



**Employment
Dynamics
and Growth
Expectations
(EDGE) Report**

The **EDGE** Report

September 2008

While the job market has grown more challenging within many specialties, within others demand remains strong.

Executive Summary: A Tale of Two Job Markets

In robust times, competition for the best talent becomes intense. But, as many employers are finding, an uncertain economy hasn't made hiring top professionals any easier. In fact, recruiting can pose more of a challenge, as companies try to attract workers who may be increasingly reluctant to leave secure employment situations.

The 2008 Employment Dynamics and Growth Expectations (EDGE) Report from Robert Half International and CareerBuilder.com paints a picture of a challenging job market for both companies and professionals. On a one-to-five scale, employees rated the level of challenge in finding a job a 3.56, while employers rated the difficulty of finding skilled professionals a 3.47.

These findings suggest a dual job market is taking shape. A rising unemployment rate would seem to indicate – at least on the surface – an adequate supply of job candidates and a market swinging in favor of employers. As many executives are keenly aware, however, the reality points to a shortage of candidates with expertise in certain specialties. In fact, hiring managers surveyed cited a lack of qualified professionals as the factor most hindering their recruiting abilities.

Statistics from the U.S. Department of Labor's Bureau of Labor Statistics shed light on the situation. The unemployment rate for college-educated workers has hovered between 2 and 2.5 percent most of the year and remains even lower for professionals with the most sought-after skills. For instance, in the second quarter of 2008, the unemployment rate was 1 percent for financial analysts and 1.9 percent for computer software engineers. Consequently, while the job market has grown more challenging within many specialties, within others demand remains strong, and job seekers may even have the upper hand in finding an ideal employment situation.

Now in its fourth year, *The EDGE Report* explores these and other employment, hiring and compensation trends, and highlights perceptions of the job market by both hiring managers and employees. The report assesses each group's challenges and degree of influence in today's hiring environment and offers insights to help hiring managers recruit more effectively.

This information is based on an annual survey developed by Robert Half International, the world's first and largest specialized staffing firm, and CareerBuilder.com, the United States' largest online job site. More than 500 hiring managers and 500 workers 18 years of age or older from a variety of industries participated in the survey, which was conducted by an independent research firm.





Executive Summary

Hiring managers weigh in: "How challenging is it for you to find skilled professionals today?"

Mean response on a one-to-five sliding scale, with five being extremely challenging and one being not challenging.



Source: Robert Half International and CareerBuilder.com survey of 528 hiring managers

The Employer Perspective

- The primary recruiting challenge remains a shortage of qualified professionals, according to 59 percent of hiring managers. The response is up 7 percent from last year.
- Nearly one in five hiring managers said the impact of higher gas prices and commuting costs is greatly affecting their ability to attract skilled employees.
- Recruiting a new full-time employee takes anywhere from four to 14 weeks, on average, depending on the position.
- Hiring managers estimate that 43 percent of the resumes they receive come from unqualified candidates.
- Nearly two-thirds of hiring managers said their companies are willing to negotiate higher compensation levels for qualified candidates.
- To keep their most experienced workers, many companies are inclined to offer baby boomers alternatives to retirement, including reduced work schedules, "bridge" jobs and consulting arrangements.
- Recruiting and retaining Generation Y workers poses a particular challenge for managers.

Professionals weigh in: "How challenging is it to find a job today?"

Mean response on a one-to-five sliding scale, with five being extremely challenging and one being not challenging.



Source: Robert Half International and CareerBuilder.com survey of 508 workers

The Employee Perspective

- Money is on many employees' minds: A majority of professionals (63 percent) said they are more likely to try to negotiate a better compensation package with a new employer, up from 58 percent last year.
- More than half of workers said their compensation has increased in the last 12 months; 10 percent noted declines.
- Flexible schedules are a prized benefit. For more than seven out of 10 professionals, this is a perk that would influence them to choose one job offer over another.
- About eight out of 10 employees are satisfied with their current work situation. Yet, more than three out of 10 said they will likely leave their jobs in the next two years.
- Most employees rated their employers reasonably effective at preventing good workers from leaving for other job opportunities.



The Challenge of Recruiting Qualified Staff

Survey respondents said it takes four to 14 weeks, on average, to fill an open full-time position. As might be expected, senior roles demand the most time. C-level positions require well over three months to fill, on average, and management positions just over two months, survey results show. This can pose a particular challenge for companies already operating with lean teams. To avoid major productivity losses, many firms are hiring consultants to fill in during extended searches. In fact, this has become increasingly common at the senior level, as firms bring in interim CFOs and other executives to keep departments running smoothly during lengthy candidate searches.

For hiring managers, the challenge begins with developing job postings that target the right candidates. Respondents estimated that more than four out of 10 resumes they receive come from unqualified applicants. Once skilled candidates have been found, leaner budgets and resource constraints may leave managers without the ability to offer the compensation and benefits necessary to entice top talent. Moreover, economic uncertainty could cause workers to be less inclined to jump ship, fearing that they could get caught in a “last in, first out” scenario if a new employer reduces personnel.

Generation Y, a sizable generation of workers born roughly between 1979 and 1999, has proven particularly elusive for companies to recruit. This group was cited as the most challenging for companies to attract and keep for the long term. This may be because these workers are discriminating “shoppers” when it comes to their careers. They expect a lot from their employers, including good perks and benefits, flexibility, a positive learning environment, and a well-defined career path. If they feel an employer is lacking in these areas, they may be quick to move on.

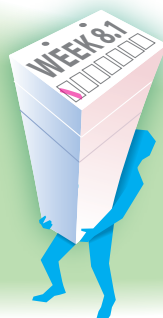
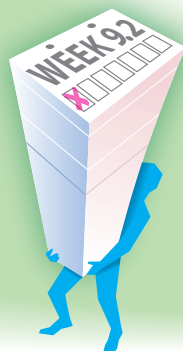
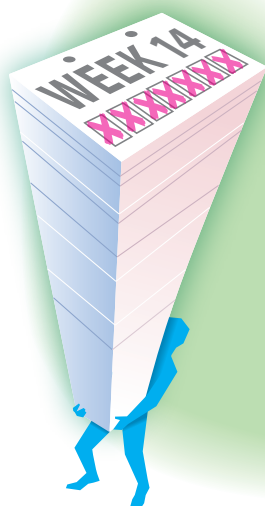
“On average, how many weeks does it typically take your firm to fill an open position at the following levels?”

**Senior management
(CEO, CFO, CIO, VP)
14 weeks**

**Director, manager,
supervisor, team leader
9.2 weeks**

**Professional or
technical staff member
8.1 weeks**

**Administrative,
clerical
4.5 weeks**



Source: Robert Half International and CareerBuilder.com survey of 528 hiring managers



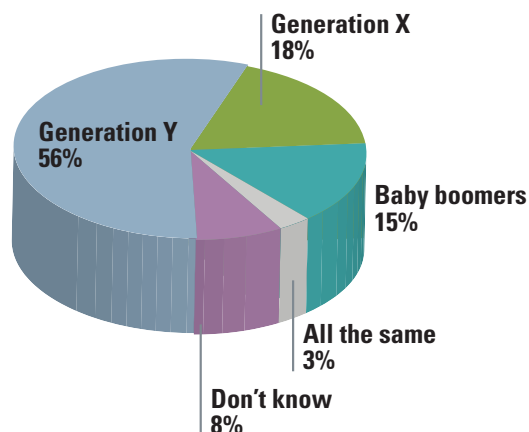
TIPS FOR ATTRACTING GEN Y WORKERS

Although Generation Y workers, also known as “Millennials,” share many of the same concerns and values as more tenured workers when it comes to saving for retirement, securing good healthcare benefits and achieving work/life balance, they have other distinctive qualities unique to their generation. Following are three tips that can increase your firm’s appeal to these workers:

- **MAKE THEM YOUR BEST OFFER.** Because Millennials have grown up surrounded by technology and are accustomed to instant results, employers may have greater success making them an attractive upfront offer, rather than offering a lower starting salary with the possibility of a raise or bonus down the line.
- **SHOW THEM HOW TO GROW.** The opportunity for professional growth is another important consideration for Millennials. They want to make a contribution to their employers; in return, they want help achieving their career goals. Employers can enhance their appeal by showcasing perks such as in-house training and mentoring programs, tuition reimbursement, and paid time off for professional development.
- **KEEP THE COMMUNICATION COMING.** Millennials are accustomed to direct, ongoing supervision and guidance from parents, teachers and other authority figures, and seek a similar relationship with their bosses, looking to them for almost constant feedback. Because Gen Y workers have high expectations for their managers, consider pairing them with your best supervisors to keep them satisfied and productive.

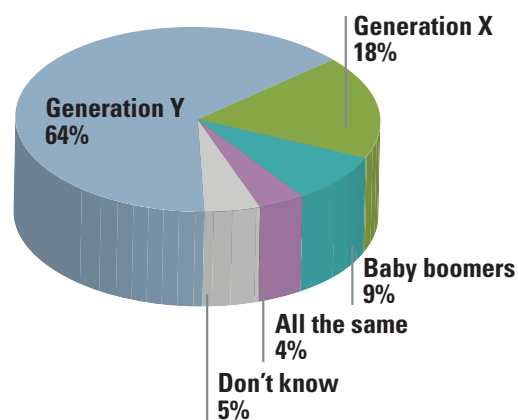
Additional information is available at www.rhi.com/GenY, where you can download a copy of the report *What Millennial Workers Want: How to Attract and Retain Gen Y Employees* and listen to an audiocast on this subject.

“Which generation of workers, if any, do you find the most difficult to recruit?”



Source: Robert Half International and CareerBuilder.com survey of 528 hiring managers

“Which generation of workers, if any, do you find the most difficult to retain?”



Source: Robert Half International and CareerBuilder.com survey of 528 hiring managers



The Compensation Question

Although softening economic conditions have affected many companies, the research suggests that salaries have held steady overall. This is probably because employers recognize that they can't attract the talent they need if they skimp on compensation. Nearly two-thirds (65 percent) of hiring managers surveyed said their companies are willing to negotiate higher pay for qualified job candidates. A majority of employees also reported rising compensation, with 53 percent saying their salaries have increased in the last year.

The study shows that job candidates have become more inclined to negotiate compensation. Among those surveyed, 63 percent said they would likely try to negotiate a better compensation package with a new employer – up from 58 percent last year and a significant increase from 2006, when only 29 percent said they would try to negotiate a better offer. Higher costs facing consumers on

everything from fuel to food may be prompting prospective hires to be more assertive during salary negotiations. Also, job seekers may want to ensure that a new opportunity is financially worthwhile before leaving their current employer.

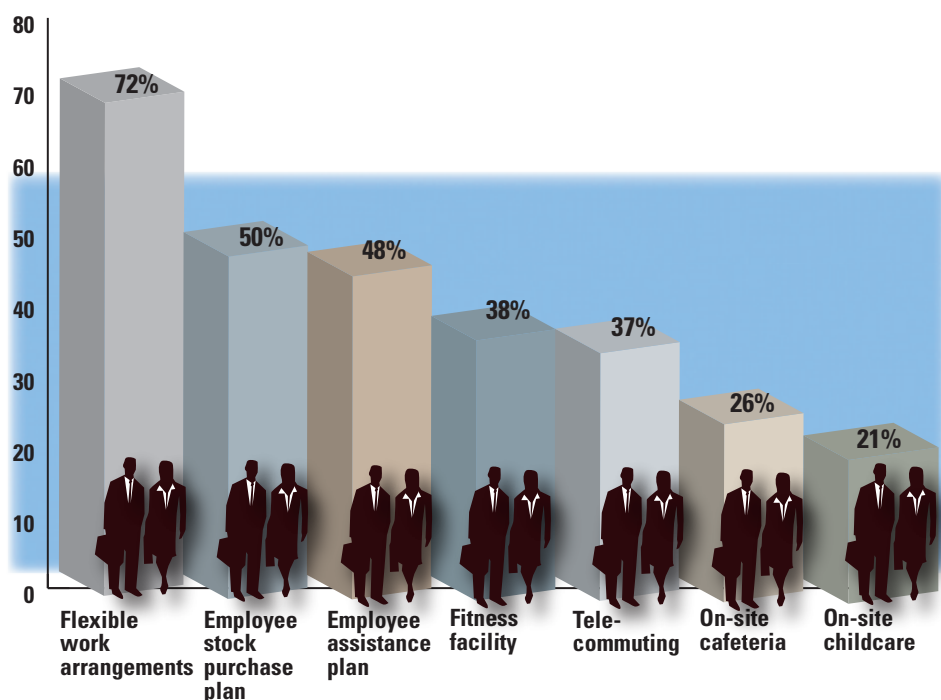
To compete for top performers with specialized skills, firms must be willing to offer competitive compensation and benefits. Salary Guides produced by Robert Half and CareerBuilder.com's salary calculator (CBsalary.com) can help employers benchmark compensation on a regional and national basis.

Although offering competitive compensation provides an advantage for companies, firms that cannot compete on salary alone may be able to gain a recruiting edge by emphasizing other benefits, including nonmonetary ones. When asked which perks might help them choose one job over another, 72 percent of respondents cited flexible work arrangements.

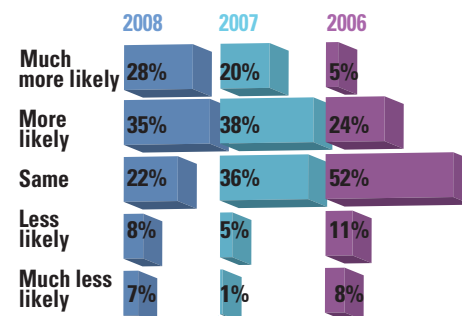
Flexibility not only helps employees balance work and family obligations, it also could help them manage rising fuel costs. Nearly one in five hiring managers surveyed indicated that higher gas prices have greatly affected their companies' ability to attract skilled employees. To mitigate this effect, many firms have implemented relief measures ranging from increased mileage reimbursement for travel to relocation assistance to telecommuting.

"If you were to accept a new job offer, how likely would you be to try to negotiate a better compensation package with your new employer compared to 12 months ago?"

"Which of the following benefits might help you choose one job over another?"



Source: Robert Half International and CareerBuilder.com survey of 508 workers. Multiple responses were permitted.



Source: Robert Half International and CareerBuilder.com survey of 508 workers

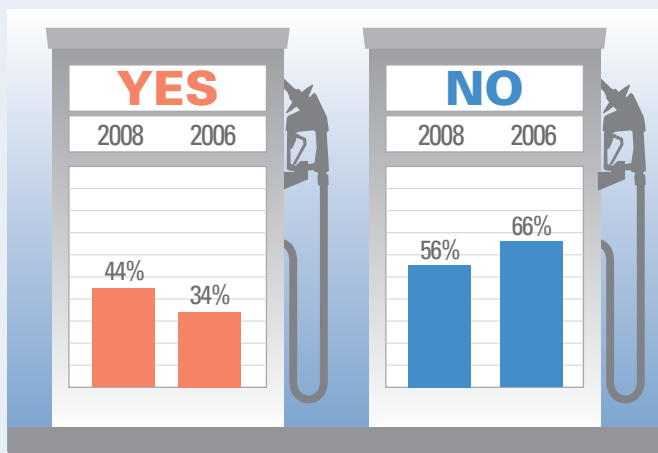


'Fueled' Into Flexibility

The option of a more flexible work arrangement, such as a compressed workweek, alternate work hours or telecommuting, holds strong appeal for employees, particularly in light of escalated fuel prices. Not all jobs and industries are well-suited for alternative work arrangements, of course, but these tips may be helpful for those that are:

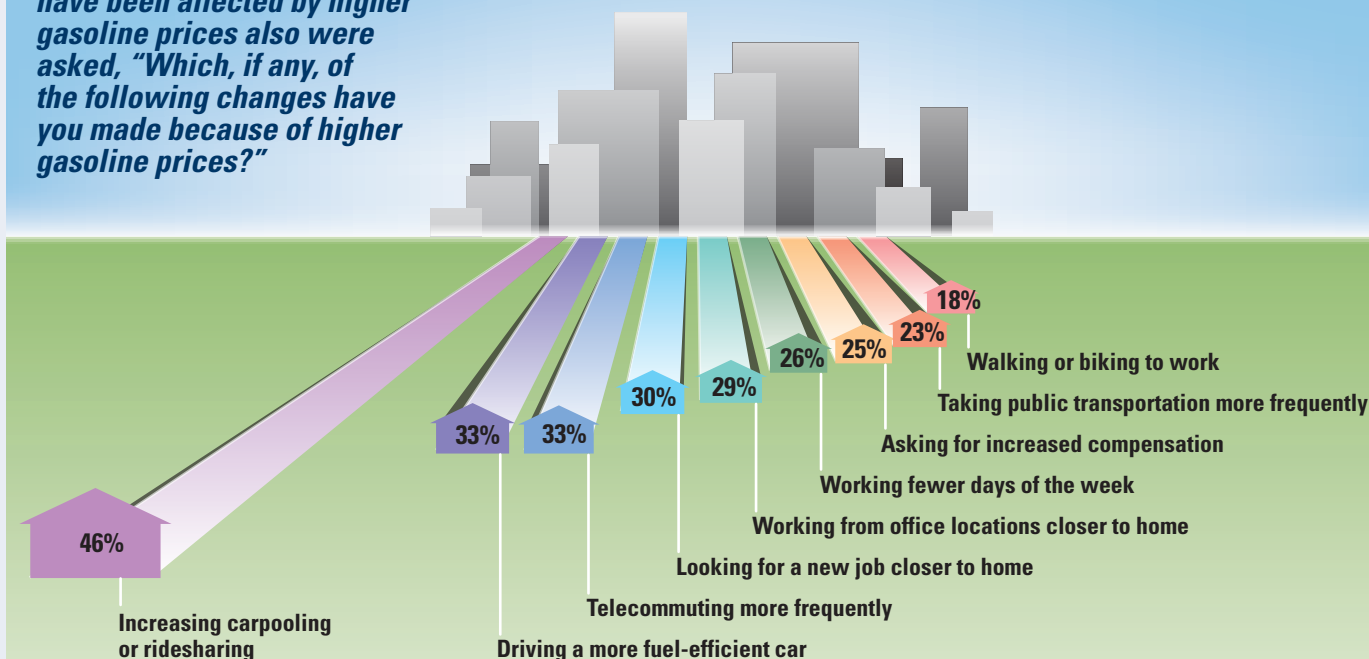
- **COMMIT TO SUCCESS.** Reserve flexible employment situations for self-motivated professionals whose positions don't require a lot of face time.
- **BE FLEXIBLE WITH FLEX SCHEDULES.** Because employees have diverse needs and reasons for wanting flexibility, allow arrangements to be employee-driven, if possible. There is no one model that suits all businesses or workers.
- **SET EXPECTATIONS.** Hold staff members accountable for making flexible arrangements work by discussing expectations up front, agreeing on guidelines and setting performance standards. Periodically re-evaluate individual situations to ensure they are still working as envisioned.

"Have higher gasoline prices affected how you are commuting to work or your work arrangements?"



Source: Robert Half International survey of more than 500 workers

Workers whose commutes have been affected by higher gasoline prices also were asked, "Which, if any, of the following changes have you made because of higher gasoline prices?"



Source: Robert Half International survey of more than 200 workers. Multiple responses were permitted. Top responses shown.



Retaining the Best and Brightest

Because employees are less likely to change jobs when economic conditions appear uncertain, employers may not have to work as hard to reduce turnover in the short term. But for long-term growth, companies must keep top performers.

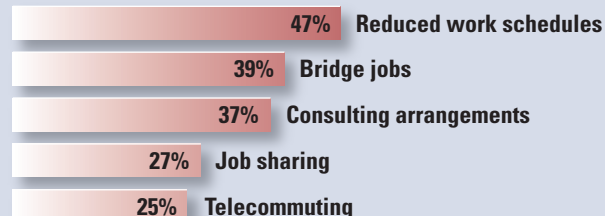
Many businesses have impending retirements in mind as they consider retention initiatives. Nearly four out of 10 employers surveyed said they are concerned about staffing shortages stemming from baby boomer retirements in the years ahead.

To continue to benefit from the skills and knowledge of their most experienced workers, an increasing number of firms are offering alternatives to retirement. Popular programs include reduced work schedules, “bridge” jobs (such as a change in job type or responsibilities), consulting arrangements, job sharing and telecommuting. Baby boomers who want to keep one foot in the workplace but have more flexibility in their schedules find these options enticing. In fact, three out of four financial executives surveyed by Robert Half identified consulting work as an attractive segue into retirement.

Baby boomers aren’t the only professionals companies are trying to retain, however. To curtail turnover among all staff, many companies have taken specific measures in the past year, including allowing flexible schedules, funding training and offering salary increases.

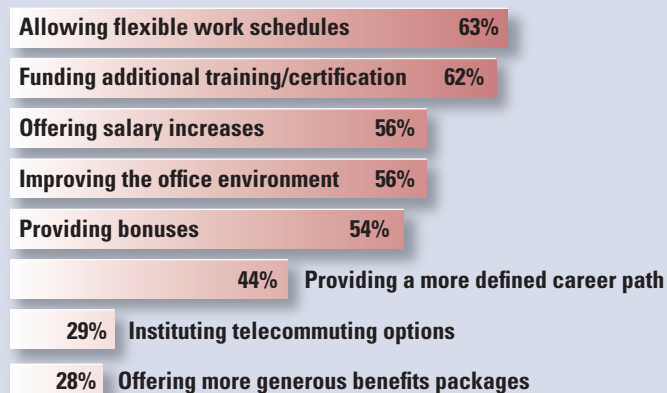
Generally speaking, workers approve of their companies’ retention efforts. Most rated their firms highly in this area; however, about one in five gave their firms poor marks. Companies with weak retention programs will be vulnerable to employee turnover once the economy improves and workers feel they have more options.

“Which of the following is your firm likely to consider offering to baby boomer workers as an alternative to retirement?”



Source: Robert Half International and CareerBuilder.com survey of 528 hiring managers. Multiple responses were permitted.

“Which, if any, of the following measures has your firm taken to improve staff retention rates in the last 12 months?”



Source: Robert Half International and CareerBuilder.com survey of 528 hiring managers. Multiple responses were permitted.

STRONG COMMUNICATION HELPS RETENTION

In addition to specific retention measures, clear and consistent communication from management plays a vital role in keeping employees productive and satisfied. This is especially true during uncertain times. More than one-quarter of employees surveyed said their employers are ineffective at sharing company news and information, suggesting that this could be an overlooked source of employee dissatisfaction.

These suggestions can help companies promote more effective communication:

- **MANAGE THE GRAPEVINE.** Rather than feeling frustrated by the power of the rumor mill, try to manage it in a way that limits its potential to preoccupy or demotivate your staff. Nip half-truths and rumors in the bud by proactively communicating information as

it becomes available and encouraging employees to ask questions — even about sensitive or controversial issues. When appropriate, confront rumors and speculation head-on.

- **CHECK IN.** Employees are more likely to open up about problems or concerns during one-on-one meetings than in group settings. The information received during these private consultations can help managers identify issues that need attention before they hinder productivity.
- **CHOOSE THE RIGHT MEDIUM FOR THE MESSAGE.** Although e-mail and voice mail are useful ways to convey information, they should enhance face-to-face communication, not replace it. Periodic staff meetings remain one of the best ways to share information while reducing the potential for miscommunication.



Preparing for the Inevitable Upturn

While economic uncertainty, constricting resources and a shortage of highly skilled candidates have posed challenges for hiring managers, these factors also present businesses with opportunities to carefully manage workloads and staff more strategically.

The best-prepared organizations closely monitor employment and economic trends while continuing to actively recruit staff members for critical positions. They also recognize the importance of filling needs, not desks, and making full-time hires only when ongoing business conditions truly warrant the commitment.

Hiring managers who have weathered past economic cycles know that the business environment will shift once again, and their companies must be ready to take advantage of the upturn. Firms that have used this time to improve their hiring processes, build employee loyalty and identify cost efficiencies will be better prepared to capitalize on emerging growth opportunities.



About Robert Half International

Founded in 1948, Robert Half International (NYSE: RHI) is the world's first and largest specialized staffing firm with more than 400 offices worldwide. The company's professional staffing divisions include Accountemps®, Robert Half® Finance & Accounting and Robert Half® Management Resources, for temporary, full-time and senior-level project professionals, respectively, in the fields of accounting and finance; OfficeTeam®, for highly skilled temporary administrative support; Robert Half® Technology, for information technology professionals; Robert Half® Legal, for project and full-time staffing of attorneys, paralegals and legal support personnel; and The Creative Group®, for creative, advertising, marketing and web design professionals. For more information about the specialized staffing and recruitment divisions of Robert Half International, visit www.rhi.com.

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