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2 ADDRESSING THE TOP IT HIRING CHALLENGES

WHITE PAPER

Some 70% of hiring managers say they want to hire more technology workers in the coming months. If you're one of those people, you should be aware that a unique set of challenges lies ahead. This whitepaper addresses the types of barriers you may face, and provides some context into the complexities which are driving the current IT labor market.

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EXECUTIVE SUMMARY

THE CHALLENGES FOR IT HIRING MANAGERS

EXECUTIVE SUMMARY

The need for high-quality IT workers is increasing at a rapid pace, but the pool of potential candidates is smaller than ever – which goes a long way towards explaining why nearly 60% of companies are reporting that open IT positions are currently going unfilled. But that's not the whole story - the challenges in this candidate-driven employment market are many. And some of the moves being made by candidates to leverage the situation (and by companies to try and control it) are only contributing to the ever-increasing complexity of the hiring process.

In this chapter, we expose the primary challenges facing IT hiring managers today, including:

- Finding candidates with the required hard and soft skills

- Convincing currently employed candidates to join your organization

- The complexities of using social media as a recruiting tool

- The decreasing effectiveness of online job boards

- The common misstep of an inefficient hiring process

- Increasing candidate salary demands

THE CHALLENGES FOR IT HIRING MANAGERS

For those who enjoy a challenge and want to be part of a quickly-evolving job function, this is a very exciting time to be an IT hiring manager. Many of the projects that technology teams are charged with today are integral to the overall operation of the organization, and key to the success of many of upper-management's future goals. As one of the people responsible for the workers tasked with executing the company's technology vision, you have the opportunity to directly contribute to the bottom line by ensuring the IT talent under your command has the required skills, and is agile enough to handle the ever-changing demands placed upon them.

It's a tall order, especially in this IT labor market.

Unemployment is still high in America, but talent is scarce in the technology sector, where the need for experienced IT workers is greater than ever. The overall U.S. unemployment rate is still running about 6%. Among technology workers, the rate is less than half that. Experts say it's clearly a candidate-driven employment marketplace.

Your directive is not only to locate qualified IT candidates, but to find the highest-quality workers – then to convince them that the position you have is the one they really want. Many prospective candidates won't have the required skills. Some may be interested in the position, but will want more money than you can offer. Some won't want to make the commute or relocate. And some will be hired by another company before you have time to close the deal.

For companies that don't operate specifically within the high-tech sector but have a technology component, the current state of the IT hiring environment can come as something of a surprise – especially for CEOs who rose through the ranks in an age when posting a job opening would flood the HR department with more than enough qualified candidates.

Some 70% of hiring managers say they want to hire more technology workers in the coming months. If you're one of those people, you'll need to address the challenges that lie ahead, or partner with a qualified staffing /recruiting firm that can show you the way. Included within this whitepaper is a summary of the types of barriers you may face, combined with tactics to help you leverage social media, content, and staffing partner relationships in order to develop a lean and efficient talent acquisition process.

CHALLENGE:
FINDING CANDIDATES WITH THE REQUIRED HARD SKILLS

In the world of IT, hiring managers are willing to compensate candidates with stellar hard skills handsomely (years of experience developing systems, analyzing data, designing databases, etc.). But mastering those skills and earning those credentials takes on-the-job, real world experience, and that's something that's becoming harder and harder for candidates to come by, especially entry-level IT workers.

Most companies aren't in the mood to train today. "Lean and mean" is how every CEO likes to describe their operation, and managers know they better follow suit. There are pressing technology projects, and hiring managers want employees who are ready to hit the ground running. No one is hired unless they already have skills that can contribute to bottom-line results.

Candidates in search of hard skills can, of course, turn to colleges and universities. However, many of the higher-learning institutions offering high-tech degree programs are currently only able to accept a fraction of the people who apply. For-profit training programs have also experienced a drop in enrollment now that state and federal governments are cracking down for perceived marketing and student-loan infractions.

This reduction in hard-skill training opportunities – which began when the recession hit – has not only made it harder for eager IT workers to get the experience they need, it's also exacerbated the hiring challenge for employers. Candidates with limited hands-on experience have been forced into non-tech jobs, leaving the industry with an even bigger experience gap.

CHALLENGE:
FINDING CANDIDATES WITH THE DESIRED SOFT SKILLS

Working well under pressure … working well as a member of a team … the capability to solve problems effectively and efficiently … being a good manager of your own time … the ability to communicate clearly … these are the soft skills that hiring managers want IT workers to possess. In fact, in a recent poll, 77% of employers said soft skills were just as important as hard skills. However, soft skills can't be taught in a classroom. They're learned. They're personality-based. And they tend to be viewed and valued slightly differently across generations. For instance, Millennials and Baby Boomers have much in common, but the generational divide presents unique and varying perspectives on common workplace soft skills.

And while the term "soft skills" may suggest something fluffy or superficial, they're actually key to determining a new-hires success or failure. According to a recent Leadership IQ study, when new-hires fail, it's almost always (89% of the time) because they don't have the soft skills necessary. The study found that a lack of hard skills was only responsible for the failure 11% of the time.

77%
Of employers consider soft skills equally important to hard skills

Screening for soft skills is difficult for hiring managers, however. No matter how many times you ask a job candidate how they would handle a specific situation, or how they reacted to a similar situation in the past, you won't really know how they'll respond until you actually put them in that situation.

CHALLENGE:
## GETTING EMPLOYED IT WORKERS TO LEAVE THEIR ORGANIZATION

Luring IT workers away from their current employer is a viable option for hiring managers. But the strategy calls for a sophisticated approach and a savvy offer, because turnover among IT workers is very low right now. For qualified and experienced IT professionals, their next career step is oftentimes a complex weighing of more than a few factors, no longer limited to just salary and benefits.

Typically, annual turnover at a tech company might range between 15% and 20%. But in a recent survey of more than 1,000 tech-company hiring managers, 41% reported turnover of less than 5%. Only a fraction of the survey group (7.6%) said turnover was 20% or more.

CHALLENGE:
JOB BOARDS MAY BE LOSING THEIR MOJO

PLACEMENTS ATTRIBUTED TO JOB BOARDS
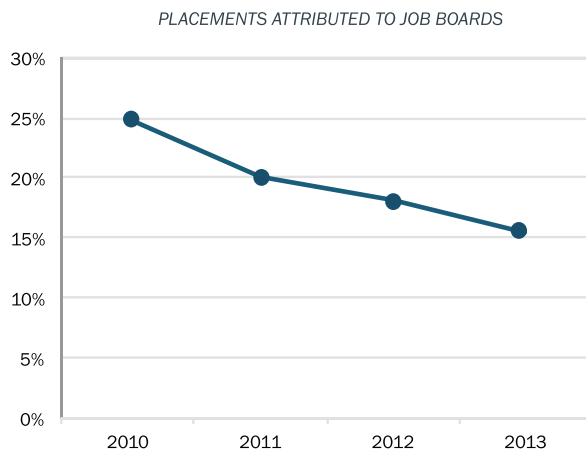
IT recruiting was far less complex when job boards first entered the scene. Post an opening on Monster or CareerBuilder, and you would be inundated with résumés. In fact, so many companies were inundated with so many résumés, from so many unqualified candidates, that HR departments had to invest in applicant tracking systems just to try and manage the flood. Over time, hiring managers learned that posting positions on niche job boards reduced the volume and provided more qualified candidates. And now, job-board aggregators like Indeed and Simply Hired have become the most popular job-board option.

As a whole, however, job boards have fallen out of favor – with both recruiters and candidates. According to annual industry surveys by CareerXroads, job boards peaked as a recruiting tool in 2010, accounting for 24.9% of all hires at that time. Ever since, their effectiveness has been steadily falling. In 2011, job boards accounted for 20.1% of all hires. In 2012, the number of hires credited to job boards fell to 18.1%. And the most recent results (2013) show job boards accounting for only 15.4% of all hires.

Today, job boards are viewed more as tools to be combined with other recruiting resources – with many hiring managers using job-board databases to proactively search for candidates, instead of posting job openings.

CHALLENGE:
USING SOCIAL MEDIA TO FIND CANDIDATES

While the idea of using social media as a recruiting tool has the HR world abuzz, the reality leaves much to be desired. A whopping 72% of employers report they're currently using social media to recruit job candidates. That's

about equal to what was reported in 2012, but a big jump from the 56% who said the same in 2011, and an even bigger jump from the 34% reported in 2008. Plus, two out of three companies say they plan to expand their social recruiting initiatives.

However, employers are only able to attribute 2.9% of their hires to social media. Most feel it influences and enhances their other hiring methods, but there's no quantifiable data supporting that.

Using social media to recruit has also been blamed for the record-high delays hiring managers are experiencing when trying to fill IT positions. While social media networks are a good way to locate qualified candidates, most of those candidates are already employed at competing companies, and wooing them away takes more time. Plus, using social media to recruit is time-consuming. Some 48% of companies say they simply don't have enough staff to do it.

2012 - CURRENT 72%
2011 56%
2008 34%

EMPLOYERS USING
SOCIAL MEDIA TO
RECRUIT CANDIDATES
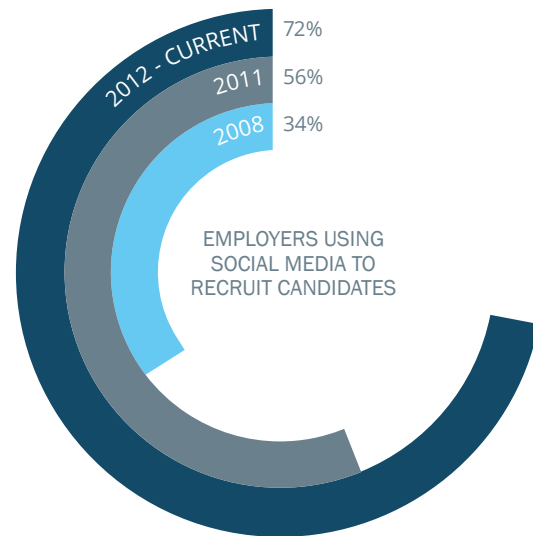
As a candidate screening tool, social media would seem to be a natural. But only 39% of companies actually do so (another source reports that the number may actually be closer to 20%), most likely because of the legal risks.

For both social media sourcing and screening, legal risks are the biggest challenge facing hiring managers. The chances of discovering a potential candidate's age, race, gender or religion (all protected characteristics) while viewing their Facebook page, Twitter account or LinkedIn profile are very high, which leaves hiring managers and their employer open to lawsuits from candidates who are turned down for positions. In fact, 43% of hiring managers admit that they have chosen not to hire candidates because of what they discovered through social media screening. Even more concerning from a legal standpoint: Most organizations (57%) have no policy whatsoever regarding the use of social media to screen candidates.

For all these reasons, and more, many companies are still in the exploration stage when it comes to using social media for recruiting.

CHALLENGE:
INEFFECTIVE RELATIONSHIP WITH RECRUITING / STAFFING FIRM

"Staffing firms are failing to reach the strategic partner level with many of their clients, and the scores reflect that." That's how Eric Gregg, the CEO of Inavero, summarized this important dynamic after reviewing the results from his firm's latest "Opportunities in Staffing" study. There are many reasons why this may be the case, including:

- Companies / hiring managers are in such a rush to get candidates that there isn't time for either side to get to know each other very well.

- Vertically organized HR departments (e.g. recruiting, benefits, employee development), which means the outside staffer doesn't have access to the whole employee/employer picture.

- Many hiring managers don't have time to educate staffers about larger factors at play within the company.

- At some staffing firms, turnover is so high that the recruiters don't have a chance to learn the nuances of their clients' organizations before moving on to new positions.

- Some staffing firms simply don't have an interest in building a long-term relationship. They're focused on executing the assignment and moving on.

- Some staffing firms don't have the necessary industry expertise to properly partner with the client.

Whatever the reason, if a fruitful relationship fails to materialize, it's more than just a lost opportunity. It can become a significant setback that can prevent critical IT projects and initiatives from moving forward.

CHALLENGE:
CUMBERSOME & OVERLY-EXTENDED HIRING PROCESS

A report from the Brookings Institution shows that hiring managers are actually taking even longer to fill positions focused on computer skills: "Employers advertised 255 distinct computer skills in at least 500 job openings for an average of **40 to 71 days** on their websites." The report continues: "Among the most difficult-to-fill computer skills are many unfamiliar to all but computer programmers and software experts.

The hard-to-fill skills include:
Mathematica, PIG, Apache Hadoop, OpenGL, NoSQL, Python, R, C++, Android, iOS, Biostatistics, Ruby on Rails, and PERL. Ads with these skills linger on company websites for an average of 50 days."

"Extremely picky." That's how University of Chicago economist Steven Davis (the creator of a highly respected national employment gauge) describes hiring managers today. The most selective of all: IT hiring managers. According to Davis, it's currently taking smaller companies an average of 25 days to fill a vacancy. That's a 13-year high. For larger companies (those with 5,000 or more workers), the average is more than twice as high: 58.1 days to fill a job opening.

Some economists say the lag is due to employer confidence: Companies are having a hard time committing to new hires because they're still concerned the economy could falter. The Brookings Institution argues that the high demand for highly skilled IT workers has created a dearth of available talent. But many industry insiders say the bigger problem is that hiring managers are simply asking for too much from candidates – too many requirements, too many interviews, too many pre-hire screenings.

There are IQ tests, personality tests, brain teasers, coding questions, business challenges, try-outs, one-on-one interviews, panel interviews, presentation requirements, and even requests for social media passwords so interviewers can gain perspective on the candidate's personal life. Then, in some cases, there's a final meeting with a star employee who has final say over who is hired and who is not (Amazon calls these people "bar raisers"; Microsoft calls them "as-appropriates").

More than 30% of employers are requiring candidates to come in for four interviews. Some 40% are calling candidates in for three interviews. And while this extensive vetting process has historically been commonplace among senior positions, this exhausting process is now being utilized for mid-level IT jobs as well. In many cases, it's a stressful, time consuming process that makes it much more difficult for companies to find the IT employees they need, and makes even highly qualified candidates leery of putting themselves through the process.

Dragging these tasks out over 25, even 70-plus days leaves promising candidates with too much time to consider other offers, to increase their asking price, and to altogether re-think their decisions for making a change.

CHALLENGE:
MIS-ALIGNED SALARY EXPECTATIONS

As more and more companies – both tech and non-tech – compete for the most talented IT workers in an increasingly candidate-driven employment market, it's become difficult for many hiring managers to swallow the salary demands. The A-level candidates are often proactively recruited, which gives them the confidence to ask for top pay. And when they do go searching for new opportunities, candidates often have multiple offers to consider. Aggressive counter offers are also on the rise.

60%
Of companies report positions unfilled due to high salary requirements

Hiring managers are making what they consider to be competitive offers, but they're not competitive enough in most cases. Some 61% of recruiters and hiring managers say more tech candidates are demanding higher salaries than what's offered to them. And when the company can't deliver, 32% say the candidate rejects the offer.

The result: Almost 60% of companies report that open positions are currently going unfilled because they aren't able to meet the high salary requirements demanded by today's tech candidates.

CHALLENGE:
NO TIME TO ADEQUATELY ENGAGE IN THE HIRING AND INTERVIEW PROCESS

The time and effort required to recruit a top candidate today is more than many busy hiring managers can deliver. They already have too much on their plate. Posting jobs, screening résumés, scheduling and conducting interviews, testing and reference-checking are all time-consuming and costly activities that take hiring managers away from their other duties and prevent them from achieving larger objectives.

CHALLENGE:
DETERMINING THE BEST EMPLOYMENT RESOURCE MODEL

For most hiring managers, the major differences between some of the more popular hiring options (direct-hire, contract-to-hire, temporary and outsourced) are easy to understand. The behind-the-scenes impacts, however, can come as a big surprise.

Some of these hiring arrangements require more upfront pay but offer termination flexibility. Some restrict the method of payment (salary versus hourly). Some require the employer to provide benefits, while the staffing / recruiting firm takes responsibility in other situations; some require no benefits at all. Taxes, insurance and benefits must all be doled out in different amounts, as well.

When working through the candidate pool, it can be a great advantage to have a solid grasp of these nuances, which allow not only for more intelligent decisions, but the ability to get creative when defining the employment structure of a given position.

CONCLUSION

The challenges facing IT hiring managers are many, and the increasing complexity shows no signs of stopping. And while it's easy to feel intimidated by the process, it's important to remember that by adopting a proactive approach to the hiring ecosystem, top-tier talent can still be acquired. In the next installment of our whitepaper series, we'll dive into solutions for these common challenges, and provide a blueprint for how companies can enhance their own hiring processes as well as more-effectively leverage relationships and results from their staffing and recruiting partners.

When your business is planning to add technical resources, our team of Senior Client Solutions Partners and Recruiters are here to assist you. At XTGlobal, our IT Services division provides the depth and flexibility needed to provide your business with more than just an IT staffing resource, but rather a long-term strategic technology partner. By offering flexibility in employment models and pricing terms, we are experienced in streamlining the hiring process while maintaining a keen eye on your needs and budget.

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