



GCRC Newsletter

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Recruiting Trends report shows hiring slowed, but not stopped

By Bruce Bloom

The eighth annual Winter Conference, held Nov. 30 at Motorola's Galvin Center in Schaumburg, drew 280 people. Dr. Phil Gardner, principal investigator for the College Research Employment Institute, presented the Recruiting Trends 2001-02 report at the conference, a partnership between GCRC and the Midwest Association of Colleges and Employers. The report is the 30th annual study of business, industry and government agencies employing new college graduates. Highlights are shared here.

Basic Profile

Various strategies were used to find suitable candidates. Approximately 86 percent used on-campus recruiting, while 74 percent attended employment fairs, 67 percent received resumes referred to them by colleges, 69 percent used their co-op and internship programs, 75 percent provided web environments for direct applications, and 47 percent employed Internet/web job listing services. The other strategies used were advertisements in the newspapers and professional journals (48 percent) and employee referrals. When it came to their most effective or primary strategies, 24 percent placed on-campus recruiting, 17 percent job fairs, 16 percent co-op/internship programs, and 16 percent organizational web applications at the top. Other strategies, which had a modest showing, were newspaper ads (8 percent) and resume referrals (8 percent). The five academic majors employers were seeking are:

- Engineering, 35 percent
- Business, 26 percent
- Social Science and Humanities, 23 percent

- Computer Science, 12 percent
- Science 4 percent

Employment Outlook

For nearly a year the economy has been under siege: devaluation of the stock market, increasing unemployment, and a softening of consumer confidence. How companies perceive the factors influencing the economy will influence the short-term hiring levels. There were several factors that emerged or failed to emerge when compared to previous years, which are as follows:

- Retirements. Succession planning, a strong stimulus for new hires last year, has temporarily been removed from the table, as employees saw the value of their retirement accounts decline by 30 percent to 40 percent. Retirement for many has been postponed. The one exception is the federal government.
- Consumer Confidence. As consumer confidence headed down, so has consumer demand. The economy is operating at significantly less than capacity. Since consumer confidence held the economy together in the spring, respondents hope that consumers will pull the economy up over the next several months.
- Economic Growth. This catchall category signals that all sectors of the national economy are operating toward full production. While there is an argument as to whether the United States is in a regression, the economy has failed to respond to the stimuli provided by interest rate cuts and tax rebates. Given the lag time required to jolt the economy, these actions—plus

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others being considered—will hopefully spur the economy.

- **Skill Replacement.** Behind some of the reported layoffs, companies are hiring new workers with different skill sets than those let go. This factor continues to play a major role, as it has for much of the 1990s, in framing the college labor market.
- **Layoffs.** The good news, for the sample at least, is that 75 percent do not expect further layoffs.

Overall, respondents to the survey expressed confidence in the economy. Competition to find qualified employees will be intense, especially for technical graduates. The pace at which organizations are required to move with regards to new processes and product development, transactions, recruiting strategies, and learning continues to be furious. The college labor market appears to be resilient in terms of demand for this year's graduates.

Hiring Intentions

Realizing that employers may have not formalized their hiring goals because of the economic condition or set preliminary goals that could change during the year, a question was inserted in this year's survey addressing their hiring strategy at the time of the survey. About 40 percent of the organizations said their hiring intentions and targets were uncertain at the time

The survey inferred that total college hires will be reduced 10 percent from last year, while hiring at specific degree levels will be down in all areas except at the associate's level. This exception can be attributed to the underlying strength of the regional economic areas.

Business, engineering and computer science graduates are expected will experience the biggest decline in opportunities. This year positions will be available, but graduates should not expect multiple offers. Meanwhile, liberal arts and science numbers will increase as the companies seeking them plan to expand hiring.

A Final Look At Hiring—When Will It Occur?

Evidence in the study suggests that college hiring

had contracted well before the events of Sept. 11. However, because of the timing of this survey, the impact of the terrorism attack and ensuing military reprisals could not be isolated.

To determine when in the business cycle companies expected to hire this academic year, one question solicited their input as to the quarters (selecting two) they expected to hire. The pattern of response suggests that hiring will be strongest beginning in the second quarter of 2002 and continue through the summer. Those responding after Sept. 11 tended to push their hiring activities further into the future.

Economic Recovery and Hiring

A word of caution in terms of anticipating when hiring might begin. Once the economy begins to recover and the indicators signal movement, hiring will not begin immediately. First, companies will need to begin utilizing more of their capacity with their current workforce before new hires are brought into the company. Further complicating the picture is the backlog of labor waiting to find a position. Many members of the 2001 class are still seeking positions, combined with a large pool of educated workers who have been laid off over the past several months. The class of 2002 will enter this mix and find the market congested and needing time to clear.

Word of Advice

Company representatives were asked to provide advice to seniors as they prepare for their job search in this tight market. The responses tended to cluster around the following five key activities job seekers could engage in:

- **Research.** Take time to research the companies with whom the student would like to work. Researching smaller companies may be more difficult. Companies are placing a premium on "organizational fit"—particularly when they can be more select in the hiring process. Identifying companies that offer the entry-level experiences and environment a student desires can help focus the search.
- **Experiences.** Continue to gain life experiences through internships, volunteering and related

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activities. Even if a student cannot immediately find a job at graduation, these activities provide valuable connections toward a position when the market opens up. In other words, don't drop out.

- **Personal Reflection.** Graduates need to take time to find out what they really want to do by determining their "passions and interests" and setting goals around these passions.
- **Attitude.** The labor market may change quickly, but will remain very competitive. Graduating seniors need to have an open-mind to the opportunities in the labor market, be flexible when it comes to considering offers, and, above all, be patient.
- **Strategy.** Set realistic expectations (particularly with regards to salary) and be prepared for the job search (start early, prepare for interviews, and know how one stands out from others).

Salary Expectations

The following are general findings based on the employer's salary information:

- Bonuses and other signing incentives will not be used this year.
- Salary adjustments overall will reflect only a small increase over last year, approximately 1 percent to 3 percent, with the largest increase at the associate's degree level (3.2 percent).
- By degree earned at bachelors's level: Business will increase by 2 percent to 5 percent; Engineering will increase by 1 percent to 4 percent; Computer Science will increase by 1.2 percent overall; Social Science/Humanities will increase by 4.5 percent overall.
- By degree earned at the master's level: Business will range from negative 2.5 percent to 2.9 percent; Engineering will range from negative 1 percent to 4.8 percent; Computer Science will see little change from last year; Social Science/Humanities will not increase this year; and Science will increase by 1.3 percent.

Recruiting Issues

Due to the rapid change in the economic climate

during the first and second quarters of 2001 many firms had to adjust their hiring figures. In this sample nearly half (42 percent) said they reduced their hiring goals by 1 percent to 98 percent (10 percent, 20 percent, and 50 percent reductions were common). In some cases, full-time offers had to be withdrawn or starting dates delayed indefinitely.

In times of uncertainty, hiring managers can choose to continue normal programs and practices, react strategically, or reduce activity until company hiring needs become clearly defined. In a response to an open-ended question that asked how they were positioning themselves for when hiring activities picked-up, respondents indicated they were actively marketing their companies to students, maintaining relationships, and strategically analyzing hiring needs. A summary of their responses included:

- On-campus presence through recruiting activities, attendance at career fairs, and presentations/meetings with student organizations. These activities were undertaken even if companies did not have open positions.
- Relationships with campus career centers, if being on-campus was not an option, or developing their hiring network if the company did not have formal relationships with college campuses.
- Marketing the company through college job boards, online partners, and advertisements in newspapers and trade magazines.
- Strengthening co-op/internship programs to identify and develop new talent who will be ready when openings occur.
- Strategic planning, which may involve focusing on fewer schools, redesigning hiring processes, updating resume files, analyzing information on trends and staffing, and restructuring staff.

Expectations for on-campus recruiting for the rest of the year were as follows:

- 20 percent would maintain the same level of employer visits as last year
- 42 percent plan slightly fewer employer visits

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- 36 percent plan significantly fewer employer visits

According to the MwACE Temperature Poll regarding attendance at job fairs, 12 percent of the companies stated there was a good turnout by engineering/business students (usually engineering career fairs), 63 percent stated there was a strong turnout by all students, and 25 percent stated there was a so-so turnout.

Candidate Characteristics

The “total package” remains the benchmark for a qualified candidate. Nonetheless, new skills or combination of skills do emerge that college students need to know. In response to an open-ended question, participants were free to list the skills they believed to be critical to ensuring success in the workplace beyond the technical skills inherent in their academic major. Their aggregate list serves to reinforce the existing picture. Based on the total number of comments, these skills emerged as the most important:

- Communication
- Computer literacy
- Interpersonal skills
- Teamwork and leadership
- Flexibility (adaptability)
- Critical thinking
- Perspective

In evaluating the value a candidate can add to an organization, employers were asked to compare a liberally educated individual to one specifically trained in a discipline. The respondents were asked to rate how their organization values education from very broad to very specific. This group of employers held a position above “balanced”. The mean moved toward specific academic training compared to last year. Approximately 49 percent favored a specific education, while 37 percent favored a more balanced academic experience.

Adjusting To A Tight Labor Market

When the labor market is expanding and demand

Thank you

By Bruce Bloom

GCRC would like to thank George Theros, Christine Brodzik, and Joyce Stearn, vice president and corporate director for Global Diversity and Compliance, along with the Motorola staff, food service, facilities, and computer support technicians for their help in making the eighth annual Recruiting Trends Conference a huge success. Also, thank you to the Conference Planning Committee: co-chairs James Opon and Kathy Hancock, Ellen Anderson, Bruce Bloom, Christina Brodzik, Mike Penny, John Petrik, George Theros, Nancy Wajler and Dan Walther.

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exceeds supply, employers seek alternatives to minimize the gap. Strategies include changing recruiting strategies, accepting alternative degrees, and using salaries and bonuses to outbid competitors. Just the opposite occurs in a market where labor supply exceeds demand. Employers can be more selective by falling back on tighter selection criteria. In most cases this is exactly what happens.

According to the survey, 45 percent agreed that job fairs were the best method for recruiting talented candidates. Employers like job fairs where they can connect with many potential candidates. One variation of the traditional job fair is the virtual job fair. According to the survey, 44 percent agreed that on-line recruiting will be the major strategy of the future to find new employees, while 23 percent disagreed.

Regarding college/employer relations, 36 percent indicated their college hires mainly came from participants of their co-op or internship programs, while 42 percent disagreed. The nearly 10 percent jump in agreement to this question suggests some employers will likely only hire from their co-op/intern pool this year.