



SHRM RESEARCH OVERVIEW: TALENT ACQUISITION

SHRM Research Overview: Talent Acquisition

HR professionals are undoubtedly in the midst of a challenging period for talent acquisition. Job creation was strong throughout 2014 and 2015, and that growth has encouraged more people to pursue employment opportunities, but their skills frequently do not match the openings that are available. The 55-and-older proportion of the labor force has also grown substantially and allowed HR professionals to retain experienced workers, but members of this demographic are retiring at high rates and creating talent voids in many workplaces. Recent SHRM research has shown that HR professionals are mindful of the myriad difficulties associated with recruitment and retention, and they are using a variety of strategies to attract and keep top talent.

Plenty of Gaps Remain in an Otherwise Healthy Labor Market

Recruiting difficulty remains a major hurdle for many HR professionals in today's labor force. This can be attributed to a number of factors, including skills deficiencies among job seekers as well as compensation packages that are rejected by applicants who are seeking competitive salaries in a slow-growth environment for wages. HR professionals also cite lack of leadership skills among job seekers as a significant concern for recruitment and retention.

- As shown in Figure 1, the greatest human capital challenge faced by HR professionals today is “maintaining high levels of employee engagement,” according to *Business and Human Capital Challenges Today and in the Future*, a recent research report by SHRM. This report also found that creating an organizational culture where trust, open communication and fairness are emphasized and demonstrated by leaders (33%) was the top tactic needed to meet today's key human capital challenges.¹
- SHRM's monthly Leading Indicators of National Employment® (LINE®) report, which tracks hiring trends in the manufacturing and service sectors, revealed that recruiting difficulty was at or near record levels throughout 2015. Recruiting difficulty, which measures how hard it is for employers to recruit candidates to fill positions of greatest strategic importance to their companies, reached its peak in October 2015 in both the service (43.3%) and the manufacturing (36.7%) sector (see Figures 2 and 3).²

WHAT THE EXPERTS ARE SAYING

Bob Corlett, president,
Olney, Md.-based recruiting firm Staffing Advisors

I find it interesting how often supply and demand cycles reverse after about five years. That's because hiring is hard until enough people get trained in a particular skill. It all depends on how fast people migrate from other job sectors into the sector with the shortage. If experts can easily jump from one industry to another, that skill almost never gets in short supply—HR is a classic example of this.

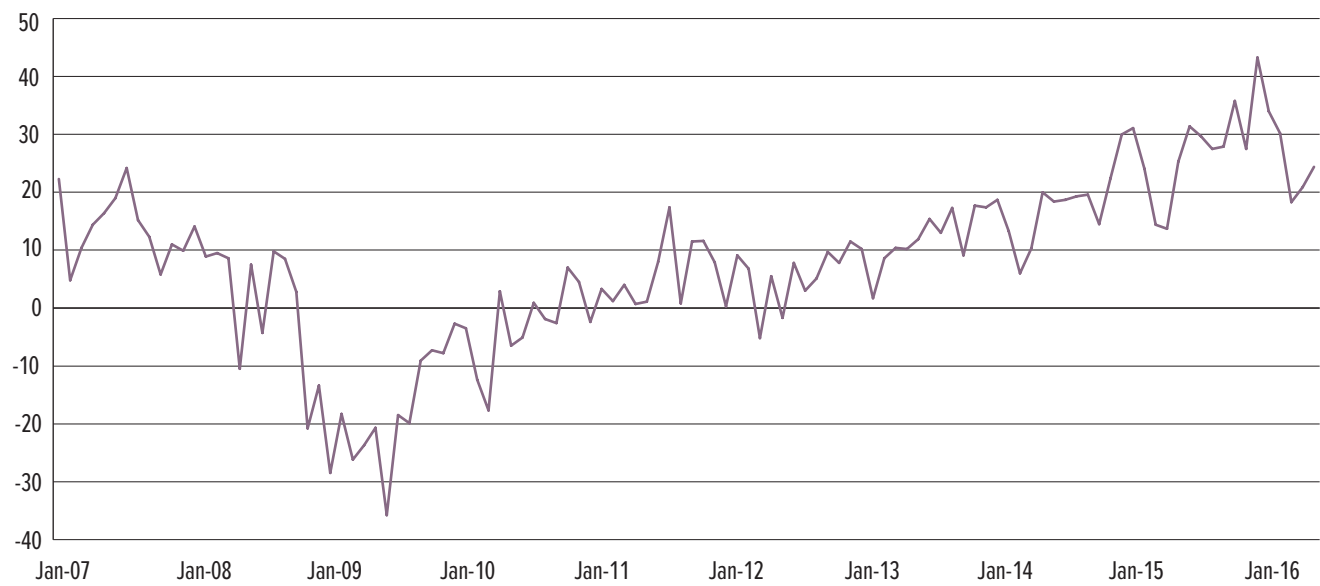
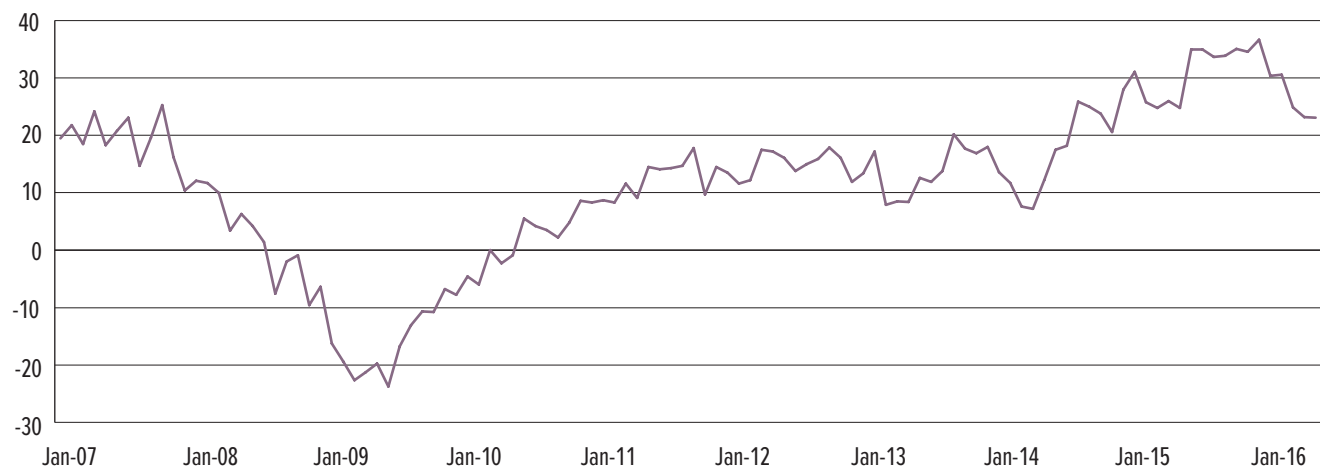
HR professionals can usually transition from the for-profit sector into the nonprofit sector and back. And although this might help keep people working, it means that the vast majority of HR professionals are always forced to compete for jobs against large numbers of their peers. If HR skills were less 'transportable' across industries, each individual would have less competition for his or her next job, employers would have a harder time filling HR jobs in some sectors, and salaries would probably rise.

Figure 1: Organizations' Greatest Human Capital Challenges, According to HR Professionals



Note: Percentages do not total 100% due to multiple response options.

Source: Business and Human Capital Challenges Today and in the Future (SHRM, 2015)

Figure 2: Recruiting Difficulty in the Service Sector: 2007-2016**Figure 3: Recruiting Difficulty in the Manufacturing Sector: 2007-2016**

Source: SHRM LINE [historic data]





- HR professionals have cited a number of skills that were deficient among recent college graduates, according to other SHRM research. In 2015, more than two out of five (43%) said college graduate job seekers lacked professionalism/work ethic (see Figure 4).³
- Skills deficiencies in the labor force have been acknowledged by other corporate leaders, not only HR professionals. In a survey of non-HR executives, respondents were asked about competencies that were currently lacking among job seekers (see Figure 5). More than one-third cited communication (40%), leadership and navigation (39%) and critical evaluation (39%).⁴

Figure 4: Applied Skills College Graduate Job Seekers Are Lacking



Note: Percentages do not total 100% due to multiple response options.
 Source: The Hiring of 2015 College Graduates (SHRM, 2015)

WHAT THE EXPERTS ARE SAYING

Chad Moutray, chief economist, Washington, D.C.-based National Association of Manufacturers

My sense is that the unemployment rate [4.9 percent in January 2016] means a lot less today than it did in the past, given that you still have a high number of people who are underemployed and in part-time employment and discouraged. The real rate is like 9.9 percent.

That being said, we shouldn't underestimate the positives here. The unemployment rate is down to half of what it was at its peak during the recession. Overall, the market has been moving in the right direction. My forecast is that we'll probably get down to 4.6 or 4.7 percent by the end of the year.

Almost every manufacturer we talk to says they have trouble finding talent. That's a skills mismatch above anything else. We just aren't educating enough people in mathematical and technical skills, and it's also a perception issue for the industry.

Figure 5: Critical Competencies that Job Candidates Lack, According to Non-HR Executives



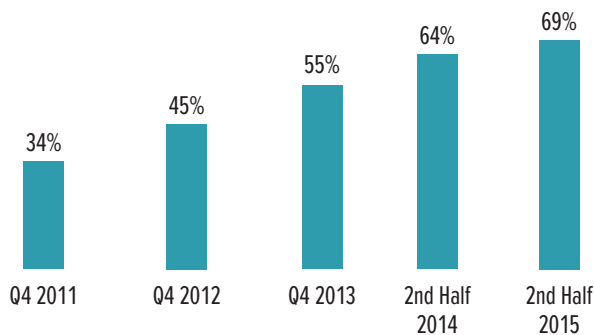
Source: Using Competencies for Business Unit Success: A Survey of Executives (SHRM, 2016, unpublished data)

With Steady Job Growth, More Workers Seek New Opportunities

Aside from the challenges associated with recruiting highly skilled talent, HR professionals must keep their existing workers engaged and place equal importance on effective retention strategies. Increased hiring rates in recent years have allowed more workers to find new jobs and explore other options for their careers. SHRM research shows that job seekers, both inside and outside the HR profession, are frequently pointing to better compensation and career advancement opportunities as the reasons for pursuing new positions.

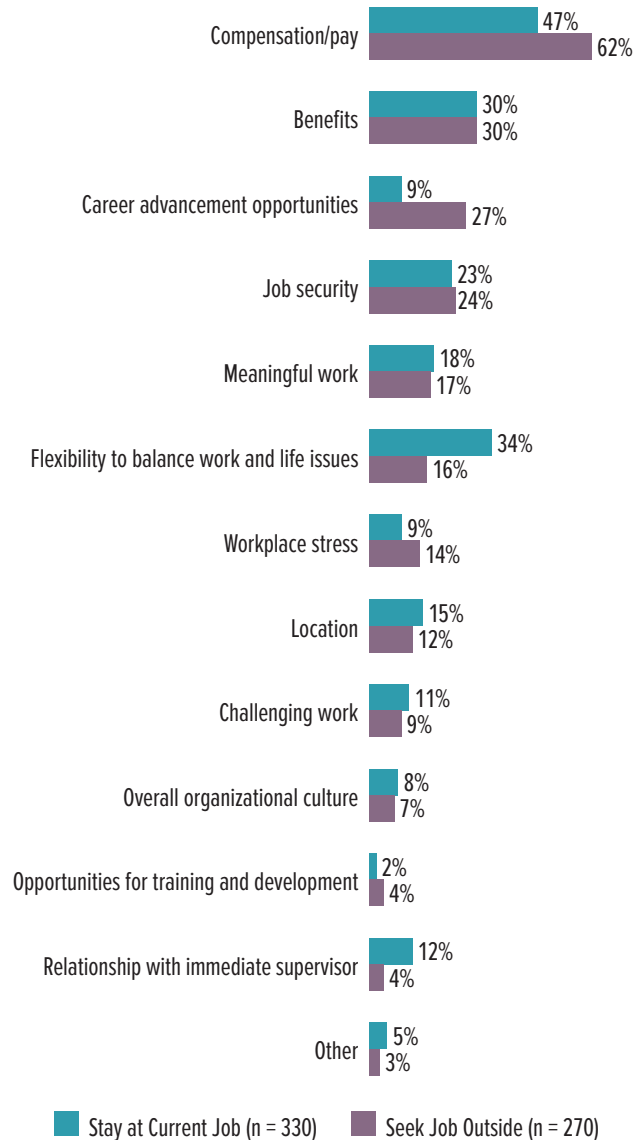
- Overall, HR professionals are expressing high levels of confidence in the U.S. job market (see Figure 6). According to SHRM's *Jobs Outlook Survey* (JOS), 69% of HR professionals had some degree of faith in the job market and expected job growth in the second half of 2015. This marked the highest level of optimism in the job market among HR professionals since the JOS survey was launched in 2009.⁵
- Other SHRM research shows that workers are also confident about the job market and are exploring new opportunities for a variety of reasons (see Figure 7). SHRM's *Job Satisfaction and Engagement* report revealed that job seekers frequently leave their organizations to pursue better compensation/pay (62%), better benefits (30%) and career advancement opportunities (27%).⁶

Figure 6: Optimism About the U.S. Job Market Among HR Professionals



Source: Jobs Outlook Survey (SHRM, 2015)

Figure 7: Reasons Employees Stay at or Leave Their Current Organization

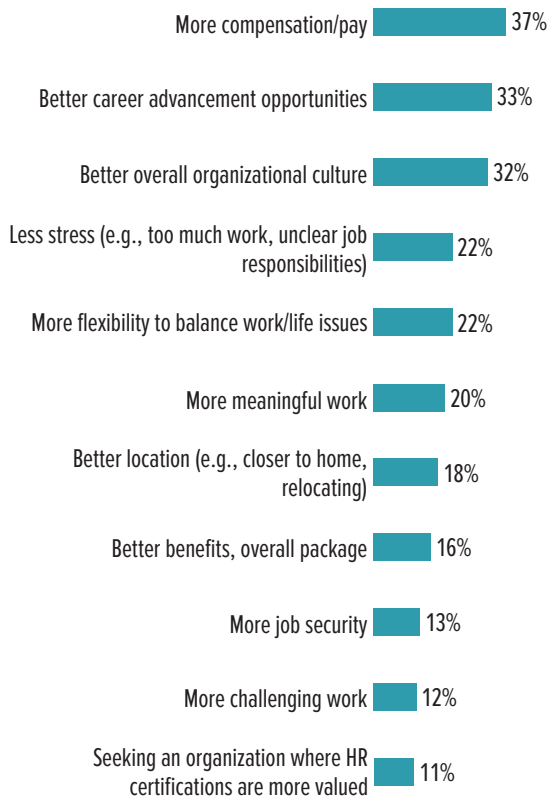


Note: Percentages do not total 100% due to multiple response options.

Source: Job Satisfaction and Engagement Report (SHRM, 2016, unpublished data)



Figure 8: Top Reasons HR Professionals Are Starting a Job Search



Note: Percentages do not total 100% due to multiple response options.
 Source: HR Jobs Pulse Survey (SHRM, 2015)

■ Many HR professionals have similar motives for making a job change, according to SHRM’s *HR Jobs Pulse Survey* (see Figure 8). More than one-third (37%) cited compensation/pay, and another 33% pointed to better career advancement opportunities as the reasons for starting a job search.⁷

To Attract Top Talent, HR Professionals Use a Variety of Methods

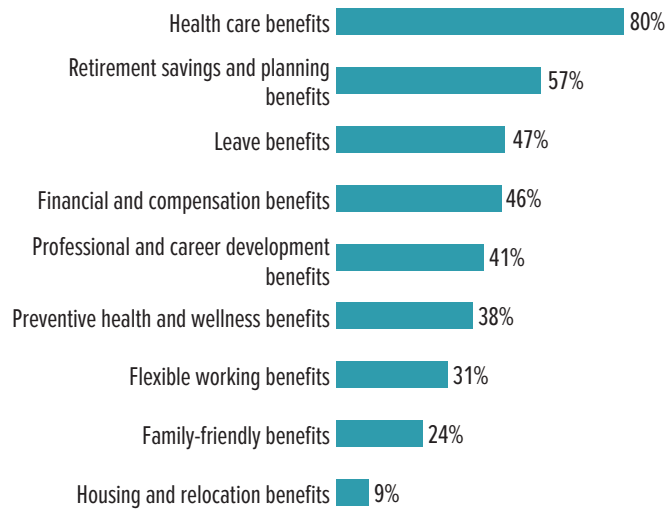
Incomes have improved for some workers in recent months, particularly those in high-tech fields and others who possess in-demand skills. But base salaries have not experienced widespread growth in the labor force, and consequently, HR professionals often cannot rely on salaries as a sole means of recruiting or retaining workers. SHRM research shows that HR professionals are increasingly using social media to tap into the talent pool and are promoting their organizations’ benefits offerings as a means of attracting and keeping workers.

■ Consumers and casual Internet users have shown an increased preference for using mobile devices when online, and searching for employment is no exception. Most major job search websites have free applications for mobile users that make the process easier for those seeking employment, and HR professionals have taken notice (see Figure 9). Of those who use social media for recruitment, nearly nine out of 10 (89%) use those venues to post job advertisements, according to a recent SHRM survey.⁸

Figure 9: How Organizations Use Social Media for Recruitment

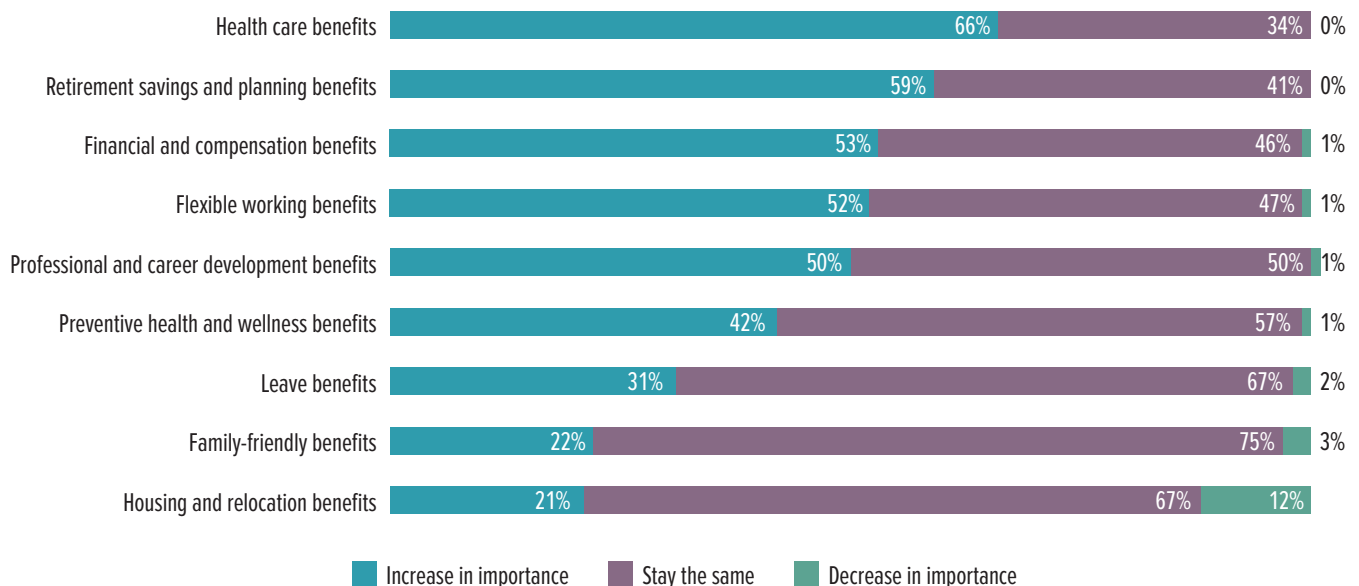


Note: Percentages do not total 100% due to multiple response options.
 Source: Using Social Media for Talent Acquisition—Recruitment and Screening (SHRM, 2015)

Figure 10: Benefits Positively Leveraged to Retain Employees

Source: 2015 Strategic Benefits—Leveraging Benefits to Retain Employees (SHRM, 2015)

- Despite some uncertainty about the effects of the Patient Protection and Affordable Care Act (PPACA) on operating expenses, recent research has shown that the majority of organizations do not plan to abandon health care coverage for their employees, even with an option of doing so and paying a penalty in accordance with the act. Maintaining coverage can be seen as an effective tool for recruitment and retention strategies, and four out of five (80%) HR professionals do, in fact, leverage health care benefits to retain employees at all levels of the organization, as shown in Figure 10.⁹
- In turn, HR professionals do not expect health care benefits to decrease in importance for future recruitment efforts, as illustrated in Figure 11. Perhaps knowing that many workers are not prepared financially for their retirements, HR professionals are also citing retirement savings and planning benefits as an important element of talent acquisition in the next three to five years. Nearly three out of five (59%) said those benefits would increase in importance during that timeframe.¹⁰

Figure 11: Change in Importance of Benefits in the Next Three to Five Years to Recruit Employees

Note: Percentages may not total 100% due to rounding.

Source: 2015 Strategic Benefits—Leveraging Benefits to Recruit Employees (SHRM, 2015)

WHAT THE EXPERTS ARE SAYING

Corinne Jones, president and senior HR consultant, New York City-based CJC Human Resource Services

Relating to the recruitment our business does, which is quite niche and primarily in the technology sector, there is a tremendous shortage of quality candidates with the technical skills—and basic professional skills—necessary to even remotely qualify for positions in engineering, project management and sales.

Those who are out of work at the moment and actively seeking employment should spend their time gaining industry-specific certifications. These are becoming more and more important to employers to meet increasing demands from their clients. There are many valuable training resources, often free, to the willing unemployed. As recruiters, it is an attractive quality to see unemployed, and even employed, individuals continuing their education.

Our research is showing a striking downward stroke in demand for unskilled labor at the hands of technology. Specifically, robotics are rapidly coming into play in nearly all major retail and hospitality environments—two hot areas for unskilled labor pool jobs. To come full circle on this, the only way we are getting to a decreased state of unemployment is professional development.

Endnotes

¹Society for Human Resource Management. (2015, December). *Business and human capital challenges today and in the future*. Retrieved from <http://www.shrm.org/research/surveyfindings/pages/2015-human-capital-business-challenges.aspx>

²Society for Human Resource Management. (2015). *Leading indicators of national employment (LINE) monthly employment report* (historical data). Retrieved from www.shrm.org/line

³Society for Human Resource Management. (2015, April). *The hiring of 2015 college graduates*. Retrieved from <http://www.shrm.org/research/surveyfindings/articles/pages/shrm-hiring-college-graduates-2015.aspx>

⁴Society for Human Resource Management. (2016). Using competencies for business unit success: A survey of executives. (Unpublished data).

⁵Society for Human Resource Management. (2015, September). *Jobs outlook survey (JOS) report*. Retrieved from <http://www.shrm.org/research/monthlyemploymentindices/lmo/pages/default.aspx>

⁶Society for Human Resource Management. (2016). Employee job satisfaction and engagement survey. (Unpublished data).

⁷Society for Human Resource Management. (2015, July). *HR jobs pulse survey report*. Retrieved from <http://www.shrm.org/research/pages/hrjobspulserreport.aspx>

⁸Society for Human Resource Management. (2016, January). *Using social media for talent acquisition—recruitment and screening*. Retrieved from <http://www.shrm.org/research/surveyfindings/pages/social-media-recruiting-screening-2015.aspx>

⁹Society for Human Resource Management. (2015, October). *2015 strategic benefits—leveraging benefits to retain employees*. Retrieved from <http://www.shrm.org/research/surveyfindings/pages/2015-strategic-benefits---leveraging-benefits-to-retain-employees.aspx>

¹⁰Society for Human Resource Management. (2015, October). *2015 strategic benefits—leveraging benefits to recruit employees*. Retrieved from <http://www.shrm.org/research/surveyfindings/pages/2015-strategic-benefits---leveraging-benefits-to-recruit-employees.aspx>

About SHRM

Founded in 1948, SHRM is the world's largest HR membership organization devoted to human resource management. Representing more than 275,000 members in over 160 countries, the Society is the leading provider of resources to serve the needs of HR professionals and advance the professional practice of human resource management. SHRM has more than 575 affiliated chapters within the United States and subsidiary offices in China, India and United Arab Emirates.

About SHRM Research

SHRM Research, as part of the Knowledge Development division supporting SHRM and its members, produces high-quality, leading-edge research on human resource management issues and trends, the economy and the workplace for the purpose of advancing the HR profession.

SHRM Research acts as an advisor to SHRM and generates and publishes research used by human resource professionals and other business leaders to develop their knowledge and to provide strategic direction to their organizations.

This report is published by the Society for Human Resource Management (SHRM). All content is for informational purposes only and is not to be construed as a guaranteed outcome. The Society for Human Resource Management cannot accept responsibility for any errors or omissions or any liability resulting from the use or misuse of any such information.

© 2016 Society for Human Resource Management. All rights reserved.