Recruiting & Engagement Strategies in a Tight Labor Market

Antonia Turnquist & Theresa Balsiger, The QTI Group

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QTI Group Overview

The QTI Group has been an active member of the business community since 1957. Our key service areas of Staffing, Recruiting, HR Consulting, and HR Partnerships help businesses compete, gain ground, lead, and succeed.

Staffing
Focus on industrial, skilled, and administrative needs, from temporary help to contract-to-hire

Recruiting
Professional and executive recruitment practice

HR Consulting
Compensation administration, variable and incentive plans, employee engagement surveys, and succession planning

HR Partnerships
Offering HR/Payroll/Benefits services, HR assistance, HR investigations, HR assessments, and HR workshops
Discussion Topics

**Employment Lifecycle – Recruit, Engage, Retain**

**Recruit**
- The Labor Market
- Recruitment and Selection Process
  - Trends and strategies
  - Best Practices
  - Employer Brand

**Engage**
- Define engagement
- The business case
- Fostering engagement

**Retain**
- A look at Total Rewards
Tight Labor Market Facts

**Unemployment Rate:**
- WI = 4.3%
- Dane Co. = 2.9%

**Poor Applicant Pool:**
35% meet basic qualifications

**QTI 2016 Survey of Top HR Challenges @ 88%**

**7 Unemployed for Every Job Openings in Mid-2009, There are Now 1.8 Unemployed for Each Opening**

Bureau of Labor Statistics, OEA
Wisconsin’s Workforce Growth

Wisconsin Population and Labor Force

Population (X 1000)

Civilian Labor Force

Bureau of Labor Statistics, OEA
National Job Growth

PROJECTIONS - 55 MILLION JOB OPENINGS BY 2020

• 24 MILLION OF THESE JOBS WILL BE ENTIRELY NEW (43%)
• 31 MILLION (56% WILL BE DUE TO BABY BOOM RETIREMENT)

Bureau of Labor Statistics, OEA
National Job Growth

Why are employers having difficulty filling jobs?

- Lack of workplace competencies (soft skills): 39% (2014), 33% (2013)
- Lack of available applicants/no applicants: 36% (2014), 32% (2013)
- Looking for more pay than is offered: 30% (2014), 27% (2013)

Source: ManpowerGroup 2014 U.S. Talent Shortage Survey
Candidate vs. Employer Driven Market

Source: MRINetwork.com/RecruiterSentiment
Workforce Trends

**Unprecedented – We have never faced a declining workforce before**

**Assured – Demographics will change little**

**Largely unalterable – Demographics and migration patterns do not change abruptly**
Workforce Development Strategies

“If you want something new, you have to stop doing something old.”
– Peter Drucker

Google Trends

CareerBuilder (Website)
Monster.com (Website)
Indeed.com (Website)
LinkedIn (Social networking service)
Workforce Development Strategies

“If you want something new, you have to stop doing something old.”

– Peter Drucker

• Utilize new “go to” tools (LinkedIn, Indeed)
• Adapt Talent Sourcing Strategy (active vs passive)
• Adapt the Pool of Potential Candidates
  – Boomerang Candidates
  – Silver Tsunami
  – Expand Geography
  – Revisit Requirements
• Take a Learning and Development Approach
• Partner with a Search Firm
• Partner with Educational Institutions
• Introduce an Employee Referral Program
## Recruitment & Selection Process

<table>
<thead>
<tr>
<th>Anticipate the Need</th>
<th>Poor Practices</th>
<th>Best Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Hiring only when you have an opening</td>
<td>• Conducting ongoing, proactive analysis of future needs</td>
</tr>
<tr>
<td></td>
<td>• Having ad hoc succession plan</td>
<td>• Continually evaluating the pool of potential talent</td>
</tr>
<tr>
<td></td>
<td>• Overlooking the skills your organization will need in the future</td>
<td>• Developing rigorous periodic forecasts of the company’s</td>
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<tr>
<td></td>
<td>• Indulging in irrational optimism about attrition, succession depth, and</td>
<td>talent needs</td>
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<tr>
<td></td>
<td>recruiting yields</td>
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<tr>
<td>Specify the Job</td>
<td>• Relying on generic competency models</td>
<td>• Defining the specific demands of the job</td>
</tr>
<tr>
<td></td>
<td>• Looking primarily for charisma, general ability and track record</td>
<td>• Specifying which skills and experience are relevant</td>
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<tr>
<td></td>
<td></td>
<td>• Identifying the team the candidate will need to work with</td>
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<td>• Considering how company culture and context affect the role</td>
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</table>
## Recruitment & Selection Process

<table>
<thead>
<tr>
<th>Poor Practices</th>
<th>Best Practices</th>
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<tbody>
<tr>
<td><strong>Develop the Pool</strong></td>
<td><strong>Assess the Candidates</strong></td>
</tr>
<tr>
<td>• Taking a scattershot, ad hoc approach to finding candidates</td>
<td>• Developing a larger pool</td>
</tr>
<tr>
<td>• Limiting the pool</td>
<td>• Considering people on the periphery of the organization (employees in remote offices, consultants, suppliers, customers)</td>
</tr>
<tr>
<td>• Looking for only external or internal candidates</td>
<td>• Tapping your networks and involving the right external partners</td>
</tr>
<tr>
<td><strong>Assess the Candidates</strong></td>
<td><strong>Best Practices</strong></td>
</tr>
<tr>
<td>• Settling on the first adequate choice</td>
<td>• Using a small number of high-caliber, well-trained interviewers</td>
</tr>
<tr>
<td>• Looking endlessly for the perfect choice</td>
<td>• Employing behavior based interviews</td>
</tr>
<tr>
<td>• Using the wrong interviewers</td>
<td>• Conducting detailed reference checks</td>
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<tr>
<td>• Overly bureaucratic</td>
<td></td>
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<tr>
<td>• Unstructured or generic interviews</td>
<td></td>
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<tr>
<td>• Conducting inadequate (or no) reference checks</td>
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# Recruitment & Selection Process

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<th>Poor Practices</th>
<th>Best Practices</th>
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<tr>
<td>Close the Deal</td>
<td>• Assuming money is everything</td>
<td>• Demonstrating accurate support for the candidates interests</td>
</tr>
<tr>
<td></td>
<td>• Discussing only the positives of the job</td>
<td>• Describing the job realistically</td>
</tr>
<tr>
<td></td>
<td>• Demonstrating accurate support for the candidates</td>
<td>• Involving the hiring manager personally, not just HR in closing the deal</td>
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<tr>
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<tr>
<td></td>
<td>HR in closing the deal</td>
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</tr>
<tr>
<td>Integrate the Newcomer</td>
<td>• Assuming the new hire is “plug and play”</td>
<td>• Using veteran top performers as mentors</td>
</tr>
<tr>
<td></td>
<td>• Providing inadequate support and mentoring</td>
<td>• Making sure the newcomer checks in regularly with the boss, mentor and HR,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>even when no problems exist</td>
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<tr>
<td>Audit and Review</td>
<td>• Hanging on to bad hires</td>
<td>• Removing bad hires immediately</td>
</tr>
<tr>
<td></td>
<td>• Failing to review hiring practices and institutionalize the best ones</td>
<td>• Regularly reviewing recruiting practices</td>
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<td></td>
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<td>• Holding all assessors accountable for the quality of their evaluations</td>
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The Importance of Brand

“We built the Starbucks brand first with our people, not with consumers. Because we believed the best way to meet and exceed the expectations of our customers was to hire and train great people, we invested in employees.”

Howard Schultz
Starbucks chairman & visionary
What are Total Rewards?

### Employer Perspective

<table>
<thead>
<tr>
<th>Pay</th>
<th>Benefits</th>
<th>Careers</th>
<th>Work/Life</th>
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<tbody>
<tr>
<td>Higher Cost</td>
<td></td>
<td>Lower / No Cost</td>
<td></td>
</tr>
<tr>
<td>Base Pay</td>
<td>Retirement</td>
<td>Performance &amp; accountability</td>
<td>Time off</td>
</tr>
<tr>
<td>Guaranteed “bonuses”</td>
<td>Savings</td>
<td>Career opportunity and pathing</td>
<td>Wellness programs</td>
</tr>
<tr>
<td>Short-term incentives</td>
<td>Medical / Dental / Vision / Prescription Drug, etc.</td>
<td>Mobility</td>
<td>Dependent care</td>
</tr>
<tr>
<td>Long-term incentives</td>
<td>Life insurance</td>
<td>Leadership</td>
<td>Workplace flexibility</td>
</tr>
<tr>
<td>Perquisites/allowances</td>
<td>Short- and long-term disability</td>
<td>Experiential rewards</td>
<td>Non-financial and status recognition</td>
</tr>
<tr>
<td>Financial recognition programs</td>
<td>Accident coverage</td>
<td>Talent development</td>
<td>Commuter programs</td>
</tr>
<tr>
<td>Deferred compensation</td>
<td></td>
<td></td>
<td>Workplace facilities and perquisites</td>
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</tbody>
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### Employee Perspective

<table>
<thead>
<tr>
<th>My value today</th>
<th>My financial security</th>
<th>My future value</th>
<th>My quality of life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher Cost</td>
<td>Lower / No Cost</td>
<td></td>
<td></td>
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<tr>
<td>Higher Cost</td>
<td>Lower / No Cost</td>
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| Higher Cost   | Lower / No Cost       |                 |                   |
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| Higher Cost   | Lower / No Cost       |                 |                   |
| Higher Cost   | Lower / No Cost       |                 |                   |
Definition of Employee Engagement

• What is employee engagement?
  – Employee engagement is a concept that is generally viewed as managing discretionary effort, that is, when employees have choices, they will act in a way that furthers their organization’s interests. An engaged employee is a person who is fully involved in, and enthusiastic about, his or her work.

Levels of Employee Engagement

**Engaged employees** work with passion and feel a profound connection to their company. They drive innovation and move the organization forward.

**Not engaged employees** are essentially “checked out.” They are sleepwalking through their workday, putting time – not energy or passion – into their work.

**Actively disengaged employees** are not just unhappy at work, but they are busy acting out their unhappiness. Every day these workers undermine what their engaged workers accomplish.
Employee Engagement vs Employee Satisfaction

- Employee Satisfaction is a measure of how happy or content an employee is with any given offering (pay, benefits, working conditions, etc.). It implies that effort is proportionate to reward.

- Employee Engagement is the measure of discretionary effort - the decision of an employee to choose to do more than what is required (i.e. to go above and beyond).

- Employee Satisfaction tends to be more focused on extrinsic rewards, while Employee Engagement tends to be more focused on intrinsic rewards.
Costs and ROI of Engagement

• When people feel engaged in their work, they:
  – Work more effectively and selflessly;
  – Take actions that meet customer needs;
  – Think creatively; and
  – Find innumerable ways to help the company move closer to achieving its vision.

• Success of your business depends on the quality and motivation of employees
  – Relatively inexpensive to sustain!

5% increase in EE engagement is linked to 3% increase in revenue
– Aon Hewitt
The Benefits of Employee Engagement

- A recent Gallup study found that companies with high levels of engagement typically experience the following:

  21% Profitability
  20% Productivity (sales)
  10% Customer Loyalty

  70% Safety Incidents
  41% Absenteeism
  24% Turnover

Increase

Decrease
Employee Engagement Is a Complex Concept

- Employee engagement is a complex concept with many factors influencing engagement levels – from workplace culture, organizational communication, and managerial styles to trust and respect, leadership, and company reputation.

- Research has found that there are key facets, or categories, and drivers of employee engagement:

<table>
<thead>
<tr>
<th>Categories of Engagement</th>
<th>Drivers of Engagement</th>
</tr>
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<tbody>
<tr>
<td>Work Itself</td>
<td>Employee</td>
</tr>
<tr>
<td>Control</td>
<td>Manager</td>
</tr>
<tr>
<td>Support</td>
<td>Organization</td>
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<tr>
<td>Rewards/Recognition</td>
<td></td>
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<tr>
<td>Fairness</td>
<td></td>
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<tr>
<td>Values</td>
<td></td>
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<tr>
<td>General</td>
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</table>
The Cost of Employee Disengagement

**Disengagement costs $450 Billion - $550 Billion**

**Entry-level employees cost between 30%-50% of their annual salary to replace**

**Mid-level employees cost nearly 150% of their annual salary to replace**

≈68% of the global workforce is either not engaged or actively disengaged

≈68% of the global workforce is either not engaged or actively disengaged
Case Study Example - Campbell Soup Co.

• In 2002, an employee engagement survey revealed that 62% of Campbell employees were not actively engaged in their jobs.

• Sales were down and the company was rumored to be near take over by one of the food industry’s best performers.

• More recently their engagement levels increased to a ratio of 23:1 engaged to not engaged employees (Gallup considers 12:1 to be world-class).

• Additionally, Campbell increased its earnings by 4% from 2002 to 2010, with earnings per share growing 5% to 10% per year.
Case Study Example - Campbell Soup Co. (continued)

• How did they do it?
  – Organizational Support and Values
    • They created a value statement “Campbell valuing people, people valuing Campbell” and they lived it.
    • Successes were celebrated in a new way including personalized “Thank you” notes from the CEO for a job well done by employees.
  – Manager Support
    • They replaced 300 of their 350 leaders with employees who shared their belief that employee engagement is key to organizational success.
  – Communication and Rewards and Recognition
    • They created continuous feedback loops between managers and employees in the form of frequent feedback discussions and regular check-ins related to how employees were tracking to performance goals.
    • Each year in-depth discussions regarding the results of their employee engagement survey were had between managers and employees.
The QTI Group is the talent expert who understands, advises and connects, so that its customers can adapt, grow and succeed.

For more information regarding the topics you learned about today, please contact:

We’ve got a talent for business.

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