

Workers More Confident and Inclined to Negotiate Pay, According to Annual Study

MENLO PARK, Calif., and CHICAGO, September 5, 2007 – Job candidates are more apt to ask for higher starting salaries this year, and companies may have to up the ante to attract them. That's according to an annual study on employment and compensation trends by Robert Half International (RHI) and CareerBuilder.com titled The Employment Dynamics and Growth Expectations (EDGE) Report.

Fifty-seven percent of hiring managers polled for the project said it was difficult to find qualified candidates 12 months ago; 91 percent said recruiting is equally or more challenging today. More than half (52 percent) of hiring managers who are having trouble recruiting cited a shortage of qualified professionals.

As the competition for skilled labor has become more pronounced, 58 percent of workers polled said they are more likely to negotiate a better compensation package today than 12 months ago – double the number from last year's poll.

The survey includes responses from more than 1,000 hiring managers and 900 workers, and was conducted from July 19 to August 7 by Harris Interactive. It was designed to compare and contrast the perspectives of hiring managers and workers to determine which group has more negotiating power in the current job market.

Competition for Talent Remains Intense

Since The EDGE Report was introduced in 2005, the number of employers expressing concern over the ability to fill open positions has climbed steadily. 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 the present time. In 2006, 55 percent of hiring managers reported it was difficult to recruit qualified staff 12 months prior while 34 percent stated that it was even more challenging at the present time. In 2007, 57 percent of hiring managers reported it was difficult to recruit qualified employees 12 months prior and 33 percent felt it is even more challenging today. Sixty-four percent of current respondents believe recruiting will be just as challenging 12 months from now while 28 percent believe it will be even more challenging.

As found in last year's survey, professional and technical staff members were reported to be the most difficult to recruit. Forty-three percent of employers said they are struggling to find candidates for these positions, an increase from 37 percent last year. Seventeen percent reported difficulty filling director, manager, supervisor and team leader positions, up from 15 percent the prior year. The survey results also show that these are the types of positions for which employers are most likely to increase compensation.

"The survey results from 2005 to present show an increasingly competitive job market for professional-level and highly skilled positions," said Max Messmer, chairman and CEO of Robert Half International. "To recruit successfully, companies must 'sell' applicants on the benefits of working for their firms. Organizations that are adept at promoting the positive and unique aspects of their corporate cultures to prospective hires have a significant advantage over their competitors."

Given the steady job creation over the last few years, it's not surprising that workers have gradually expressed a more optimistic view. In 2005, 55 percent of workers polled said it was difficult to find a job 12 months prior and 42 percent said it was even more challenging at the present time. In 2006, the numbers improved, with 42 percent stating it was difficult to find a job 12 months ago and 37 percent saying it was even more challenging at the present time. This year brought similar results with 43 percent of workers saying it was difficult to find a job 12 months ago and 35 percent stating it's more challenging today.

Compensation Trending Upward

Similar to previous findings, roughly one in five employers attributed their difficulty in recruiting qualified staff to the inability to offer competitive salaries. Still, 37 percent plan to increase compensation for new hires, which is consistent with last year.

Workers appear to feel more confident during job negotiations. Fifty-five percent of employees surveyed reported their compensation has increased over the last 12 months, compared to 45 percent last year. Moreover, 58 percent said they would likely negotiate higher compensation if accepting a new job offer, compared with 29 percent in 2006.

"With an employee-driven market comes a shift in negotiating power," said Matt Ferguson, CEO of CareerBuilder.com. "Workers are becoming more aggressive in demands for compensation and benefits with both current and potential employers. But it's important to remember that while higher pay may help to initially appease the employee, it's ultimately the overall work culture, sense of personal contribution and opportunities

that keep an employee on board.”

Taking Steps to Reduce Turnover

While trying to win over potential new hires, employers also are striving to retain their top performers. Roughly one in five hiring managers reported that their voluntary employee turnover rate is higher than it was 12 months ago, which is consistent with the past two years’ findings.

Thirty-one percent of hiring managers said their firms have instituted new policies and programs to increase staff retention rates in the last 12 months. The primary measures taken included offering bonuses (23 percent), increasing pay (16 percent), improving the office environment (15 percent) and providing a more defined career path (10 percent).

Hiring managers may want to rethink those retention efforts, however, and focus on things more closely related to work-life balance. The top perks that workers said would cause them to choose one job over another were flexible schedules (65 percent), telecommuting opportunities (33 percent), employee stock purchase plans (33 percent) and on-site fitness facilities (31 percent).

Survey Methodology

This survey was conducted online by Harris Interactive on behalf of CareerBuilder.com among 1,035 employers (employed full-time; not self employed; with at least some involvement in hiring decisions), and more than 900 employees (employed full-time; not self employed; with no involvement in hiring decisions) ages 18 and over within the United States between July 19 to August 7, 2007. Figures for age, sex, race/ethnicity, education, region and household income were weighted where necessary to bring them into line with their actual proportions in the population. Propensity score weighting was also used to adjust for respondents’ propensity to be online.

With a pure probability sample of 1,035 one could say with a 95 percent probability that the overall results have a sampling error of +/- 3 percentage points. With a pure probability sample of 903 one could say with a 95 percent probability that the overall results have a sampling error of +/- 3.3 percentage points. Sampling error for data from subsamples is higher and varies. However, that does not take other sources of error into account. This online survey is not based on a probability sample and therefore no theoretical sampling error can be calculated.

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Note to Editor: Charts with survey findings can be found at www.roberthalf.com/PressRoom. Please visit www.rhi.com for a copy of the full report.

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