



ROBERT WALTERS WHITEPAPER

RECRUITING EQUITY PROFESSIONALS IN A CANDIDATE SHORT MARKET

INTRODUCTION:

RECRUITING EQUITY PROFESSIONALS IN A CANDIDATE SHORT MARKET

With employers facing severe shortages of highly skilled EE candidates, attracting high calibre professionals from this demographic has become increasingly complex and competitive.

These shortages are being compounded by rising demand from organisations looking to grow, creating additional pressure on hiring managers to ensure that companies retain their existing qualified EE employees.

This whitepaper explores the effects and impact of EE talent shortages on employers and reviews strategies on how to overcome them.

METHODOLOGY

Robert Walters surveyed 271 hiring managers and professionals across a range of fields across South Africa, and consulted with our recruitment industry experts to complete this research.

ABOUT ROBERT WALTERS

Robert Walters is a specialist professional recruitment consultancy, working with businesses of all sizes as a trusted recruitment partner. With an international network of offices spanning 27 countries, we are perfectly positioned to help you find the very best skilled professionals.

In South Africa, we recruit specialists on a permanent, contract and interim basis, in the following areas:

- Accountancy & Finance
- Banking & Financial Services
- Information Technology
- Legal

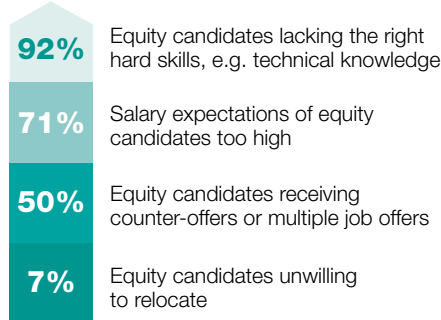
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01 AN OVERVIEW OF EE TALENT SHORTAGES

85%
of employers have been affected by EE talent shortages

Which of the following EE recruitment challenges has your business faced?



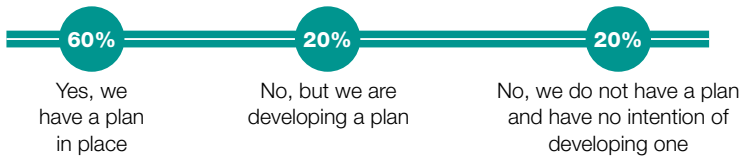
31%

of employers are unlikely to hire EE candidates who do not meet exact requirements of the role

How have skills shortages amongst EE candidates affected your business?



Does your company have a plan for managing EE talent shortages?



84%

of hiring managers have upskilled staff to manage EE candidate shortages

Which of the following recruitment strategies have you adopted to manage EE candidate shortages?



8%

Only 8% of employers shorten the process of interviewing and onboarding new staff to manage EE talent shortages

84%

of EE professionals want clear career progression

25%

Less than 25% of employers promote career progression opportunities to avoid losing staff to counter offers

20%

of employers say adding value to the business matters to EE professionals

55%

However, 55% of EE professionals say their contribution to the business is essential to career progression



90%

of hiring managers have
struggled to attract EE
candidates with the right
hard skills

02 HOW PREVALENT ARE EE TALENT SHORTAGES

Our research shows that more than 80% of all employers have had at least some difficulty recruiting EE professionals and a further 29% have found it extremely hard to find the right people for the majority of the roles they are looking to fill.

The outcome is broadly similar regardless of the company's size, with 24% of businesses with more than 1000 staff, 23% with 100-1000 staff and 18% with less than 100 employees all affected by candidate shortages.

"Employers have traditionally always been able to 'pick and choose' their ideal candidate however as skills shortages become more acute, the balance of demand has begun to favour candidates. In today's competitive market employers can still secure top talent, however they need to broaden their approach and ensure they are opening up new recruitment channels."

Nic Sephton-Poultney, Country Manager at Robert Walters

With so many employers facing the same challenges regardless of location, our research shows that EE talent shortages are a widespread cause for concern.

Despite having to contend with a severely candidate short market, the results of the survey indicate that a large number of employers are neglecting to implement strategies to attract EE professionals, undermining their ability to help their business grow. The research also shows traditional strategies such as offering higher salaries may no longer guarantee a candidate's signature.

Only one in ten employers say they have not faced any problems recruiting the right professionals.

Have you had difficulty recruiting suitably qualified EE candidates?

Struggled to recruit many roles		29%
Struggles to recruit some roles		57%
Not struggled to recruit roles		14%



03 WHAT ARE THE KEY EE RECRUITMENT CHALLENGES AFFECTING YOUR BUSINESS?

Almost half (47%) of our survey respondents claim they have simply not been able to find enough EE candidates to interview, raising questions about availability of suitable qualified professionals. However, part of the problem is that employers are only considering 'active' job seekers, neglecting a wide part of the potential talent pool and limiting their ability to attract highly skilled professionals.

Having the knowledge and ability to approach 'passive' candidates (those not actively searching for a new role) increases employer's access to a much wider pool of professionals. Very often, those who provide a best fit for the role aren't the ones looking for a job.

"Passive candidates may not be openly looking for a job but that does not mean they are not available. If you feel you lack the connections to tap into this market, you may benefit from working with a partner that offers you access."

Lance Maree, Associate Director at Robert Walters

Pay remains a stumbling block for hiring managers when looking to secure EE professionals; seven in ten say that salary expectations of candidates are too high. Of course, some amount of salary inflation is an inherent trait of a talent short market, and one in four EE professionals will expect employers to improve on market rates at the very minimum.

However, our research also showed that many professionals place a greater premium on benefits such as work-life balance and career progression than they do on pay. Simply offering more money may not be enough for an employer to stand out from competitors when looking to secure top talent.

Emphasising the benefits of the job or any opportunities to gain management experience or career development, while still offering a competitive salary, is likely to have the biggest impact when looking to attract candidates. With many professionals prioritising long-term career development, this can approach can help employers stand out.

WHICH OF THE FOLLOWING RECRUITMENT CHALLENGES HAS YOUR BUSINESS FACED?



92% Equity candidates lacking the right hard skills, e.g. technical knowledge



50% Equity candidates receiving counter-offers or multiple job offers



71% Salary expectations of equity candidates too high



43% Lack of EE candidates

04 THE IMPACT AND EFFECTS OF EE TALENT SHORTAGES ON YOUR BUSINESS

Our research found that the most common concern employers have regarding EE talent shortages is the growing risk that they will be unable to meet the minimum BEE scorecard criteria. As a result, employers find that both their finances and reputation are damaged, making it difficult to win new business as well as maintain existing relationships. For a range of companies, from early stage enterprises to larger businesses and organisations looking to establish new revenue streams, the effects of EE talent shortages can prove very long lasting.

“Companies can only create growth plans around the professionals they are able to hire. While it’s important that working practices and culture reflect the goals of the business, many employers stand to benefit from implementing changes that will make their organisation a more attractive place to work.”

Samantha Gravett, Manager at Robert Walters

42% of hiring managers say EE talent shortages have resulted in higher costs to retain existing staff as EE professionals often move regularly within their first years of employment, as they look to develop their career and maximise their salaries. 28% of hiring managers say that they have high staff turnover among EE employees.

A common strategy among companies to plug skills gaps is to reallocate staff or increase their workload. However, by overworking or overstressing their workforce employers are likely to create even higher levels of staff turnover. Even if employees remain with the company, many will expect to be paid a higher salary to compensate for their rising workload, increasing the cost to the business.



42%

of hiring managers say EE talent shortages have resulted in a higher cost of retaining existing staff

To counter this, employers should take steps to ensure that their organisation is perceived as a desirable place to work. For example, offering greater autonomy, flexible working or clear opportunities for career progression. Employers should also consider revising recruitment practices; particularly reviewing their approach to hiring professionals with transferable skills who can be retrained or upskilled to be suitable for a role.

How have skills shortages amongst EE candidates affected your business?

Difficulty in meeting deadline and client expectations	35%
Higher cost of retaining existing staff	42%
Higher staff turnover	28%
BEE scorecard criteria not met	50%

05 PLANNING FOR EE TALENT SHORTAGES

Our survey revealed that the majority of hiring managers (60%) have plans in place to deal with talent shortages when they occur and 20% of hiring managers say they are in the process of creating a strategy to manage talent shortages.

However, one in five say that not only do they not have a plan in place, but that they also have no intention of developing any strategy for addressing this issue.

“Businesses that rely on internal recruitment teams to keep a lid on costs are often restricted to recruiting from more limited talent pools. This approach is also a false economy, as making the right hire at the first opportunity will always save your company money in the longer run. To fully explore the breath of talent available, make sure you engage with a range of hiring channels.”

Xolo Mkhize, Manager at Robert Walters

With demand for EE candidates increasing, EE professionals looking for their next career move will be able to pick and choose between roles, with an increasing number receiving multiple job offers. Businesses will need to review their current strategies for recruitment in order to secure top talent in this changing environment. Shortening the hiring process and reducing the time from interview to offer can be effective in securing candidates who are engaged in several interviews processes simultaneously.

When looking to attract candidates, employers should consider initiatives they can implement to improve work life balance, such as introducing flexible working hours. Doing so can give employers significant competitive advantages when looking to secure high calibre EE professionals.

A long-term plan for dealing with EE candidate shortages involves a two-pronged approach. First, keeping existing staff motivated and incentivised is vital for developing a ‘talent pipeline’ and creating viable succession plans.

But equally important is mapping out the type of EE professionals you want to hire to overcome the impact of skills shortages. Consider where will you find the right people with the relevant skills who can be trained to the appropriate standards, and which skill sets will help you meet business objectives.

Drawing up a list of preferred criteria will focus the search, enabling you to work effectively with your partners in identifying and targeting suitable EE professionals from the widest possible talent pool.

Do you have a plan to manage EE talent shortages?

Yes, we have a plan in place	60%
No, but we are developing a plan	20%
No, we do not have a plan and have no intention of developing one	20%



06 WHAT WORKPLACE POLICIES HAVE YOU IMPLEMENTED TO MANAGE EE TALENT SHORTAGES?

An increasingly popular strategy among employers to overcome the impact of EE talent shortages is to focus on getting more out of existing employees. Nearly half (42%) have provided staff with opportunities for training or the chance to take on new responsibilities, with a further 25% implementing new policies to fast-track career progression.

Adopting this approach can provide long term protection from skills shortages for employers by ensuring that current staff expand their skill set through training and gaining additional qualifications. This is also an effective strategy to offset staff attrition, with many professionals more likely to stay with an employer who offers the potential for career progression.

20%

of organisations raise salaries to combat EE talent shortages

Look beyond pay

A fifth of employers say they are also trying to take action on talent shortages by raising salaries. However, while pay levels do have an impact on overall job satisfaction, salary increases alone may not be enough to prevent employees moving to rival employers.

Our survey of EE candidates showed that, regardless of profession, a larger number of candidates consider a good work-life balance or better career development opportunities as more important than pay. Ultimately, understanding the role these influences play will help you craft successful retention policies.

Internal communication is also key. It's essential that you're able to explain clearly the long-term benefits and opportunities that your organisation offers.

Yet while retention strategies are important, it's also important to consider how your organisation can increase headcount as a long term solution to talent shortages. Rebalancing workloads, cited by only 8% of hiring managers as a solution to talent shortages, can damage morale among your workforce unless new staff can be hired to take some of the strain.

"A lot of companies acknowledge the importance of career progression or better work-life balance, yet to what extent do they actually deliver? Businesses that act on what employees want from their career are more likely to appeal to a broader cross-section of the market."

Nick Bruschetti, Manager at Robert Walters

What workplace policies have you implemented to manage EE talent shortages?

42%

Of employers say they have provided staff with opportunities for training or the chance to take on new responsibilities

25%

Of employers have implemented new policies to fast-track career progression

07 WHAT RECRUITMENT STRATEGIES HAVE YOU IMPLEMENTED TO MANAGE EE TALENT SHORTAGES?

Despite 85% of employers having been impacted by a shortage of EE candidates, 40% still say that they rarely hire professionals who do not meet the full job description criteria.

During the financial downturn, many employers became accustomed to recruiting in an employer driven market where the number of jobseeking candidates severely outnumbered available jobs. However, as the economy has recovered and the market has become candidate short, hiring managers need to revise their hiring strategies to reflect the changing environment.

“There is little excuse for an inefficient recruitment process in a talent short market. Quite simply, the ability to come to a swift decision is more likely to secure your preferred candidate and help reduce the threat that talent shortages pose.”

Nicolas Rainier, Manager at Robert Walters

Remaining inflexible and holding out for a ‘perfect match’ candidate can mean that vacancies remain open for weeks or even months. As mentioned earlier, this puts increasing pressure on current staff, forcing them to stretch resources to provide the necessary cover, in turn damaging morale and increasing staff attrition rates.

A quarter of businesses say they have become more flexible when recruiting; interviewing and hiring candidates who may not possess all of the required skills but can develop into the role or benefit from further training.

Recruiting candidates such as these can deliver a wealth of benefits to employers, boosting the diversity of their workforce and introducing fresh perspectives to problem solving. It can also help to drive innovation by bringing different skill sets and approaches together into a team.

By recruiting from a broader range of talent pools, employers can also help manage salary inflation. In many cases, EE candidates looking for the chance to take the next step in developing their career will prioritise a fresh challenge over a large pay rise.

Which of the following recruitment strategies have you adopted to manage candidate shortages?

Shortening the interviewing process		8%
Recruiting from new talent pools		45%
Appointing interim or contract staff		15%
Developing a talent succession plan		85%

Reduce the time to hire

Working with all relevant stakeholders to develop a timetable to ensure that you have a fast and efficient hiring process can be critical to securing top talent in a candidate short market. However, just 8% of employers have reduced hiring times as a strategy to manage candidate shortages, with many losing out to more flexible competitors.

Employers should also consider offering greater accommodation of the candidate’s needs, such as flexibility around interview times. Organisations which are prepared to take a flexible approach such as this distinguish themselves from competitors, giving them access to wider talent pools.

Hiring managers should remember that the interview process is also a chance for them to sell the company to the candidate. By promoting the benefits of the company and considering how the role can help the candidate achieve their career goals, employers stand a better chance of securing top talent.

08 HOW TO APPEAL TO EE PROFESSIONAL CANDIDATES

What motivates EE professionals at work

Our research shows that most employers feel that the top motivating factor for EE professionals is remuneration. Half of all hiring managers say that this is 'very important' to career satisfaction, considerably ahead of career progression (rated by 38% as 'very important') or varied and interesting work (30%).

Additionally, only 23% of businesses believe that adding value or taking advantage of training matters to EE professionals.

Yet six out of ten EE professionals say that their contribution to the business is essential to efficient career progression, with a third saying encouragement or motivation from senior management was very important to them.

More EE candidates also rate work-life balance as 'very important' (52%) to happiness at work than remuneration, which is judged on a par with interesting or challenging workloads.

On top of this, many EE professionals won't move just for money, especially if an offer comes from an organisation within the same sector. A new challenge (28%), or the chance to work for a business with an exciting brand or culture (33%), can be a much greater incentive.

"There are considerable misconceptions about what drives EE professionals. For instance, older workers are often more receptive to change or the opportunity to upskill than they are given credit, while many younger professionals are keen to learn from their more experienced peers. A company that balances the needs and motivations of their EE employees can look forward to even greater success."

Petra Cooper, Manager at Robert Walters



09 OVERCOMING COUNTER-OFFERS

Counter-offers are an increasingly common feature of a talent short market. For many employers, an increase in pay and benefits is the easiest method of dissuading staff from the uncertainty of accepting a new job elsewhere.

“Remember that an individual’s worth is determined by the market, reflecting the prevalence and size of many of the counter-offers we are seeing. Make sure you’re clear about how to sell the business to a candidate and what additional benefits you can offer to overcome the effects of counter-offers.”

Nic Sephton-Poultney, Manager at Robert Walters

Counter-offers are an increasingly common feature (52%) of a talent short market. For many employers, offering candidates an increase in pay and benefits is the easiest method of dissuading them from taking a new job elsewhere.




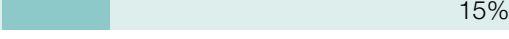
While it may seem the only feasible response to counter-offers is to increase salaries, there are other options at your disposal, many of them under-utilised. For example, less than 25% of employers focus on offering candidates career progression opportunities, while less than one percent use the lure of an overseas career as a means of beating counter-offers.

Yet for candidates, both career development and the option to work overseas are considered ‘very important’ to career satisfaction. More than a third said that a period working overseas is ‘important’ or ‘very important’ to career progression, and 60% had either been employed abroad or would like to be.

While it is possible that some professionals are drawn to working overseas due to the possibility of earning more money or taking advantage of tax breaks, many professionals view overseas working as the chance to add value to their worth in the workplace. Almost half say the main reason is to gain invaluable exposure to new cultures and clients.

Among EE professionals who accept a counter-offer consisting of only a pay rise, 40% were looking for a new job within a year, suggesting that it is important to appeal to a candidate’s motivations beyond just pay.

What is your preferred way of managing counter-offers?

Sell the opportunities for career progression		23%
We don’t usually take action to manage counter-offers		38%
Sell the advantages of the job based on the candidate’s requirements		15%
Determine other benefits that can be offered in place of a higher salary		15%



40%

of EE professionals who accept a counter-offer consisting of only a pay rise were looking for a new job within a year

KEY RECOMMENDATIONS

1 EE professionals are motivated by a wide range of concerns

Employers still view salary increases as a panacea to overcome talent shortages despite other options being available. Remember that while pay is important, so too are factors such as flexible working hours, autonomy and the chance of career development, especially among EE professionals.

These 'added benefits' can be particularly useful in making you stand out from the crowd, especially if you are not in a position to increase salaries.

2 Plan for the unexpected

Many businesses have neglected to develop plans for how to deal with EE talent shortages, despite the challenge they pose to their day-to-day operations. Sensible preparation will help you identify where gaps may emerge and enable you to formulate a long-term talent management strategy.

This will also give you the opportunity to phase in new working arrangements, such as flexible hours, while minimising any adverse effects on the business.

3 Expand your horizons

If you're struggling to recruit from traditional talent pools, consider widening the search. While many EE professionals may not meet all of the criteria upon hiring, a combination of training and motivation can help to develop and expand their skills. As an added bonus, these employees are also likely to be more loyal and brand aware.

Don't overlook the benefits of transferring employees between different parts of your business. Many EE professionals see this as a fantastic avenue for building their career, so giving them the right opportunities is likely to increase their engagement with your business and brand.

4 Don't leave it until it's too late

By putting off new hires, employers simply increase pressures on existing staff - the two are intrinsically linked. This affects your company's ability to deliver for clients, damaging your reputation and undermining morale.

Flexibility is key in a candidate short market, so avoid spending weeks or months waiting for the 'perfect EE candidate' to materialise.

5 Be decisive

Short, efficient hiring processes and the ability to make a prompt offer are essential to securing an EE candidate's interest in your company.

In the current market, many EE candidates will often receive more than one job offer at a time, so 'time to hire' – and getting in ahead of your competitors - is critical.

6 Dealing with counter-offers

Across many sectors and industries, businesses have become more determined than ever to retain existing employees, leading counter-offers to become a popular strategy to offset staff attrition.

While many hiring managers are tempted to simply increase salary offers to overcome counter-offers, you may have more success by demonstrating career progression opportunities you can offer or the chances to work overseas, as these are often judged to be more important by EE candidates than money alone.

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