

Optimizing the Talent Pool

Best Practices for Driving a
Successful Talent Acquisition
Strategy in Any Economic Climate



Manpower
Business
Solutions

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This number is expected
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– *International Labour Office*

With so many out-of-work people, finding qualified candidates should be easier than ever, right? There certainly is no shortage of individuals to choose from. According to a recent global trend report from the International Labor Office (ILO), the number of jobless people worldwide reached almost 212 million in 2009, and that number is expected to remain high in 2010.¹ In the U.S., the Bureau of Labor Statistics indicates that the national unemployment rate continues to remain high.

However, an influx of people in the marketplace does not lessen the challenge of recruiting the right candidates with the right skills for the right job. While the number of people available to work has increased, the size of the talent pool has essentially remained the same. That is because regardless of the number of people applying for jobs, the distribution of average, good and great candidates in the talent pool remains unchanged. To illustrate, a Manpower Business Solutions client in the manufacturing sector had an open position for a senior level executive in the same location in April 2009 and again in March 2010. In 2009, 194 applicants applied within 23 days, of which 11.8 percent were qualified. In 2010, 73 applicants were received in 12 days, of which 12.3 percent were qualified. While the number of applicants varied, the availability of qualified candidates stayed relatively the same.

In a good economy it is challenging to find qualified candidates, but it can actually be even harder when economic conditions worsen and the number of people out of work increases. For recruiters and hiring managers, this translates to an increased volume of candidates and “mismatched” talent to review and screen in order to find those “right fit” candidates. In some cases, the individuals’ skills do not match those required for the jobs, or when the skills are appropriate, the individuals are not located where the jobs are.²

And it is not just the exponential growth of available workers that is adding to the evergreen challenge of finding qualified talent. In an uncertain economy, passive candidates who are currently employed may not consider leaving their current position. For one particular Manpower Business Solutions client, the number of qualified candidates who withdrew from the interview process after being fully screened nearly doubled from 2008 to 2009, with candidates citing a “decision to not make a career change at this time” as the reason for disengaging from the recruiting process.

As economic conditions improve, having a blueprint for growth and thinking differently about talent acquisition strategies is what will help companies drive their businesses forward. More than half the respondents to a McKinsey Global Survey expect intensifying competition for talent – and the increasingly global nature of that competition – to have a major effect on their companies over the next several years.³ As organizations expand their global footprint, the need for a global talent pool and access to quality local talent to facilitate operations across borders and cultures is imperative to success. Organizations that understand how to optimize the talent pool - both globally and locally - will be able to effectively recruit and retain, driving a sustainable competitive advantage.

Deconstructing recruiting myths

With the abundance of talent in the marketplace, why has selecting qualified candidates gotten harder? Common myths around current recruiting efforts include:

Myth #1

There is no denying that there are historic numbers of people out of work. The recession took its toll in the form of job cuts, furloughs, and wage and benefit reductions in just about every industry, and some fields have been hit harder than others. The construction, manufacturing, retail, real estate and auto industries have been disproportionately affected by the recession, contributing to significant job loss across those sectors.⁴ As expected, hiring in those industries has dropped off and many of those jobs are likely gone for good. For job seekers, this means pursuing other industries or jobs outside their realm of experience.

However, the skill sets available from this population may not necessarily translate to a more widespread talent pool for positions in other industries. Although there is an abundance of talent available, skill sets may not align with the needs of industries that are predicted to experience rebound or growth such as education, health services, government, and business and professional services.⁵ According to Manpower’s annual Talent Shortage Survey, the top five positions employers are having most trouble filling globally remain unchanged: skilled manual trades people, sales representatives, technicians (technical workers in the areas of production/operations, engineering and maintenance), engineers and management/executives.⁶

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Changing population demographics and the number of baby boomers exiting the workforce have also impacted the availability of talent. The U.S. Census Bureau forecasts that the 65-and-over population will rise from 38.7 million in 2008 to 88.5 million by 2050.⁷ Similarly, several industrial nations, including Germany, Japan, Austria, Spain, Italy, Sweden, and Greece will also experience a contraction of their working populations. The decline of baby boomers in the global workforce has led some economists to predict labor shortages of 10-15 million in the coming decade.⁸ Market research firm IDC predicts that in the U.S. by 2016 there will be a three million person shortfall to satisfy workforce needs.⁹ Escalating numbers of college graduates are entering the workforce, but they will not possess the same knowledge and skills as aging workers. This requires organizations to invest in training and development to cultivate a workforce with the skills they require.

Take away:

If you are looking for a foreman or automotive mechanic, there might be plenty of candidates available. However, the specialized skills possessed by this demographic will not necessarily increase the talent pool for organizations seeking knowledge workers. For example, a Manpower Business Solutions client that is seeking an operations technician received 238 applicants. Of those, 22 met the minimum qualifications. In contrast, a position requiring more specific skills netted 34 candidates with only one candidate meeting the minimum requirements.

Myth #2

There is an abundance of people with the exact skill set required for every position.

The truth is there is often a mismatch between the individuals available for work and the specific skills employers seek when recruiting for a specific position. An advertisement for an open position may net hundreds or even thousands of resumes, but how many of those applicants actually have the skills required for success? One Manpower Business Solutions client has 18,683 applicants in their applicant tracking system, but only 67 of them have experience in the relevant field. Some people might be very talented and impressive, but lack the right combination of skills required by an employer.

Geographic location may also influence the types of skills available in a particular area. Finding someone with significant life sciences experience may be achievable in a metropolitan area like New York City or North Carolina's Triangle Park, but improbable in more remote locations without incurring significant relocation costs. Plus, if the industry in which you are recruiting does not have high turnover or has not been significantly affected by the economic downturn, there is a good chance potential candidates are employed elsewhere and not actively looking.

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Regardless of relevant skill fit, most human resources executives are swamped by a flood of applicants because the sheer volume of people applying for open positions has dramatically increased. The number of “average” performers in the marketplace is also significantly higher. Sorting through a large volume of candidates is taxing to HR departments that have reduced their own resources in response to lower hiring rates. The end result - candidates cannot be effectively screened and onboarded.

Take away:

Just because millions of people are unemployed, it does not mean the skills, education and experience that your company requires are available. With an abundance of candidates applying for each open position, recruiting gets harder, not easier.

Myth #3

It's okay to be picky because talent is plentiful.

Defining workforce needs and where there are skill gaps is critical to successful recruiting. However, the pursuit of perfection is likely to paralyze recruiting efforts, yield fewer candidates and elongate the time to fill open positions. Hiring managers are focused on finding the person with the right fit - matching roles and responsibilities with requisite skill sets, competencies, and experiences along with behaviors and values that align with the organization's mission, vision and values.¹⁰ When the definition of required skills is too narrow or restrictive it can significantly limit the qualified talent pool.

Structural unemployment as defined by economists is a disconnection between the skill sets prevalent in the labor pool and those demanded by employers. Employers may be intent on only hiring candidates whose background and capabilities are an exact match, but to broaden the talent pool they need to be realistic in assessing what is available in the marketplace. What's more, it is not just the skills on a resume that define an ideal candidate, but their “soft skills” as well. Determining cultural fit and ability to learn is not something that can be gleaned during initial resume screening.

Instead, ‘fish where the fish are’ and consider those candidates with transferrable skills, knowledge and capabilities. Since jobs in manufacturing, construction, and professional and business services were hit hardest, there are likely more candidates from those industries applying for open positions. Think about how those types of skills might be able to benefit your organization. For example, someone who worked as a journeyman carpenter has developed supervisory skills and spent time training new employees. A construction foreman is likely to have experience with purchasing and materials management, project analysis and planning, and transportation and logistics. Expanding the talent pool requires looking at the talent that is available and identifying comparable skills that will meet business needs.

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Take away:

Consider which competencies are required for open positions. Then take into account the other industries and occupations that could be the source of these portable skills.

Myth #4

Getting an extremely diverse workforce for every position is easily obtainable.

More organizations are adopting the practice of increasing diversity, but – as with the size of the talent pool – the proportion of diverse candidates does not change in turbulent times. As noted earlier, as baby boomers leave the workforce, knowledge and skills will leave with the retirees and the workforce is expected to steadily decline through 2050.¹¹ These demographic changes can impact the availability of a diverse talent pool.

Some organizations may view diversity as synonymous with minority hires or complying with Affirmative Action. Instead, they need to encourage an environment of inclusivity and consider how providing culturally appropriate practices will increase recruitment and retention and deliver a competitive advantage. Expanding the pool of diverse candidates requires defining the rationale for having a diverse workforce and considering strategic hires from other industries to build organizational capabilities.

Organizations also need to understand the time it takes to produce a heterogeneous pool of candidates, particularly as demographics shift. For example, as in most countries, the field of engineering in the U.S. has been predominantly dominated by men. However, as a result of government and industry influence, educational institutions have been encouraged to increase the numbers of women and minorities pursuing careers in engineering. Today women now earn almost half of the baccalaureate degrees awarded in science and engineering, more than 40 percent of the master's degrees, and more than one-third of the doctoral degrees, according to a report from the NSF.¹²

Women in general are adding a new dimension to the global talent pool. According to research from the Center of Work-Life Policy, in emerging markets such as Brazil, Russia, India, China, and the United Arab Emirates women constitute a pool of highly qualified talent just waiting to be tapped.¹³ Organizations that look to the female talent pool as they expand into new markets can uncover vast new talent sources, support diversity goals and recruit more effectively.

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Take away:

It takes longer to cultivate a diverse talent pool. Diverse candidate demographics need to exist for organizations to be able to tap in and attract and retain candidates with varied origins, perspectives and life experiences. Make sure you understand the business rationale for having a diverse workforce and create a culture that is inclusive.

Developing strong workforce strategies

Appreciating that the fundamentals of the talent pool do not change quickly, even in the face of a global recession, means you can then implement strategies to optimize the talent that is available. To harness the talent that is available around the world and develop a pool of right-fit candidates that meet your business requirements:

Know what you need, but be flexible.

Define what you need but be willing to broaden the scope of skills and talents you are looking for based on what is available. Consider redesigning jobs so they become more engaging for the people undertaking them.

Identify individuals with transferable skills.

Think about candidates with comparable skills from other industries or expand your search by sourcing candidates in different geographies.

Hire for innate talents and be willing to invest in training.

You may find a candidate with the right attitude, experience, and problem-solving skills but who is lacking a certain certification or skill set. Once you have defined the skills and talents required for a position, prioritize the characteristics most important to get the job done and areas that can be successfully achieved through training.

Draw from the in-house talent pool.

Identify internal resources you can grow and nurture. Cross train your workforce so they are able to perform a broader variety of tasks.

Make diversity a reality.

To bolster diversity, make sure the organization culture will enable diverse employees to thrive. Be willing to invest in training so you can meet diversity goals. Identify and create alliances with national minority organizations or trade associations and target recruitment advertising to minority publications.

Build a candidate pipeline.

Finding qualified talent is complex and time consuming. Build bench strength by cultivating relationships with candidates whose skills align with your organization's future needs. This way, when you have an open position, you can tap into a readily accessible talent pool.

Gain access to expertise

Consider partnering with a recruitment process outsourcing (RPO) provider to manage the influx of resumes, improve processes and deliver a better candidate experience. Recruitment process outsourcing is a form of business process outsourcing (BPO) where an employer elects to outsource all or part of its recruiting function.

RPO enables organizations to tap into expertise and additional resources to efficiently find right-fit candidates. With experience across a broad range of industries, an RPO partner has valuable insight into a variety of comparable skill sets and can alleviate the burden of sorting through mismatched candidates to find those individuals with the right hard and soft skills.

RPO providers can scale up or down to meet fluctuating business needs and have insight into the most effective recruiting strategies, helping organizations optimize the talent pool to meet their hiring needs. An RPO can conduct market analysis on population demographics to deliver insight on diversity opportunities. With global capabilities, more companies are turning to RPO because it makes the recruiting process less expensive and more effective and efficient.

Optimizing the Talent Pool

Boom or bust, the strategic fundamentals of the overall talent pool change slowly -- and that means the challenges of hiring in a “buyer’s market” for talent are every bit as great today as they are during stronger economic times. By leveraging the existing talent pool, nurturing global networks and investing in diversity, organizations can effectively mine new talent sources, build multicultural talent and be well-positioned for market success.

Effective recruitment results in hiring the right candidate for the right job and plays a strategic role in a company’s ability to develop new products and services and expand into new markets. Having the right resources to identify new sources of talent, efficiently screen out mismatched candidates and build a strong talent pipeline is critical to the success of every organization’s recruiting efforts. By optimizing the talent pool, organizations can gain access to skills that support business goals, build bench strength and recruit effectively to enhance competitive advantage.

About the Author

SARAH PEIKER has over 17 years recruiting expertise in designing, implementing and delivering recruiting solutions. She joined Manpower Business Solutions in April 2008 through the acquisition of CRI, a pure-play RPO company, where she led the CRI Consulting business and managed large RPO accounts. Sarah holds a Bachelor’s degree from Michigan State University.

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