

Robert Half International and CareerBuilder.com Release Annual Study on Hiring and Compensation Trends

EDGE Report Shows Skills Shortage is Paying Off for Workers

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As Labor Day approaches, it appears professionals may have more negotiating power with employers than they think. Fifty-five percent of hiring managers surveyed for this year's Employment Dynamics and Growth Expectations (EDGE) Report said it was difficult to find qualified candidates 12 months ago; 81 percent said recruiting is equally or more challenging today. More than half of hiring managers who are having trouble recruiting cited a shortage of qualified professionals as the primary culprit. Nearly two-in-five hiring managers plan to increase starting salaries in the next year to attract new talent.

Although the balance of power may have shifted somewhat to favor highly skilled workers, employees themselves are still feeling cautious about the job market and are less willing to negotiate higher salaries. Four-in-ten survey respondents categorized the job market as difficult 12 months ago and 85 percent said it is equally or more challenging today. Nearly one-in-five workers said they are less likely to ask for more money from a potential employer in the next 12 months, and the number of those who were more likely to negotiate increased compensation dropped significantly compared to one year ago.

The survey and report were developed by Robert Half International (RHI), the world's largest specialized staffing firm, and CareerBuilder.com, the United States' largest online job site. The survey includes responses from more than 1,000 hiring managers and 3,000 workers, and was conducted from July 27 to July 31, 2006. It was designed to compare and contrast the perspectives of hiring managers and workers to determine which group has more clout in the current job market.

Increasing Talent Shortage

Faced with a large number of baby boomers retiring and smaller generations of replacement workers entering the workforce, hiring managers are voicing concern over their ability to fill vacant positions with skilled staff. When the EDGE survey was conducted in 2005, 42 percent of hiring managers reported it was difficult to recruit qualified employees 12 months prior and 32 percent felt it was even more challenging at that time. In 2006, 55 percent of hiring managers reported it was difficult to recruit qualified staff 12 months prior with 34 percent stating it is even more challenging today. Fifty-two percent of hiring managers attributed the difficulty to an overall shortage of qualified workers, up from 47 percent last year.

Employers are having the hardest time recruiting staff-level employees. Thirty-seven percent of hiring managers said they are struggling to find these candidates while 15 percent reported difficulty filling director, manager and team leader positions.

"There is strong demand by employers for highly skilled employees to fill staff-level positions," said Max Messmer, chairman and CEO of Robert Half International. "The need has been especially pronounced in accounting and finance, where corporate governance mandates have resulted in the creation of accounting jobs that did not exist five years ago."

Although hiring managers are utilizing more aggressive recruiting tactics, workers are proceeding with caution. In 2005, 55 percent of employees polled said it was difficult to find a job 12 months prior and 42 percent said it was even more challenging at that time. In 2006, the numbers have improved but indicate there is still a lack of confidence among workers. Forty-two percent of respondents said it was difficult to find a job 12 months ago and 37 percent said it is even more challenging today. Thirty-six percent believe it will be even more challenging 12 months from now.

Compensation Trends

One-in-five hiring managers attributed their difficulty in finding qualified staff to the inability to offer competitive compensation packages, similar to last year's findings. This year's survey suggests more hiring managers may do something about it. In 2005, 28 percent of hiring managers surveyed said they increased compensation levels for job offers in the last 12 months. In 2006, that number rose to 36 percent. In 2005, 33 percent of hiring managers stated they would increase compensation levels for job offers in the next 12 months. When asked this same question this year, 38 percent of employers said they plan to raise salaries, signifying a sustained trend toward more generous compensation.

Staff-level professionals stand to benefit the most, with 36 percent of hiring managers stating they are most willing to increase compensation for these positions. Eighteen percent of hiring managers said they are apt to increase compensation for director, manager and team-leader positions, while 13 percent will focus more on administrative and office support.

Meanwhile, workers seem less inclined to negotiate more lucrative compensation packages. Twenty percent of professionals reported they were less willing to negotiate a more generous job offer today than 12 months ago. Thirty-two percent of workers said they are likely to negotiate more lucrative compensation 12 months from now, down from 47 percent in 2005.

"Forty-five percent of workers reported their compensation has increased in the last year, yet a much smaller number are willing to ask for a better deal going forward, likely due to insecurities about the United States economy and job market," said Matt Ferguson, CEO of CareerBuilder.com. "The United States continues to add jobs and businesses are struggling with a shrinking labor pool. Workers who are not maximizing the earning potential of those opportunities are literally selling themselves short."

Employee Turnover

In addition to stepping up measures to attract new talent, businesses are focusing on retention. Twenty-one percent of hiring managers reported their employee turnover rate is higher than it was 12 months ago; the same percentage expect it to be even higher 12 months from now. Thirty percent of hiring managers reported their firms have instituted new policies and programs to increase staff retention rates in the last 12 months, up from 23 percent this time last year. The primary measures taken included offering pay raises, bonuses, better benefits and more flexible schedules.

Investing in retention efforts is well-advised. Twenty-six percent of employees stated they are currently looking for a new job. Nearly three-in-ten plan to change jobs in the next year and two-in-five expect to do so in the next three years, similar to last year's findings. The job benefits workers value most are health insurance, flexible work schedules and 401(k) plans.

"While competitive compensation and benefits are important to employees, so is working for a stable company with a positive work environment," Messmer said. "Firms that cannot offer top salaries should look at what they can offer that others do not, including professional development programs."

Survey Methodology

The EDGE Survey was conducted from July 27 to July 31, 2006. Methodology used to collect survey responses totaling more than 3,000 workers for this study involved selecting a random sample of comScore Networks panel members. These web panel members were approached via an e-mail invitation, which asked them to participate in a short online survey. The results of this survey are statistically accurate to within +/- 1.78 percentage points (19 times out of 20). Note: This sample included more than 1,000 hiring managers. The results for the hiring managers are statistically accurate to within +/- 3.09 percentage points (19 times out of 20).

About Robert Half International

Founded in 1948, Robert Half International is the world's first and largest specialized staffing firm with more than 350 offices worldwide. The company's professional staffing divisions include Accountemps(R), Robert Half(R) Finance and Accounting, and Robert Half(R) Management Resources, for temporary, full-time and senior-level project professionals, respectively, in the fields of accounting and finance; OfficeTeam(R), for highly skilled temporary office support; Robert Half(R) Technology, for information technology professionals; Robert Half(R) Legal, for project and full-time staffing of attorneys, paralegals and legal support personnel; and The Creative Group(R), for creative, advertising, marketing and web design professionals. For more information about the specialized staffing and recruitment divisions of Robert Half International, visit <http://www.rhi.com/>.

About CareerBuilder.com

CareerBuilder.com is the nation's largest online job site with more than 23 million unique visitors and over 1.5 million jobs. Owned by Gannett Co., Inc., Tribune Company, and The McClatchy Company, the company offers a vast online and print network to help job seekers connect with employers. CareerBuilder.com powers the career centers for more than 900 partners that reach national, local, industry and niche audiences. These include more than 150 newspapers and leading portals such as America Online and MSN. More than 250,000 employers take advantage of CareerBuilder.com's easy job postings, 18 million-plus resumes, Diversity Channel and more. Millions of job seekers visit the site every month to search for opportunities by industry, location, company and job type, sign up for automatic e-mail job alerts, and get advice on job hunting and career management. For more information about CareerBuilder.com products and services, visit

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