

2017

HR *TRENDS*
TOOLKIT

For SMALL & MID-SIZE COMPANIES

Recruiting
Benefits
Compliance
Risk
Employee Engagement



Chapter 1

RECRUITING

THE JOB MARKET

The outlook for 2017 is predominately growth – in the economy, and in salaries. A recent SHRM report forecast a 3.2% growth in salaries. However, the pool of job applicants is shrinking, which is why so many companies are increasing salary offers.

Those that are not are having a harder time finding top talent.

Amid this tightening job market, there is another dynamic shaping the recruiting landscape: some companies are having a hard time finding applicants with the skill sets they need; and, even when they do, they are behind the curve offering commensurate salaries.

Though the unemployment rate is expected to remain in the 4-5% range, there is also a problem with 'under-employment.' Many of the jobs that have been created are low-wage jobs; higher paying jobs that can support families have eroded, and many people that lost high-paying jobs do not have the skills necessary for top paying jobs today. This disconnect is contributing to the 4-5% unemployment rate.

Good candidates with the skills needed, on the other hand, are moving more freely toward higher paying jobs with opportunities for promotion and career growth. A recent study found professionals consider promotion opportunities more important than pay. As a result, tenure, too, is down to 4.4 years – its lowest point in 10 years.

There is no way to calculate, reliably, what a bad hire costs a company, though 30% of that employee's annual salary is a conservative estimate. But in addition to direct costs, there are other real costs - lowered productivity and employee morale – that make it important not only to find, but retain top talent.

In this tight job market, some companies are having success recruiting top talent; they are using new strategies – video, artificial intelligence, mobile-centric approaches, new and custom benefits packages that include flexible scheduling, and more – to hire and retain employees.

2017 RECRUITING TRENDS

Greater use of video, mobile-centric recruiting strategies, adjustable benefits packages, flexible scheduling, and artificial intelligence are noteworthy 2017's HR trends – how some companies are changing recruiting.

Recruiting & Video

Video in recruiting is cost-effective, efficient, and more engaging to potential job applicants. An SHRM article reported on a network of healthcare providers in the Philadelphia:

Main Line Health, a network of hospitals and healthcare centers in the Philadelphia area with 10,000 employees and 2,000 physicians, uses video to reach multiple job applicants simultaneously. The system allows HR to perform pre-interview screening, assess an individual's skills, and evaluate who should be invited for an in-person interview by identifying the strongest candidates based on their competencies and experience after comparing responses to a uniform set of questions.

The process saves the employer time and allows job seekers to share their stories when it's convenient for them. "The use of video interviewing has cut down the many phone calls, messages and e-mails between the recruiter and the candidate," says Main Line's Manager of Recruitment Rhonda Barrison. She says the system lets applicants respond via a video link "when they have the availability and privacy to do so."

One global technology company's use of video resulted in a 20% increase in hiring capability with the same staff.

A small business in Alpharetta, Georgia was inundated with over 1,000 resumes for an entry-level sales position after deploying a video-based system to handle interviews. The company's talent director reported, "I reviewed 1,000 candidates in the time it used to take me to deal with 100 via resume and phone."

Applicants are using video links to submit video resumes that are much more helpful to a company's recruiting effort, but companies are also using video to stand out from their competitors, providing short insights to the company's culture and employees.

Fidelity, the nationwide financial services company, began creating short 30-40 second videos that introduced a position's hiring manager and co-workers to potential applicants. The videos were shot on smartphones and distributed in their job posts. The results were powerful. Fidelity's Talent Director, Trish Davis, reported that applicants spent twice as long with the video posts, and that they had far better engagement.

The firm with whom Fidelity worked, reported that applicants are four times more likely to pass a video job posting around. And, the videos don't have to be professional; brief and authentic work best.

Video is perfectly suited for the myriad social media platforms, and growing mobile-centric environment – able to adapt well to virtually any text or social media platform.

Video chat, too, is growing in popularity. Reports indicate that 36% of smartphone users use messaging services like Facebook Messenger and What's App. These numbers should continue to grow in 2017. Last year, an HR professional in India began a What's App chat group strictly for HR professionals, and focused on jobs; within one year, six more groups launched, each one containing the maximum number of 236 individuals.

One group reported 55 job success stories. Clearly, incorporating video into recruiting is an important trend.

Mobile-Centric is No Longer an Option

If you haven't adapted your recruiting process around mobile, you are already at a disadvantage. More people now open emails on their mobile phones than on a desk or laptop computer, especially millennials. In 2016, mobile communication surpassed laptop and desktop for the first time. What this means is that recruiting strategies must account for mobile. In *5 Ways to Use Tech to Drive Hiring*, HR consultant Tony Dill explains why mobile adaptation is important:

Many HR departments have not even investigated whether their online job applications function on multiple platforms. An application that's unusable on a phone or tablet gives off a poor impression, and is less likely to be completed. Conversely, a bright, clean interface that's mobile-optimized is appealing to millennial talent, and begins building brand loyalty before applicants ever set foot in your offices.

Are your questionnaires brief? Do they reflect your company's understanding that a large share of prospective employees will be responding on their smartphones? If it's too long, Dill says it will lose you candidates:

Applicants want to see an application that's brief. Ten questions or less, in fact ... Filling out a long application on a mobile device is a hassle. Applicants know they're going to provide you with a resume and cover letter. They know there will be an interview process. Redundancies feel like time-wasters. And job-seekers are applying for multiple open positions, so while a long application may not seem like a problem to you, and you may even view it as a useful tool to weed out less serious candidates, job seekers' time is at a premium.

62% of them say your application should take no more than 20 minutes to complete.
60% say they won't finish an application that's too long.

Studies also reveal that 500-600 word job descriptions work best.

The Gig Economy

Remote and freelance employees are trending. Intuit, the QuickBooks company, released a report showing that more than 60 million Americans will be working in some form of freelance capacity by 2020 – that's 40% of the American workforce. The growth of this demographic is due to the experience and cost-effectiveness freelance workers provide.

Freelance sites like Upwork, Toptal, and collaborative sites like Trello and Slack are making freelance relationships seamless. Companies save 20-30% with freelance workers on benefits packages, and other assorted costs like office space. In addition, companies invest less in training because freelancers are generally adept at their trade or skill.

The freelance trend works well for companies with projects; or, for growing companies that cannot yet afford to hire full-time employees. The trend is growing, and some of the most successful companies are increasing their use of freelance employees, and adding remote positions because it is a strong benefit that appeals to millennial employees.

Fast Company's article, 'The Digital Nomad's Guide to Working Anywhere' is a good resource that provides excellent tips on working with remote employees.

Recruiting Millennials

Millennials are a unique breed, as anyone that hires them already knows; and, in 3 years they will make up more than 50% of the workforce. This demographic is mobile-centric, highly concerned about purpose and passion in their work, and, for the first time this year, the largest segment in our population. With this change is a different

focus on what's most important in job selection. For millennials 'company culture,' is what's most important.

An SHRM article about a recent Korn Ferry study stated:

The No. 1 reason candidates choose one job over another today is company culture (23 percent of respondents selected this option), followed closely by career progression (22 percent) and benefits (19 percent) ... Five years ago, in the aftermath of the Great Recession, 39 percent of respondents chose a prospective employer's benefits package as the top reason to choose one job opportunity over another, according to the study, followed by company reputation (19 percent) and job stability (16 percent).

Sometimes referred to as the 'Peter Pan' generation due to their propensity to avoid 'growing up,' these adults born between 1980 and 2000 value 'humor' more highly than other demographic groups; and, companies are now including humor in recruiting millennials.

General Electric has long been known as a manufacturing company, but in recent years they have become global leaders in the development of world-changing technologies. To overcome the manufacturing perception that was hindering their recruiting efforts, they combined both video and humor into a campaign designed to attract millennials. It worked. Per GE, their 'What's Wrong with Owen' campaign received more than 800,000 views and generated an eight-fold increase in job applications. GE's ability to capitalize on recruiting trends helped them succeed finding talent.

Artificial Intelligence

SHRM's recent post from Pamela Babcock, How Intelligent Machines are Changing Recruiting presents several new AI products intended to help improve recruiting efforts. To this point, the services are focused on 'process automation and efficiency.'

Though AI is new in recruiting, and its impact not yet clear, the article mentions a Harvey Nash Human Resources 2017 Survey that found '15 percent of HR leaders polled from 40 countries said artificial intelligence and automation are already impacting their workplace plans; and, another 40 percent said they expect AI and automation to affect their plans within two to five years.'

The SHRM article identifies several intelligent approaches gaining interest in HR circles:

Boston-based Affectiva, an emotion recognition software company, helps gauge candidates' emotional intelligence and truthfulness during video interviews by analyzing facial expressions, word choice, speech rate and vocal tones ... Hire IQ is using voice analytics to aid recruiters in hiring workers for jobs like customer contact representative ... Mya uses natural language technology to ask questions of candidates based on job requirements ... keeps them apprised of their hiring status, and answers candidate questions on company policies, benefits, and culture around-the-clock through SMS, Facebook, Skype, email or through a browser window called a chat client where people can chat instantly ... and X.ai, an artificial assistant schedules meetings or candidate interviews with no need for human intervention.

Even IBM's Watson, according to the article, "can help recruiters measure the degree of effort required to fill certain job openings and help prioritize job requisitions."

There is even software that can predict how likely passive candidates are to be interested in a job (EngageTalent), and an artificial intelligence assistant that interacts with recruiters like Amazon's Alex (RAI).

Artificial Intelligence is disrupting the HR industry, and appears poised to help recruiters improve their ability to find and recruit top talent.