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## **A Call for a Return to Relationships in Recruiting**

Is Canada experiencing a skills shortage? A review of Canadian media would certainly suggest that we are, with news and social media full of reports about the impact of a shortage of skilled workers, and opinion pieces on how to solve the problem. If the labour market is subject to supply and demand pressures, most of the recent attention has been directed toward the supply, but our association, the **Canadian Association of Career Educators and Employers (CACEE)** has data that suggests there may be a demand side issue at work related to how employers seek out new graduate talent.

Before we get to that though, let's consider the first question – is Canada in a skills shortage? Employers and their advocates assert that they are caught in a skills crunch, and it is getting worse. In certain regions (Western Canada), and within certain sectors (oil and gas, skilled trades), they report that the shortage is acute, and they point to inadequate supply as the problem. There are calls for institutions of higher education to revamp their programs to produce graduates with the skills the market values. The Association of Universities and Colleges (AUCC), counters these calls, suggesting that higher education is about preparing graduates for a life and a career, not just their first job, and they in turn call upon employers to invest in training.

Meanwhile, bank economists, bureaucrats and career professionals point to the absence of markers that point to a skills shortage. A spike in wages would be the primary indicator of a shortage, but such a spike has not materialized in the national data. Referencing StatsCan wage data Alex Usher, President of Higher Education Strategy Associates, speaking at the CACEE National Conference remarked “We don't have a skills shortage. We have a shortage of skills at the price employers want to pay.” But perhaps national numbers don't tell the whole story, and a true understanding of the picture requires a regional examination.

On June 25<sup>th</sup>, federal Employment Minister Jason Kenney hosted a day long consultation in Toronto titled the National Skills Summit. Minister Kenney brought together leaders in industry, labour education and government to address the skill shortage question. Panelists, including Derek Burlton, TD Bank economist, and Don Drummond of Queen's University suggested the skills shortage issue is more apparent than actual. Panelists pointed to a stubborn unemployment rate, hovering around 7% with youth unemployment at 14%, as evidence. Michael Atkinson of the Canadian Construction Association suggested that the national data is masking acute shortages in some regions with surpluses in others, suggesting the message in the data is “If your head is in the furnace and your feet are in the freezer, you should be good.”

## **The Great Debate**

Given all of this, if we were to classify our situation, we might call it the ‘Great Skills Debate.’ And while the debate goes on, Canada's federal, provincial and territorial governments have been wading in with consultation sessions. There was Minister Kenney's National Skills Summit in June, and recently the Council of Ministers of Education Canada met in Charlottetown on July 9 & 10 with 200+ stakeholders for a symposium titled [Skills for the Future](#), from which they have released a joint declaration announcing three principles that will form the basis for future action. Clearly, governments have concluded that Canada is dealing with some form of skills related challenge, but as they have not yet

pinned down its origin, they are some way from solving it. At CACEE, we have identified data pointing to one factor that may be contributing to the perceived shortage, and it relates to how employers look for talent. But before we examine our data, it will be useful to look back to the last time we had a public discussion around skills shortages the mid-point of the last decade, 2004 to 2007, the ‘War for Talent’ era.

## War for Talent

The phrase ‘War for Talent’ comes from the 2001 book of the same name by Michaels et al. This era marked a period of aggressive recruiting practices conducted in the face of a perceived shortage of skills in the market. On campus, the ‘War’ was manifest in aggressive recruiting practices, increasing salary offers and expensive recruiting campaigns. Recruiters were posting more jobs, attending more career fairs, and holding more information sessions than they had at any time in recent memory. All across Canada, recruiters pursued graduate talent in increasing numbers and all signs pointed to the trend continuing. Strong economic growth was combining with demographic factors (aging workforce, smaller generations) to create a seller’s market in the labour force – the ‘War for Talent’ era was a good time to graduate, and it peaked in the Fall recruiting season of 2007.

Expectations were that the ride would continue, but in September 2008, Lehman Brothers bank failed, setting off a historic collapse in the global economy. We are still recovering from the impact of that collapse, particularly in the area of on-campus recruiting. By 2009 the nature of on-campus recruiting had changed. Recruiter budgets were frozen or cut, and a number opted to use communications technology, such as on-line social networks, to reach out to students that they would have met face-to-face in previous years. Campus visits declined generally, although not universally. A select number of fortunate schools didn’t notice a decline because they were in the right location, or because they were a ‘Target School’. But other schools, the ones that didn’t enjoy the right geography or reputation, felt the pinch right away. And those recruiters still looking to hire in 2009 and 2010 were looking for new channels to reach out to students, channels that cost less and were easier to track, and they would find them on-line.

The evidence of the impact of 2008, immediate and lasting, can be found in an examination of data describing recruitment activity before and since. The following table shows the change in recruitment activity that has occurred in Canada since the peak year of 2007. The data has been drawn from CACEE’s Annual On-Campus Recruitment Survey and Benchmark Report, a yearly survey of employers who recruit on-campus. On examination, the impact of the 2008 financial collapse, becomes apparent, and evidence emerges of the change in recruiting techniques that followed.

*Table 1 On-Campus Recruiting 2007 - 2013*

	2007	2008	2009	2010	2011	2012	2013
<b>TARGET SCHOOLS</b>	25	11	13	7	8	8	5
<b>% OF EMPLOYERS USING CAREER FAIRS</b>	81	81	65	63	55	56	58
<b>% OF EMPLOYERS USING INFO SESSIONS</b>	67	67	53	52	51	44	43
<b>% OF EMPLOYERS USING ON-LINE SOCIAL</b>	24	23	23	34	37	47	46

## NETWORKS

- By most measures, 2008 looked almost exactly like the peak year of 2007 because the collapse didn't start to roll out until September. By that time the on-campus recruiting cycle is already rolling out, with budgets and staff in place. The exception is a noticeable decline in the number of Target Schools, suggesting a nod toward cost saving and / or lower hiring numbers
- In 2009, there is evidence of a decline in traditional on-campus recruiting techniques, with career fair participation down 16% and info sessions down 14%
- In 2010, career fairs and info sessions were flat, but we see the first spike in the use of on-line social networks.
- In 2011 and 2012, career fairs and info sessions continue to fall, while on-line social networks grow to approach 50%.
- By 2013, the metrics have stabilized, except the number of Target Schools once more drops. This may be evidence of the impact of applicant tracking systems.

The financial collapse of 2008 was a disruptive force in the general economy, but its impact on the demand for a skilled workforce was temporary, and we have evidence that it is fading. The impact of 2008 on the practice of on-campus recruiting remains, however, and now we need to ask ourselves if this new recruiting paradigm is contributing to the skills shortage. And if so, to what extent?

Let's employ some deductive reasoning, and start by reviewing the puzzle to be solved. We are hearing from Canada's employer community that there is a shortage of required skills in the workplace. We know that the last time we heard about this was in 2007, during the 'War for Talent.' The economic collapse of 2008 put an end to that war, and talk of a skills shortage abated a great deal. By 2012, however, talk began anew about the need for skilled workers in Canada. Something has changed to bring the issue back to prominence.

Next, we line up the factors that are involved in the pursuit of new graduate talent. If we can identify changes to those factors, they might point to the cause of, or at least a contributor to, the problem. On the supply side, we have post-secondary institutions, and the graduates they produce. On the demand side, we have employers with positions to fill and the techniques they use to recruit those graduates. Now, let's examine those factors, looking for elements that have changed.

- Are there fewer students? No. According to the Association of Universities and Colleges of Canada (AUCC), undergraduate enrolment surpassed one million in 2011, the first time that level was reached. Higher enrollment should translate to higher number of graduates.
- Is there any reason to believe that the skills on offer from the Class of 2013 was lacking compared to their colleagues of 2007? This is a tougher question to answer, but it is difficult to imagine that the quality of education would be demonstrably diminished compared to half a decade ago.
- Are there fewer employers? Perhaps yes, perhaps no. An educated guess would suggest that there are more employers looking for talent in the areas of the country with hot economies (the 'furnace') and fewer in the cooler areas (the 'freezer'). Are there fewer positions to be filled? Not likely – if there were, we wouldn't be hearing of a skills shortage.
- Have the techniques used to recruit talent changed? Yes, our data clearly shows they have.

Do we have the culprit? Is this the 'smoking gun'? Not yet. While it is tempting to point to changed processes, and declare "There's your problem, employers. You don't recruit like you used to." but that wouldn't explain one other element of the puzzle – there was a skills shortage in 2007 when the traditional on-campus recruiting techniques were in full swing. Before we call this case closed, therefore, we should consider the question of why. Why did employers change the way they recruited after 2008?

First, recruiting budgets were reduced after the financial collapse, and they have not yet recovered to pre-collapse levels. Many recruiters turned to on-line social networks initially because they could no longer afford to visit campus. They used them as a tool to supplement or, in some cases, replace expensive campus recruiting processes. Second, apparently the traditional practices weren't working to their satisfaction anyway. It was an expensive and time consuming process, with which recruiters were never entirely satisfied (only students like career fairs). There was relatively little capacity to track progress and it was inefficient, with considerable time and resources being spent on students who were not the employers' primary targets. The 2008 collapse created a crisis, and recruiters have used that crisis to change the game. But given that employers are still looking for more talent, it would appear that it needs to change still more.

At this point, we have two paradigms emerging – let's call them '**Traditional Recruiting**' and '**Remote Recruiting**.' For the purposes of this discussion, Traditional Recruiting involves employers physically visiting a target school to participate in career fairs, hold info sessions and conduct interviews to fill positions that have been posted on the job board. The campus career centre is an important player in this process because it provides the employers with access to the campus, and coordinates much of the activity. To be most effective, Traditional Recruiting relies upon a strong relationship between the employer and the career centre.

Traditional Recruiting offers the benefits of being an established practice that is well understood by recruiters and educators alike. When students are engaged and prepared, likely through engagement with career centre, and the employer has built a good reputation on campus, it can be an effective strategy. But if any of those elements are missing it can be an expensive practice leading to unfilled positions. Students might not be interested or aware that a recruiter is on campus because they have other priorities. Attracting the students' attention is an abiding challenge. Recruiters sometimes use the term 'transactional' to describe the nature of Traditional Recruiting. "It's all about the job, and that affects the process. Everybody wants something out of the process right now, so everybody is working an angle." The transactional approach can lead to poor retention levels, as managers find they are not getting what they needed, or employees find they don't enjoy the work.

Remote Recruiting, on the other hand, can happen with little or no relationship between the employer and the career centre, or with any part of campus. In Remote Recruiting, employers use social media, such as Twitter and LinkedIn to promote their hiring efforts, and to send applicants to the company website where the opportunities are posted. This technique offers maximum efficiency when the recruiter pairs social network recruiting with an Applicant Tracking System, or ATS, to receive the applications. ATS's allow recruiters to set screening criteria to sort and manage the applications received, generating a list of most likely candidates for recruiters to investigate further. This process is very democratic – recruiters are using social networks to solicit applicants from far and wide, instead of just from 'target schools', which is great news for students who are not enrolled at those privileged institutions. These systems also allow employers to easily track their hires as they move through the

company so that managers might highlight those that are progressing most satisfactorily. Recruiters can then focus their efforts at those schools that produced their star employees. Thus, the number of 'target schools' can be initially expanded, but then brought to a tight focus based upon experience.

Taken to an extreme, Remote Recruiting can operate with no relationship between the employer and the campus, but that would be rare. Even those employers who have committed to the exclusive use of social networks to attract applicants will still participate in branding activities on campus. Many employers who have opted for Remote Recruiting report that it works just fine, enabling them to find candidates in an efficient and effective manner. Remote Recruiting could also be described as transactional, however, more so even than Traditional Recruiting. And if Traditional Recruiting can suffer from disengaged students, Remote Recruiting is even more vulnerable because of how students engage with social networks. At the CACEE National Conference in St. John's, there was a student panel Q&A session with employers in the audience. In response to a question about how students perceive job ads in social media, the student panelists answered that they don't pay attention to job postings in social networks because they "could have been posted by anybody." They went on to explain that they don't see much value in responding to positions being promoted in social networks because they don't feel a connection to the opportunity, preferring to respond to positions posted on their campus electronic job board.

The student panelists perceived that jobs posted on social networks are "not for them" or they are "not to be trusted." It should be noted that this was a small sample, and evidence points to ample student involvement in LinkedIn, for example, but this still poses a challenge to Remote Recruiting. And there is another challenge – social networks are notoriously resistant to message management, and one doesn't have to look far to find a corporate branding exercise that blew up in social media. For this reason, there are industrial sectors that offer great opportunities, but which stay away from social media.

Where does this leave us? A return to the Traditional Recruiting model in use in 2007 doesn't seem likely, at least not entirely. Remote Recruiting has much to offer, but it doesn't work for all. The skills shortage question persists, so we know the solution has not yet been found. But perhaps we are getting closer. At the CACEE National Conference there were recruiters talking about a new approach that seems to be working for them – let's call it '**Relationship Recruiting.**'

At first glance, Relationship Recruiting looks a lot like Traditional Recruiting, but with deeper integration with the campus. It requires that the employer nurture strong connection on campus, first with the career centre, but also with Department Heads, faculty members and student clubs and societies. It calls for building brand profile on campus through sponsorships and scholarships. Recruiters using this approach participate in experiential learning programs, hiring co-ops or interns. They want to participate in discussions in class, or on conference panels. They believe that a wine and cheese reception in the middle of recruiting season is too late to meet a future hire for the first time.

If Traditional Recruiting is about 'the job', then Relationship Recruiting is about building relationships. As one recruiter described it, "if we are talking to them for the first time in 4<sup>th</sup> year, all they are thinking about is whether I have a job to offer – it's transactional. If I talk to them in 2<sup>nd</sup> year, I can get them to think about what a career in my sector might be like – and we can talk about that more than once." Relationship Recruiting is about building a connection with students so that when they reach the point where they are thinking about going to work, they already know the employer, and the employer already knows them, making offers and acceptances much easier.

Recruiters who have tried this approach find that it works better than Traditional Recruiting with its transactional approach to hiring, but its adherents warn that this approach requires a leadership team committed to the long view. Companies that can't commit to a two or three year development process likely will not buy-in to Relationship Recruiting. And that's ok, because this brings us to the next conclusion that can be drawn from today's recruiting environment – there is no one answer. The data shows that change is at work in the business, and that may be the only constant.

Employers seeking to recruit new graduate talent from Canada's colleges and universities are dealing with a fragmented marketplace and a distracted candidate pool, and it is not likely that one single technique will overcome all of the challenges. Remote Recruiting offers efficiency and volume, while Relationship Recruiting offers a candidate pool that is knowledgeable and ready for the transition into industry. And despite declining numbers, Traditional Recruiting is still very much in play, producing opportunities for thousands of graduates each year. The challenge for employers of new grads is to determine which of these models, or elements thereof, might work for them. Most will likely adopt, or have adopted, a hybrid solution that meets their needs. Others will continue to innovate, and that is great, too. Employers, educators and students will keep searching for the process that offers the best outcome for all involved. Nobody ever wins a 'War' and the 'Great Debate' could go on forever. Meanwhile, we have employers who need people, people who need jobs, and career educators working hard to bring them together. That much hasn't changed.