

# 2016



## executive summary **workplace trends guide**



### *Insight from leaders within:*

- Engineering
- Finance & accounting
- Healthcare
- Human resources
- IT
- Legal
- Life sciences
- Manufacturing & logistics
- Office & administration
- Sales & marketing

Randstad surveyed more than 2,000 hiring decision-makers across a variety of business sectors in order to gain insight into the trends facing organizations today. The findings highlight several key aspects of talent recruitment and retention that are particularly troublesome for hiring decision-makers, and some of the tools they find most effective. There is no disputing that the need for quality talent remains high, and organizations recognize that they need a strategy to attract and engage the best candidates.

Our findings indicate that there is a clear connection between the tight labor market and its implications on the bottom line. Organizations are experiencing wage pressure as they work to stay competitive. At the same time, they are feeling the impact of prolonged vacancy costs for key positions.

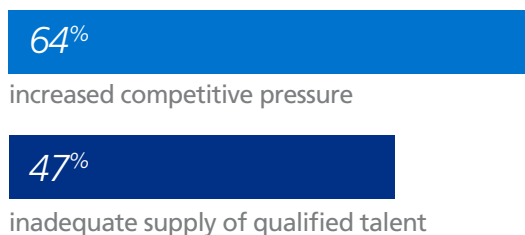
Companies recognize that their employees are being lured by competitors, and prudent business leaders realize that proactively addressing compensation may be their best chance at reducing turnover and retaining their best people. At the same time, the next generation of talent values more than just money, and leadership needs to proactively create an environment in which these eager candidates feel valued and ready to contribute.

This year's study reveals many of the long-standing challenges and new-age disruptions that business leaders and companies face, including:

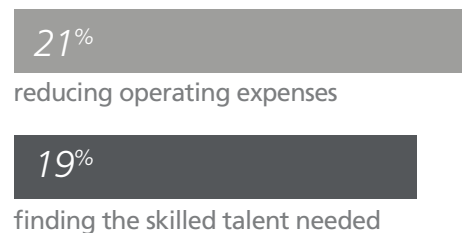
- recruitment effectiveness and hiring accuracy
- high turnover
- workforce outlook and the next generation of talent.

### *Hiring managers weigh in on the biggest threats to meeting revenue or business performance targets in 2016:*

#### **Top external factors**



#### **Top internal factors**



*Figures based on results from all Workplace Trends survey respondents, across all industries*



# recruitment effectiveness

## Impact of vacancies

*75% agree, "Compared to last year, it is taking more time to find the right talent to fill positions."*

On average, companies report they are currently 13 percent understaffed. Lengthy and abundant job vacancies can spell big trouble for companies today. While survey respondents indicated that their average time to hire a non-executive candidate is 2.5 months, it takes twice as long to find key leadership or executive talent.

The lengthening time-to-fill period can quickly eat away at corporate profits. In fact, companies lose \$500 a day for every job that stays vacant.<sup>1</sup> Organizations without a sound recruiting strategy will surely feel the effects not only to their wallets, but also to the morale of team members who must take on additional burdens while the vacancy is being filled.

## Hiring accuracy

Hiring managers increasingly leverage data and analytics to bring greater accuracy, efficiency and predictability to the hiring process. As employers continue to struggle with turnover, open positions and costly vacancies, they simply cannot afford to take an uneducated guess on whether a job candidate will ultimately meet expectations.

While skills assessments are a proven method of gauging whether a candidate is a match — from technical and communication skills to work ethic and cultural fit — roughly four-in-ten companies reported that they are not currently using them today. Usage is highest in the technology industry, at 68 percent, and lowest in human resources, with just 42 percent reaping the benefits of assessments.

*Measures companies have taken to improve recruitment:*

using a wider range of recruitment channels (i.e. social media, etc.)



49%

offering higher salaries



30%

developing relationships at local colleges and universities



29%

offering more training and development to potential new hires



21%



# turnover & retention

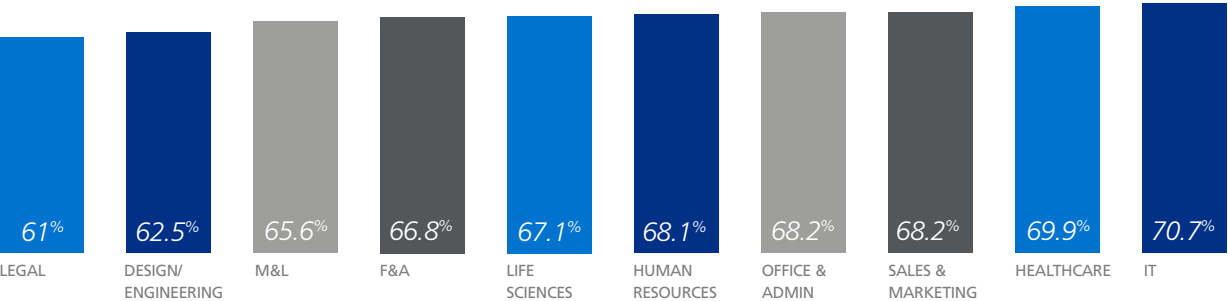


Even with the low U.S. unemployment rate and robust new job creation, wages among the companies surveyed have remained largely stagnant over the past year. But trends indicate that employers will soon need to address compensation levels for qualified talent. Widespread research suggests that U.S. companies are likely to increase base pay, regardless of function or level, by an average of three percent in 2016.<sup>2</sup> Experienced professionals with specific skill sets are commanding much larger increases, as demand outweighs supply in many sectors like IT and engineering.

It's puzzling that, despite little upward movement in salaries, companies acknowledge that wage increases can greatly improve some of the biggest and costliest HR challenges, including turnover. In fact, employers named salary increases as the most effective strategy for decreasing turnover rates (54%), followed by offering opportunities for advancement (40%) and providing bonuses (32%).

As organizations are increasing their payrolls and hiring activity, low unemployment means employers have to work harder at hiring and keeping quality talent. At the same time, existing workers have more confidence and options to change jobs. Our survey indicated that increased turnover rates were most often the result of talent being lured away by competitors, but there were some exceptions. The manufacturing and logistics industry cited a decline in business performance as a leading cause of turnover. Pharmaceutical companies indicated poor company culture as a leading cause, and the legal profession recognizes a lack of salary increases as the foremost cause.

“ I am more concerned about turnover at my organization now than I was 12 months ago. ”







# workforce outlook

## A holistic approach to talent

By 2020, contingent workers — including independent contractors, statement-of-work-based labor and freelancers — will account for more than 40 percent of the U.S. workforce.<sup>3</sup>

As a result, some companies are adopting a holistic approach to talent, which does not view talent as either permanent or contingent. Instead, it approaches all work arrangements as having potential for fulfilling a particular need. This frees the company to tap into all available resources to address a need without the limitations of drawing from only one worker type.

Significant internal change is often required to adopt the approach. Driving that change requires consensus among all stakeholders, including HR, procurement, the hiring community and business leaders. Structural barriers must be eliminated, and greater sharing of data and insights must occur to enable a free flow of talent.

**54% of respondents agree,** *“A single, integrated hiring strategy for contingent and full-time workers will result in higher workforce quality.”*

**68% believe,** *“A variable workforce model with a mix of temporary and permanent employees allows us to be more agile and flexible in meeting fluctuating customer demand or peak periods.”*

## Adapting to a Millennial workplace

Most business leaders would agree that the influx of Millennials has contributed to changes in what we now consider a typical work environment. And while it's more important to understand the individual rather than the generation, managers that are aware of the common generational differences and embrace those qualities are much more likely to enjoy an engaged team. Only 56 percent of organizations, however, make an effort to tailor retention programs to the specific needs/preferences of different generations of workers.

### What do Millennials want?



Millennials expect to work for 4 to 5 companies in their lifetime.



More money and more opportunity for advancement are their top incentives to work harder and stay longer.



68% of Millennials say corporate social responsibility is important to them.



Honesty is the most important quality in a good leader, followed by exhibiting a solid vision.\*

\*data from global survey

Randstad US & Millennial Branding: Gen Y vs. Gen Z Workplace Expectations Study



## about the survey

Throughout this report, the figures represent the findings from a Research Now survey conducted from November to December 2015. For the survey, a sample of 2,004 hiring decision-makers working in a variety of sectors was interviewed, including engineering, finance and accounting, healthcare, human resources, information technology, legal, manufacturing and logistics, office and administration, pharmaceutical and sales and marketing. All sample surveys and polls may be subject to other sources of error including, but not limited to, coverage error and measurement error.

## about Randstad US

Randstad US is a wholly owned subsidiary of Randstad Holding nv, a \$24.5 billion global provider of HR services. As one of the largest staffing organizations in the United States, Randstad provides temporary, temporary-to-hire and permanent placement services each week to over 100,000 people through its network of more than 900 branches and client-dedicated locations.

Employing 5,300 recruiting experts, the company is a top provider of outsourcing, staffing, consulting and workforce solutions within the areas of engineering, finance and accounting, healthcare, human resources, IT, legal, life sciences, manufacturing and logistics, office and administration and sales and marketing. Learn more at [www.randstadusa.com](http://www.randstadusa.com) and access Randstad's panoramic U.S. thought leadership knowledge center through its Workforce360 site that offers valuable insight into the latest economic indicators and HR trends shaping the world of work.

## sources

**1** CEB Global "Accelerating Recruitment" Report

<https://www.cebglobal.com/human-resources/recruiting/accelerating-recruiting.html>

**2** Randstad US 2016 Salary Guides

**3** The Intuit 2020 Report

<http://about.intuit.com/futureofsmallbusiness/>