions often become lasting ones, employers, too, must ensure an employee’s initial weeks and months at the company set them up for success. This is a practice that many are not following—much to their detriment.

More than half of millennial respondents do not feel that their manager provided them with sufficient training + resources when they started their current position.

OFFER CONTINUOUS SKILLS DEVELOPMENT

Employees who are given consistent training and development opportunities are not only happier in their roles, but have a brighter outlook on their future with the company. To effectively help employees visualize their path towards career advancement, however, employers need to give their staff tangible opportunities to gain new responsibilities, expand their skillsets, and make an impact on the company.

66% of professionals said that access to projects to help keep their skills up-to-date would satisfy their desire for professional development.

IMPLEMENT SUCCESSION PLANNING + LEADERSHIP DEVELOPMENT INITIATIVES

Creating an environment that gives employees a clear path to leadership positions is also a great way to motivate them to work harder and stay with the organization for the long haul. For organizations that want to orchestrate a smooth transition into a millennial-dominated workforce, these efforts will only become more important in the years to come. However, 46% of professionals reported that they DO NOT think that their leadership skills are being developed, and 40% of professionals DO NOT think that younger employees are encouraged to pursue leadership positions.

These findings are concerning. If professionals do not feel they are receiving the leadership training to advance in their careers, how does this speak to their eligibility for future roles? At the same time, what does it say about a company’s ability to stay ahead of their competition?
COLLABORATION & CULTURE

In addition to providing training and support for professional development, it is also crucial that employers facilitate an environment where employees can learn from each other. When a company’s culture allows employees to work together, they not only learn more through their work, but this also increases their satisfaction.

However, while candidates are looking for a more collaborative environment, employers are failing to provide meaningful opportunities for their staff. Often times, employees are siloed in their own lane with little interaction with other employees—all in the name of efficiency. While timing and productivity are important, increasing collaboration can often lead to better results.

Employees value collaboration not only because they crave more human interaction, but because they know that they can learn a lot from their colleagues. When your employees share their experience with one another, they not only gain more knowledge, but they also learn how to work together more efficiently, whether that’s through collaboration tools or meetings. When you consider the wealth of knowledge that each employee brings to the table, paving the way for collaboration is a very easy way to provide more professional development for your employees.

How can employers increase collaboration on their team?

Find new ways for your team to work together: Identify skills and interests that complement each other well & allow employees to work on solving problems together.

Facilitate more conversations: Listen to ideas and allow input from other team members.

Implement tools to improve your workflow and communication: Work out the details of a project online, and use your face-to-face time to focus on higher level strategy and big picture ideas.

Reward good teamwork: When your employees come together and achieve impressive results, don’t let it go unnoticed.

Professionals ranked these elements of company culture as most important:

- Professional development opportunities
- Access to leadership/management
- Collaborating with team members
When considering how collaboration fits into a company’s culture, it is crucial to remember that culture starts from the top down. As employers contemplate how their company culture affects employees, keep in mind that what you see in your employees is often a reflection of how those employees see their leadership. If a company’s culture feels negative or stale, it may be because that’s how executive leadership treats the culture.

When a leader is not engaged with the company’s objectives or values, this results in a team that feels less purpose and confidence in their roles. As a result, this leads to high levels of employee dissatisfaction.

**How can executive leadership begin improving company culture?**

**Participate in the culture:** When leadership doesn’t participate in the company’s culture, it tells other employees that participating is not important. This means that leadership should be present at company events, be excited about new initiatives, and live by the company’s mission and values.

**Ask for feedback:** A two-way line of communication is crucial—employees must know that their opinions are heard and valued by management.

**Be transparent:** When making decisions, be sure to keep your employees in the loop and explain your decisions. This not only keeps everyone on the same page, but it allows for discussion and learning opportunities for everyone.

**Encourage other leaders:** One leader within an organization cannot change the culture alone—it requires a concerted effort from everyone for the positive culture to ripple throughout the organization.

**Employees ranked the top reasons they would leave a company as:**

- toxic work environment or morale
- lack of advancement opportunities
- disorganized or ineffective leadership

**Collaboration Tip:**

**Baby Boomers**

86% of professionals agree that baby boomers are a valuable source of mentorship at work.

**Millennials**

85% of professionals agree that millennials bring new skills and ideas into the workplace.

Young and old generations bring unique abilities to the table—and most professionals seem to agree. Allow them to learn from each other by implementing a two-way mentorship program. This can create a mutual respect for one another.
While company culture can mean many different things, what it often comes down to is that employees must feel valued by their employers. However, this doesn’t simply mean through compensation or training; employees must feel as though their employers value their well-being—both physically and mentally. After all, an employee who is not physically or mentally well is not doing their best work. While employers have long promoted physical health through gym incentives or healthy eating, mental health has risen to prominence as the subject becomes less taboo.

While mental health initiatives are still relatively new, as millennials move up in the workforce, employers will likely see their employees place a greater emphasis on their own health—ahead of their work. As a result, employers looking to retain talented professionals must begin doing the same, or face higher turnover.

Outside of pay and health benefits, 21% of millennials would be happier if their current employer offered better wellness programs.

64% of professionals are not offered any mental health initiatives with their current employer.

Part of offering mental health support includes helping employees maintain a healthy work-life balance. For many employees, they rely on their employer to be understanding and flexible when they are struggling to keep that balance. While professionals understand the importance of balancing work and family for the sake of their mental health, data shows that many employers have yet to fully grasp this need.

91% of professionals make an active effort to maintain a healthy work-life balance.

However, 45% of professionals feel that their company does not promote a healthy work-life balance.
To truly value the well-being of employees, companies must practice increased flexibility when a professional has specific needs. To do so, this also means placing more trust in your employees to finish their work and do the right thing. Offering employees the option to work remotely is a simple and effective way to show that their employer cares about their life and well-being. With increased technology being introduced in every field, many roles can be performed with just a laptop and an internet connection. When employees are denied their ability to maintain a healthy work-life balance, they will not hesitate to find an opportunity where they feel more valued.

**47% of professionals aren’t being offered the option to work remotely when appropriate.**

**54% of professionals’ career choices are motivated by seeking a healthy work-life balance.**

### HOW CAN EMPLOYERS PROMOTE HEALTH AND FLEXIBILITY?

**Find the pain points:** Every workplace is unique, and requires an evaluation of their own employees’ needs. Talk to employees or implement a survey to discover the areas where your organization needs the most improvement.

**Walk the walk:** For employers who are implementing new initiatives, leadership participation shows others that it’s okay to take care of yourself. For example, if a manager started a lunchtime walking group, they should be attending the walk every day and encouraging others to join. This shows employees that it’s okay to take a ten-minute break to focus on their health.

**Flexibility is key:** Today’s workforce requires a shift from focusing on hours to focusing on results; be sensitive to other needs of employees and remember that they have other responsibilities outside of the office. So long as they continue producing high-quality work on time, where and when they work should be of less importance.

**Talk about mental health:** While this may feel daunting, beginning to place emphasis on mental health can start with a simple conversation. By being open about mental health, employees will learn that their well-being is valued, and they’ll take more steps to keep a healthy state of mind when they know that they’re supported.

**Implement incentives:** Some wellness initiatives are implemented with a penalty for not participating instead of encouraging participation with an incentive. To be sure that employees don’t feel that their wellness is a chore, offer rewards for employees who are engaged in wellness programs.
For more hiring resources, visit:

Our resources page at: execu-search.com/employer-resources for helpful eBooks and infographics

OR

Our blog at: blog.execu-search.com which is full of tips and tricks for all stages of the hiring process

SOURCES:

2. The Execu|Search Group’s 2018 Hiring Outlook

ABOUT THE EXECU|SEARCH GROUP

The Execu|Search Group is a leading recruitment, temporary staffing, and workforce management solutions firm headquartered in New York City with additional offices in New York, New Jersey, Connecticut, Massachusetts, Florida, and Illinois. Since opening our doors in 1985, we’ve been committed to our mission of finding people jobs they’ll love and connecting companies with the talent they need. Today, we serve the following practice areas:

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