2016 Hiring Outlook

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Last year, we released our 2015 Hiring Outlook with one overarching conclusion: in 2015, the economy would continue to improve from the most recent recession to create a more favorable climate for job searching and hiring. For this year’s 2016 Hiring Outlook, we’ve collected similar data that further proves the employment market is not only recovering, but changing—and that employers will likely miss out on top talent if they don’t adjust their hiring strategies to accommodate these changes.

The overall climate of the job market today differs greatly from that of only a few years ago. Where employers once held most of the advantage and offers were few and far between for candidates, job seekers now have opportunities to be more selective about the offers they take and the organizations they choose to work for.

As a result of this shift, employers now need to put a greater emphasis on attraction and retention efforts in order to hire and keep top talent within their organization.

According to the Bureau of Labor Statistics, the national unemployment rate as of November 2015 was 5%; the lowest it’s been since 2008. This means that 2016 will be a great time for hiring, and just in time; as the economy continues to boost confidence in working professionals, more and more baby boomers are beginning to consider retirement.

This makes way for the millennials joining and advancing in the market who, at 53.5 million strong, have surpassed Generation X to become the largest share of the American workforce today.
With multiple companies vying for the same candidates and new candidates with different needs entering the workforce, understanding the needs of the modern professional—the main purpose of this whitepaper—is critical to remaining competitive in today’s marketplace and can help better inform employers’ hiring strategies and retention efforts for the next 12 months.

COLLECTING THE DATA

To gain an understanding of how leading employers are adapting their hiring and retention strategies to the evolving job market, we surveyed clients we’ve worked with in 2015, ranging from small businesses to corporate enterprises and Fortune 500 companies. All survey respondents are hiring decision makers at their respective companies, and their hiring needs span the following practice areas:

- Accounting
- Engineering
- Creative, Digital, and Marketing
- Financial Services
- Healthcare
- Human Resources
- Information Technology
- Legal Services
- Nonprofit
- Office Support

We also offered a separate survey to job seekers and working professionals we have partnered with in the past year, inquiring about their goals, professional interests, and overall career outlook for 2016. The responses allowed us to gain a wide cross-section of insight from professionals at varying experience levels and from different sectors on what they are looking for in an employer and in their career.

To help guide employers on how they can strategically engage with talent in today’s market, this whitepaper offers a unique perspective into:

- How to attract and retain leading talent in a candidate-driven marketplace
- Flexible staffing strategies for identifying the quality talent that an organization needs for success
- Investing in your company’s future by employing professionals in the “millennial” generation

ATTRACTING TALENT IN A CHANGING MARKET

With the job market the strongest it’s been in 7 years, competition for talent is fierce. While many professionals are taking to the job market to look for work, many employers are also opening up new positions and making better offers to secure the best talent possible, making it a very candidate-driven marketplace.

In fact, 66% of respondents to our employer survey plan to hire additional staff in 2016.
For employers looking to bring top talent on board in 2016, it’s important to know what’s valued by today’s professionals—especially those who are actively searching for a new opportunity. According to our survey of professionals, the following are most important when considering a new job:

**OPPORTUNITY FOR PROFESSIONAL DEVELOPMENT**

51% of respondents cited this as the #1 factor influencing their decision to accept their current or most recent job.

**COMPANY CULTURE**

69% of respondents considered company culture to be critical or very important.

It’s important to note that there seems to be a disconnect between what employers view as most important to candidates and what professionals are actually seeking.

In contrast to job seekers’ emphasis on opportunity for professional development, for example, respondents to our employer survey ranked opportunities for career growth as pretty low on the list when asked what they think candidates are looking for, with salary and benefits ranked much higher.

56% of respondents to our candidate survey said they were interviewing for two or more other roles during the interview process for their current position.

Why is this so critical right now? Because it implies that many employers are not going into the hiring process with the right mindset about what candidates are looking for in their careers. Since candidates now know they have options in the job market, they are often interviewing with multiple companies at once. This means taking too long to make an offer—or not giving the best possible offer up front to begin with—can cause an employer to miss out on a top candidate who has a better experience elsewhere.
Hiring Tip: Employers should consider the following tactics when looking to hire in the new year and beyond:

Make better, faster offers.
40% of employer responses stated that their hiring process, from initial interview to offer, takes 5+ weeks. The vast majority of professionals we surveyed felt that this is too long – an issue that we have personally seen affect our clients’ ability to secure talent. All too often, an employer will make an amazing offer, only to find out that the candidate already accepted a different position a couple of weeks earlier. To shorten the process, try reducing the number of interviews by having candidates interview with multiple parties in one day, covering more ground in each interview, and introducing them to the team earlier on.

Keep candidates up-to-date.
Of the job seekers and working professionals who responded to our survey, the majority cited lack of updates throughout the interview process to be the most frustrating part. It’s important to note that failing to keep a top candidate in the loop may lead them to accept an offer from an employer that is ensuring they are consistently informed of where they stand throughout the process.

Emphasize the role’s purpose and cultural fit.
By conveying how a particular role or individual fits within the company’s overall goals and corporate culture, employers can take an extra step in the direction of attracting candidates who are genuinely interested in working for their organization. 29% of professionals said that in their last interview, the interviewer was unable to articulate how their role fit into the overall picture, which is 29% too many.

By utilizing these strategies and being more conscious of what professionals want and need in their careers, employers can ensure they have the ability to not only attract top talent, but also make mutually beneficial hiring decisions. Attracting the right talent is only the first piece of the puzzle, though. Once you make a great hire, it’s time to focus immediately on retention.

Retaining Talent From Day One

An employer can do everything right to attract candidates throughout the hiring process, but if a professional feels undervalued once they’re an official employee, it’s likely in today’s market that they will take their talent elsewhere.
Every employee has a unique skill set and most employees want to apply their talents to better their organization or make some type of impact, but they need the opportunity to do so. This was reflected in the results of our candidate survey, in which 37% of working professionals polled would be happier at their current company if they had more opportunities to make a direct impact on the organization.

Furthermore, our respondents cited the following four factors as the top reasons they would leave a company:

1. Lack of advancement opportunities
2. Lack of salary growth
3. Negative work-life balance
4. Poor corporate culture

In order to keep their most valued employees, employers should begin retention planning on the new hire’s first day. It can even begin earlier, during the interview process, by discussing career growth and other future plans for the role in question.

Since 1 in every 3 professionals are dissatisfied with opportunities for career progression, this is a great area to address immediately when bringing someone on board.

Unfortunately, many employers do not tackle retention matters early on and often lose star employees because of it. In response to our survey, 64% of employers said they would extend counter offers to retain their best employees; however, in an employee’s eyes, counter offers are typically too little too late. In fact, another study of job seekers that we conducted in 2015 revealed that 28% of employees who take a counter offer resign within the next year anyway, while the majority of those felt that accepting the offer affected their work relationships. This is indicative of greater problems than insufficient salary, which is usually what employers address in most counter offers.
With about one third of employer respondents claiming they made no changes to their attraction and retention strategies whatsoever in 2015, it’s no surprise that 50% of survey respondents said that they expect to have 6+ employers throughout their career. With a bit of foresight and a greater focus on retention strategies, employers can prevent top talent from leaving and ensure they have the proper steps in place for succession planning to prepare for the retirement of older employees. Some such strategies include coaching and mentorship programs, rotational programs to help gain exposure to different areas of the company, support for further academic training, and opportunities for colleagues to collaborate on key projects.

REDEFINING TALENT: A FOCUS ON FLEXIBILITY

To properly identify and attract the quality talent their organization needs, employers first need to reevaluate their definition of talent, which can often be a very subjective term.

While many hiring managers might be inclined to think a candidate with the relevant experience and set of industry-specific skills is the right person for the role, this is not an efficient strategy in today’s world where an unfilled position can lead to lost profits, less efficiency, and over-worked employees.

In fact, most companies will find it almost impossible to remain competitive with other organizations if they stick to these outdated hiring strategies. When clients were asked what their biggest hiring challenge was, the majority indicated that it was finding candidates with the right technical skills, or in other words, the skills needed to perform the day-to-day duties of the role. As an increasing number of businesses seek talent in 2016, the already short supply of qualified professionals will not be able to meet demand. From this it is clear that it is becoming increasingly difficult to find a professional who is in possession of every skill a job calls for, so as a result, now is the time to start focusing on transferrable skills—something that is not reflected in many employers’ hiring practices.

For example, when asked to evaluate the factors that were most important when hiring a candidate, our clients ranked experience as #1, while ranking cultural fit within the organization and soft skills/transferrable skills as #4 and #5 respectfully. To truly find the best talent, those priorities need to shift.
**HIRING TIP:** Keep an open mind about candidates who possess a different set of attributes that will allow them to be successful in the role.

For example, hiring managers should look beyond a candidate’s ability to hit the ground running on day one and instead focus on their soft skills—such as flexibility, the ability to learn quickly, adaptability, personal accountability, resourcefulness, etc.—as well as any transferrable skills that will allow them to make a difference for the organization. While these skills might not always be apparent on a piece of paper, they are just as, if not more, important than experience and technical skills as they are indicative of one’s long-term potential with the company.

By prioritizing a candidate’s potential as opposed to their past when making a hiring decision, businesses will find that they are creating more loyal employees in the long run.

After all, professionals who are given the opportunity to prove themselves, feel that their managers are truly invested in their growth, and genuinely enjoy the corporate culture and the people they work with tend to be happier and more engaged with their work. In sum, more flexibility in the hiring process can lead to increased productivity, reduced turnover, and ultimately, an attractive corporate culture.

**Utilizing a Contingent Staffing Strategy**

Hiring temporary/contract employees to work alongside full-time staff members is another flexible staffing strategy that can help businesses adapt to the changing structure of the American workforce. In fact, with 27% of the hiring managers surveyed for the Hiring Outlook planning to increase their hiring of temporary, freelance/consulting, or contract employees in 2016, this is a solution that a wide range of employers already see the value in for a variety of reasons:
STRATEGIES FOR ADAPTING TO A CANDIDATE-DRIVEN MARKET

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<th>SEASONAL HIRING</th>
<th>Bringing in extra help during a seasonal or temporary uptick in business allows employers to quickly address changing business needs and maintain regular operations while taking some of the burden off of full-time employees.</th>
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<td>TIME AND COST EFFECTIVENESS</td>
<td>When a critical business need arises, utilizing a specialized freelancer or consultant who requires little to no training can prove to be a very viable solution for organizations that do not have the time or resources to search for a full-time hire. By paying for talent only when they need it, organizations can help drive down their hiring costs and limit the potential financial loss that results from layoffs or turnover from full-time employees.</td>
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<td>FLEXIBILITY</td>
<td>If the project scope could change or calls for professionals with different specialized skill sets, hiring employees on a temporary basis allows for greater flexibility. Likewise, temporary placements can alleviate the pressure that occurs when full-time positions become difficult to fill.</td>
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<td>TESTING BEFORE INVESTING</td>
<td>An employer has the opportunity to extend a “temp” a full-time offer if they feel they are a good fit for the organization. This “temp-to-perm” hiring strategy can be especially beneficial for companies that are having a difficult time filling a role, as it allows both parties to assess whether there is a mutual fit before making a longer-term commitment.</td>
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Employers are not the only party who see value in contingent staffing. In fact, it’s been estimated by the American Staffing Association that during the course of the year, America’s staffing companies hire more than 14 million temporary and contract employees. As more individuals begin to take on these roles, employers need to ensure that all temporary employees—regardless of what their role entails—are treated like valued members of the organization.

**HIRING TIP:** The feeling of exclusion can affect the performance and productivity of an employee, so here are a few simple ways to create an inclusive culture when hiring temps.

**Strong introduction to the company and the team:** Even though these temporary employees may not be part of the organization in the long-term, make sure they receive a strong introduction to the company as well as the full-time colleagues they will be directly working with.

**Regular feedback:** Regular feedback from their manager will help assure them that the organization is truly invested in the quality of their work and that they are making an impact on the business.

**Treat them like you would any other employee:** Temporary employees should be provided with everything they need to be successful in the role, so make sure they are treated like regular members of the team.
HIORING MILLENNIALS: SECURING THE NATION’S FUTURE WORKFORCE

As baby boomers near retirement, succession planning has become more important than ever—especially when considering that millennials are already the majority of the workforce. Though the number of millenial employees entering the job market has grown with each year, the generation as a whole has been underutilized due to many negative perceptions of their work ethic. For example, according to our survey, many baby boomers perceive typical millennial employees as being disloyal and entitled—that is, willing to leave a company as soon as their wants aren’t met, whether those include a promotion, a salary increase, better work-life balance, etc.

However, millennial responses to our survey paint a different picture of the demographic: one that shows a generation of professionals who genuinely care about making an impact within the organization they work for. Millennials are attracted to employers who provide certain training and development opportunities that cater to their professional needs, but this doesn’t make them any more entitled than their baby boomer counterparts; rather, their needs are simply different, and the best way to attract and retain these employees is to know what they want out of their careers.

Attracting millennials

There are a variety of factors to consider when appealing to millennials in the workforce. While it was once commonplace for employers to rely on reputation to attract candidates to their organization, millennials typically consider a variety of other factors before deciding to work for, and stay with, a particular employer.

**WHEN ASKED ABOUT ACCEPTING OFFERS:**

![Stick figures deciding on job offers]

78% OF MILLENNIAL RESPONDENTS RANKED COMPANY CULTURE AS A CRITICAL OR VERY IMPORTANT FACTOR IN THEIR DECISION TO ACCEPT AN OFFER.

Our numbers also show that millennials care more about professional development than older generations do. Because of this, employers should be prepared to communicate the types of development and career growth opportunities that will be available to prospective employees to ensure millennial job seekers can foresee building a long-term career with that organization.

This thirst for growth is part of a more positive feature millennials are known for: an entrepreneurial mindset.

This isn’t to say that all young professionals are looking to start their own business, but rather, that they enjoy seeing concrete results and want to make a direct impact on the organization they are working for. This is why it’s especially important to articulate the candidate’s role within the company as early as possible, especially in the interview and maybe even the job description.
HIRING TIP: Overall, when looking to attract millennials. It’s important to be able to answer certain questions:

What is rewarding about the role?

What makes the company unique?

Where does the position fit within the company, and what does its growth track look like?

With these details disclosed, it will be easier for millennials and employers alike to make a judgment call on a long-lasting fit.

Retaining millennials

Like with any other professional, retention strategies for millennial employees should begin as early as possible. While compensation and health benefits have been major drivers for employee satisfaction in the past, millennial candidates are more focused on flexible work opportunities and participating in projects that add value to the organization’s mission and goals. Additionally, according to our survey, millennials would like flexible scheduling and access to more interesting projects to make them happier at their current employer.

Furthermore, and contrary to the popular belief that millennials prefer to communicate through technology, 66% of millennial respondents said they value face-to-face communication and working collaboratively to accomplish goals. This aligns with our finding that over half of the millennials who took the survey want to stay with employers that offer better training and development opportunities, particularly the opportunity to work with coaches and mentors. This would also allow millennials to better understand their role as well as what it takes to move up the ranks and add value.
One of the negative assumptions about millennials is that they are “job hoppers,” so it may seem counter-intuitive to invest in employee growth if these professionals are moving on from their positions every two to three years, but it’s time to consider that this behavior is simply the result of employees feeling undervalued rather than a generation-wide trend.

IN SUM

The job market has made many impressive strides over the past couple of years, and as we move further into 2016, this growth doesn’t seem to show any signs of slowing down. This has led to many positive trends that the economy has not experienced since the most recent recession: businesses are expanding and creating an abundance of new jobs, unemployment is at a seven year low, and working professionals are feeling much more confident in their ability to land a new position.

However, combined with the changing demographics of the American workforce, these trends present new challenges for employers. Today, those looking to attract and retain the talent their organization needs for success must reevaluate their strategies for how they identify and attract qualified candidates during the hiring process as well as how they approach retention. Luckily, by reviewing the findings outlined in this year’s Hiring Outlook and educating themselves on what today’s professionals want in their careers, employers have already taken the first steps to ensuring a successful 2016.
SOURCES

2016 Execu|Search Hiring Outlook Survey, December 2015

Navigating The Complicated World Of Counter Offers (An Infographic by The Execu|Search Group). May 2015


https://americanstaffing.net/staffing-research-data/fact-sheets-analysis-staffing-industry-trends/staffing-industry-statistics/

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 9 additional offices in New York, New Jersey, Connecticut, Massachusetts, and Florida. Since opening our doors in 1985, our company mission has remained the same: to provide leading employers with the highest caliber talent while maintaining our commitment to integrity, honesty and responsiveness.

Today, we serve the following practice areas: Accounting/Finance, Creative & Digital, Engineering, Financial Services, Health Services, Human Resources, Information Technology, Legal Services, Life Sciences, Nonprofit, and Office Support.

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<td>New York</td>
<td>675 THIRD AVENUE, 5TH FLOOR</td>
<td>(212) 922-1001</td>
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<td></td>
<td>NEW YORK, NY 10017</td>
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<tr>
<td>New Jersey</td>
<td>200 SOMERSET CORPORATE BLVD., SUITE 1003</td>
<td>(908) 947-3030</td>
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<td>BRIDGEWATER, NJ 08807</td>
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<td>Connecticut</td>
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<td>(203) 653-4700</td>
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<td>Massachusetts</td>
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<td>(857) 702-4540</td>
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<td>BOSTON, MA 02110</td>
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<tr>
<td>Florida</td>
<td>600 CORPORATE DRIVE, SUITE 310</td>
<td>(954) 556-2776</td>
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<td>FORT LAUDERDALE, FL 33334</td>
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<td>538 BROADHOLLOW ROAD, SUITE 205</td>
<td>(631) 768-8100</td>
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<td>MELVILLE, NY 11747</td>
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<td>300 INTERPACE PARKWAY, 3RD FLOOR</td>
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<td>303 WYMAN STREET, 3RD FLOOR</td>
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<td>WALTHAM, MA 02451</td>
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<td>(561) 656-9580</td>
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