

# Are companies serious about tackling the skills shortage?

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The term "skills shortage" is applicable to just about every economy and country in the world at present, some more than others.



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Let's take a closer look at the South African context where our skills pool is amongst the smallest in the world across all sectors of our economy. What are companies doing differently to what they did maybe ten years ago to tackle this ever-growing problem? In my opinion, not much. In fact, some companies are adopting recruitment strategies today that will cause them more frustrations in the growing of their businesses than ten years ago.

Working for Antal International, a mid- to senior-level consultative recruitment business, I have been exposed to a growing trend amongst most companies where the value of the specialist recruiter has been lost in the translation of what it means to add value to the real growth strategy of companies.

As the skills shortage becomes ever tighter, companies are surprisingly finding new ways to actually "save" money on their recruitment spend (yes it does sound like a contradiction, the more you repeat this statement). This is all very laudable and makes business sense, I guess. However, what is the true value that a true recruitment specialist adds to your business? It surely goes beyond just supplying CVs that match what the job spec says? Well it should.

## Truth of the matter

The truth of the matter is that professionals are working for more companies in the first ten years of their professional lives than 15 to 20 years ago. The skills shortage has resulted in the market being candidate driven and highly competitive, not just in terms of salaries, but also scope and career advancement opportunities.

A typical young South African engineer will probably have three to five positions (often more) with different companies in the first ten years of his professional life. This raises the question: Are companies correct in wanting to address reducing recruitment spend considering the fact that the candidates are only going to stick around for a few years anyway? After all, companies want to see value.

I guess when you look at the problem from this perspective it makes sense to adopt a no recruitment agency policy or invest in a recruitment portal, advertise or perhaps try to establish an internal recruitment team. Of course, all of these strategies have weaknesses and are not foolproof. More on this later.

The truth of the matter is that companies would do well to realise that the recruitment landscape is not going to change in terms of the level of loyalty that employees have towards their employers. Most employees will still spend less than five years with any given company before being attracted by what they view as a better opportunity. Of course, many companies are investing heavily in their retention initiatives and some are being very successful, but even these strategies are not having a sustainable impact on the nomadic trend of professionals in the South African labour market.

## So what is the solution?

The reality is that companies are going to have to make sure they hire the very best candidates for the roles they have. This might sound like an obvious statement, but let's take a look at some of those strategies I mentioned earlier that are being adopted by many companies to "reduce recruitment spend" as well as some their weaknesses:

1. **Job boards and advertising:** Cost-effective solution, yes, but can you guarantee access to the full spectrum of candidates within the market.

Of course not, because you will only tap into the active skills pool, namely those candidates who are unhappy and ready to pack their bags and join the nomadic trend in the market. Ask yourself this question: If there were only 10 available people in the industry that could possibly fill a particular role within your company based on experience and knowledge then this strategy would give you access to how many of those 10 candidates? This says nothing about personality fit, previous performance and salary. When you apply those criteria then the number will probably drop to five available candidates. Not very good odds, are they? Would you be happy investing in this strategy as one that would deliver the people you need to grow and sustain your business? Probably not, so why are you adopting the strategy?

2. **Internal recruitment teams:** This is by far the best approach to adopt, on paper, to reduce recruitment spend. However again let's look at that more closely.

Can I honestly say that I have filled every role that I have worked on? Not a chance. So why should it be any different for an internal recruitment team? Often, these teams are not performing a purely recruitment function as they are busy with other HR-related issues. Also, just by having the functions of an internal recruiter does not mean you are going to render any better value than an external recruiter. Are these teams functioning as industry specialists or working in a generalist manner across all levels of the company's business recruiting for all roles ranging from executive level to blue collar? The simple truth is that recruitment is a relationship-driven industry and the level of skill and aptitude of a recruiter varies.

The best recruiters in the industry are industry specialists who have spent years mastering their niche market and are very good at what they do in the market that they work in. Take them out of their market and they would need to invest in developing that new market again to get to the level they were before. Besides it would be extremely expensive to entice the top external recruiters to join a corporate.

So, we have these strategies being employed by companies that are not foolproof. By this stage, if I were a company executive reading this who is perhaps a little far removed from the recruitment processes or systems of his company, I

would be shifting a little uncomfortably in my seat and making a mental note to check with HR what the company's strategy really is.

Yes, these strategies can result in companies finding the candidates they are looking for, but can companies be sure they have been exposed to the full spectrum of quality candidates in the market? Are they simply being shown the best available candidates or the best candidates? Are those hires going to add value for the full five years that they are with the company or for only, say, two of those years? What about managing those candidates' expectations and personal circumstances - another value add provided by a very good recruiter who understands his niche market and, more importantly, understands and values the relationship between all role players in the process.

The obvious solution I mentioned earlier, namely hiring the very best candidate for the role, does not seem as simple when you start evaluating the processes many companies use to find their candidates.

## **So back to the solution**

Companies have to start from the point of view that any particular new hire will be with them for roughly five years. Therefore, they need to be sure that the person they are hiring is the best or amongst the best and is going to add full value for those five years and, perhaps, even add value beyond the time that he leaves the company simply by virtue of his impact on the business. Nothing new, you say? This is what all companies strive to do in their recruitment processes, you say. Again, the evidence says something else.

We have already established that most strategies adopted currently by companies aimed at "saving recruitment spend" are not foolproof and, in some cases, are as far from being foolproof as trying to scoop water out of a sinking boat with a sieve. You are solving part of the problem and your intentions are good, but you will eventually sink.

98% of all recruitment engagements between agency and company in South Africa are on a purely contingency basis; a "no placement, no payment" approach resulting in no risk to the company, but considerable risk to the agency. Now let me start out by saying that not all recruiters or recruitment companies, for that matter, are made equal. Some are more professional and efficient than others.

My question to some companies out there who are trying to "save recruitment spend" is, why? Why do you want to save money on a process that should be aimed at finding you the best people to grow your business and make your business more money?

You have a scenario where you have a professional service being offered and provided by a skilled head-hunter/recruiter, who has taken the time to develop and master his niche industry specialisation and who, in most cases, is willing to work for free. Yes, let me say that again. There are specialist recruiters out there, such as myself, who are willing to offer companies a professional specialist service targeting their industry focus on a contingency basis. Should this service be viewed as "recruitment spend" or simply an essential, fundamental professional service? A service that companies should be competing with one another for and manage on a mutual level of respect.

Yes, recruitment is an expensive business, but like most things in a market-driven environment it is very much a product of a supply and demand economic equation. Perhaps if more companies started viewing "recruitment spend" as a "recruitment investment" then maybe the true value of a company's skills development strategies could be unlocked. Then, maybe I could look at agreeing that most companies are truly serious about tackling the skills shortage for their businesses.

## **ABOUT THE AUTHOR**

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