



ROBERT WALTERS WHITEPAPER

RECRUITING PROFESSIONALS IN A CANDIDATE SHORT MARKET

ROBERT WALTERS

INTRODUCTION

Securing target candidates and retaining employees are growing challenges for companies in an increasingly tight labour market. With more and more candidates receiving multiple job offers, competition among companies appears to be intensifying. Employers are advised to clearly understand the needs of professionals and create recruitment strategies as required if they are to keep one step ahead of competitors.

This whitepaper looks at the scale of talent shortages and their impact on businesses. It also discusses similarities and differences we found between Japan and South Korea through our surveys. Together with insights from candidates, this report sets out several recommendations to consider, which should help put your company in a better position within a competitive marketplace.

METHODOLOGY

This whitepaper is based on findings from research undertaken by Robert Walters. We surveyed 180 hiring managers and 1,484 bilingual professionals across a wide range of industries in Japan and South Korea.

CONTENTS

- 01 Japan** : An overview of talent shortages in Japan
- 02 Japan** : How prevalent are talent shortages?
- 04 Japan** : What measures have companies implemented to deal with talent shortages?
- 06 Japan** : What should companies do to attract professional candidates?
- 09 South Korea** : An overview of talent shortages in South Korea
- 10 South Korea** : How prevalent are talent shortages?
- 12 South Korea** : What measures have companies implemented to deal with talent shortages?
- 14 South Korea** : What should companies do to attract professional candidates?

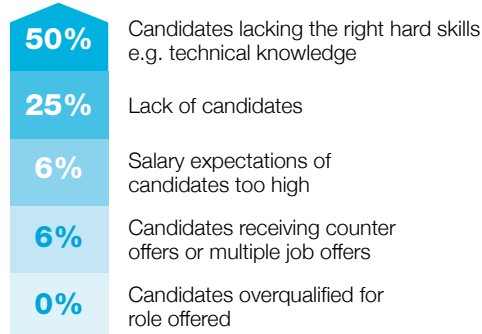
JAPAN



AN OVERVIEW OF TALENT SHORTAGES

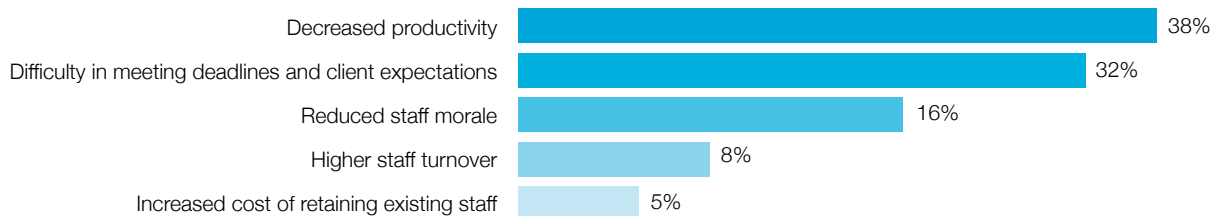
82%
of employers have experienced at least some difficulty recruiting professionals

Which of the following recruitment challenges has your business faced?

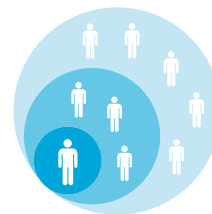
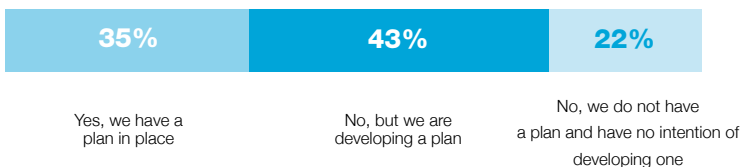


72%
of employers have been affected by talent shortages

How have skills shortages affected your business?



Does your company have a plan for dealing with candidate shortages moving forward?



41%
of employers have loosened recruitment criteria to manage talent shortages

71% of bilingual professionals find higher salary appealing



66% of professionals find new positions and challenges appealing

How much of an increase of salary would you need to change companies?



HOW PREVALENT ARE TALENT SHORTAGES?

Key finding #1 – Most employers experience difficulties recruiting suitably qualified professionals

According to our survey, 82% of employers have had at least some difficulty recruiting professionals. Nearly half (43%) struggled to hire for many positions.

Only one in 10 employers say they have not faced any problems recruiting the right professionals.



Key finding #2 – Finding candidates with the appropriate skill sets is a major challenge

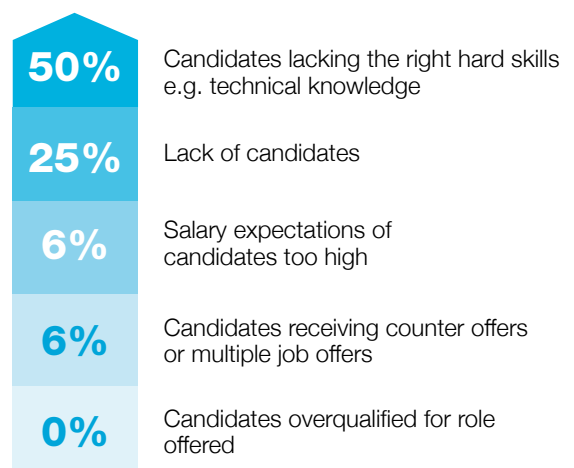
The biggest challenge in hiring managers is attracting candidates with the right technical knowledge and professional experience. Half of the respondents report having this problem.

Furthermore, a quarter of recruiting professionals say they simply have not been able to find enough candidates to interview.

Only 6% of employers think candidates have extremely high salary expectations.



Which of the following recruitment challenges has your business faced?

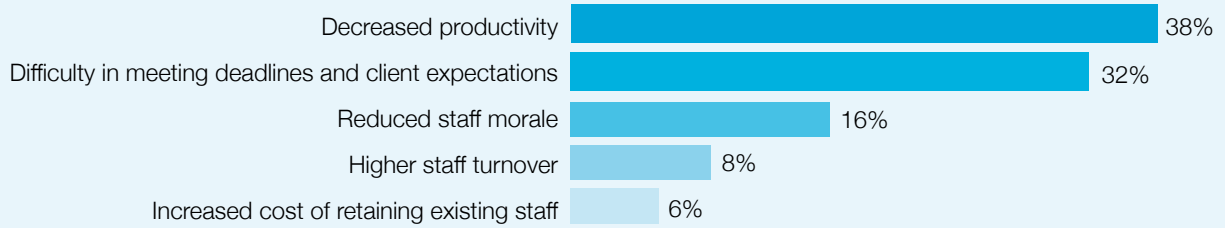


Key finding #3 – Talent shortages have affected business

Our survey has found that 72% of employers say the skills shortages have affected their business.

Nearly four in 10 hiring managers say the problem has lowered their productivity. A third of recruiting professionals think the problem has actually undermined client relationships by making it more difficult to meet deadlines and client expectations. Other impacts on business include reduced staff morale (16%), higher staff turnover (8%) and increased costs of retaining existing staff (6%).

How have skills shortages affected your business?



72%

of employers have been affected by talent shortages

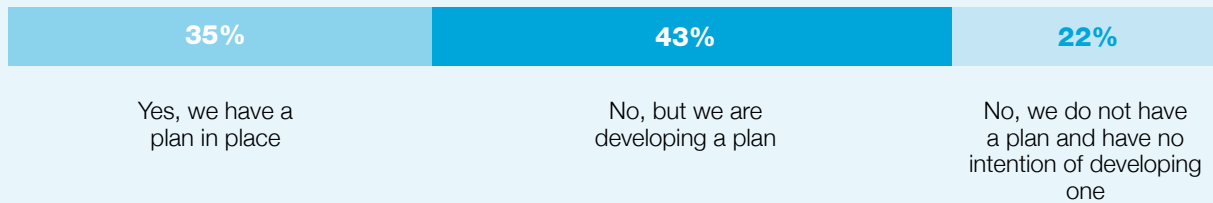


WHAT MEASURES HAVE COMPANIES IMPLEMENTED TO DEAL WITH TALENT SHORTAGES?

Key finding #4 – Many employers have no future plans to tackle skill shortages

Despite the real impacts on business, only just over a third of the respondents say they have business plans to deal with candidate shortages moving forward. About one in five hiring managers say they have no intention of developing plans to tackle the problem. In South Korea, nearly half of all respondents say they have a plan in place.

Does your company have a plan for dealing with candidate shortages moving forward?



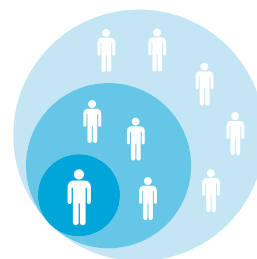
Key finding #5 – Companies deal with skill shortages internally



Over the last 12 months, many companies have tried to come up with solutions internally to deal with candidate shortages. A third of businesses say they have trained existing staff, while a further quarter of respondents say they have rebalanced workloads across departments. Other employers (17% of respondents) say they have moved staff from other offices outside of Japan.

Key finding #6 – Companies become highly flexible on recruitment criteria

Some other companies have loosened their recruitment criteria, including considering candidates lacking some required skills. The most common policy -- cited by 41% of the respondents -- implemented in the last 12 months for dealing with candidate shortages is taking this flexible approach in their recruitment activities. In fact, a quarter of hiring managers say that they are very flexible on hiring less experienced candidates if there's an opportunity to upskill staff.



41%
of employers have loosened recruitment criteria to deal with talent shortages

Key finding #7 – Companies diversify recruiting methods

Also, companies have diversified their recruiting methods, with 29% of the employers saying they have started to recruit through new channels such as social media for business professionals over the last 12 months.

71%

of bilingual professionals
find higher salary appealing



WHAT SHOULD COMPANIES DO TO ATTRACT PROFESSIONAL CANDIDATES?

Key finding #8 – A good remuneration package is the biggest motivation for changing jobs

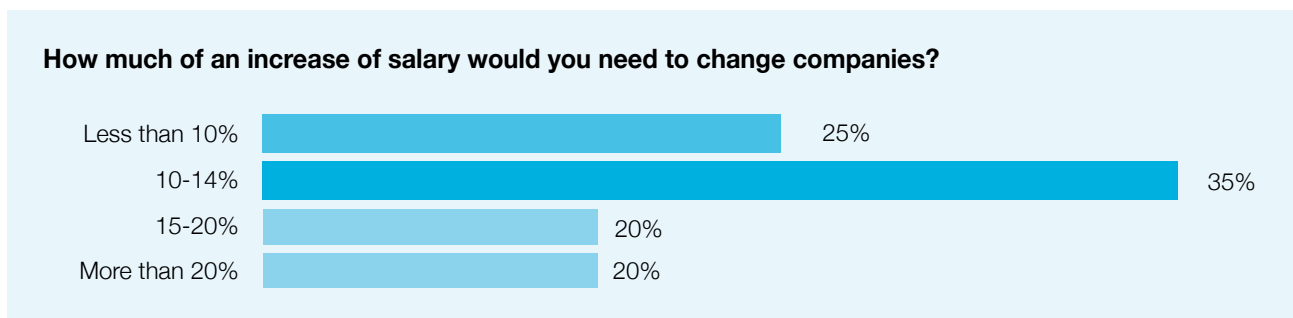
A good remuneration package is key for bilingual professionals. When asked what points appeal to them, 71% answered higher salary. In fact, a third are not satisfied with the salary levels they currently earn.

However, only a third of employers regard remuneration packages as a very important factor when candidates consider new positions. Less than 20% say they have increased salaries to deal with candidate shortages over the last 12 months. Furthermore, only 14% of respondents say they would review budgets and adjust their salary offer if they are in situations where they have to compete against other employers to secure target candidates.

Instead, nearly half (43%) of hiring managers say they simply sell the job's benefits, depending on what the candidates are looking for.

Key finding #9 – Candidates want higher salaries than what hiring managers assume

About a third of bilingual professionals say they would require salary hikes ranging from 10 to 14% if moving to a new company. A further 40% of the respondents would want pay rises of more than 15%.



Overall, the candidates requiring salary increases of higher than 10% reached 75%, compared to 86% in South Korea.

Interestingly, just over 6% of employers in Japan say that over the last 12 months they have come across situations where candidates' salary expectations are too high. The figure is much lower than 16% in South Korea and 36% in the United Kingdom. This finding sheds light a certain gap on salary expectations between candidates and hiring managers, with the possibility that employers might have not fully appreciated candidates' desired salary levels.

Key finding #10 - Candidates look for challenging work assignments

A challenging work environment is also an important factor for candidates. Two-thirds find new positions and challenging work assignments appealing.

In fact, most employers appear to realise that professionals feel satisfied when they have been able to add value to the business. Almost half of respondents say this is a top motivating factor. Another 28% of the HR professionals say varied and interesting work is very important when candidates consider new positions.

However, it is assumed that many companies haven't met candidates' needs, since more than a third of bilingual professionals cite a lack of challenging work as a major problem at their current workplaces.



66%

of professionals find new positions and challenges appealing

Key finding #11 – Candidates are attracted to opportunities for career development

Our survey shows that about two in five bilingual professionals say limited career development opportunities are a major problem at their current workplaces. However, only 17% of employers regard good prospects for career progression as a top priority for candidates who consider new positions.

Hence, providing appropriate opportunities for career development may increase the likelihood of securing target candidates.

Key finding #12 – Preparing for counter-offers is a key strategy

Counter-offers are an increasingly common feature of a talent-short market. It is ever more critical for employers to prepare for this situation, should they aim to retain existing staff as well as to source target candidates.

However, very few seem to appreciate this reality. Only 6% of hiring managers say candidates with counter-offers or multiple job offers were their biggest challenge over the last 12 months.

Offering increases in pay and benefits may be the easiest method of dissuading staff from the uncertainty of accepting new jobs elsewhere, with 71% of candidates saying they find higher salaries appealing. There are other feasible responses to counter-offers such as job security (46%), promotion (35%) and overseas assignments (34%).

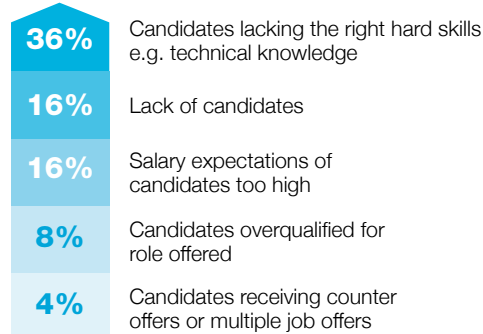
SOUTH KOREA



AN OVERVIEW OF TALENT SHORTAGES

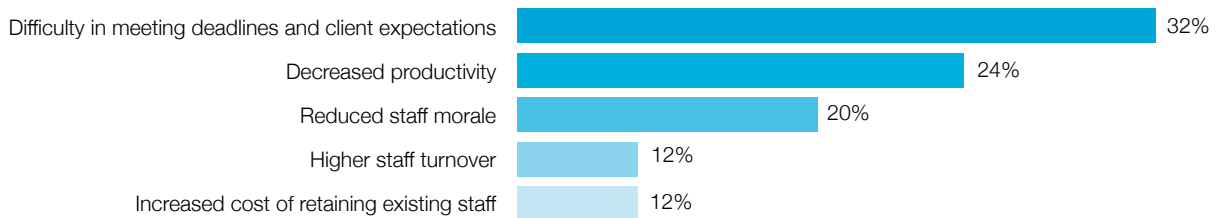
76%
of employers have experienced at least some difficulty recruiting professionals

Which of the following recruitment challenges has your business faced?

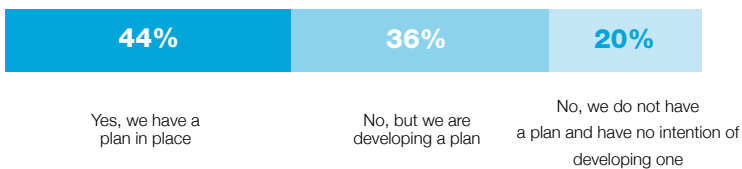


64%
of employers have been affected by talent shortages

How have skills shortages affected your business?

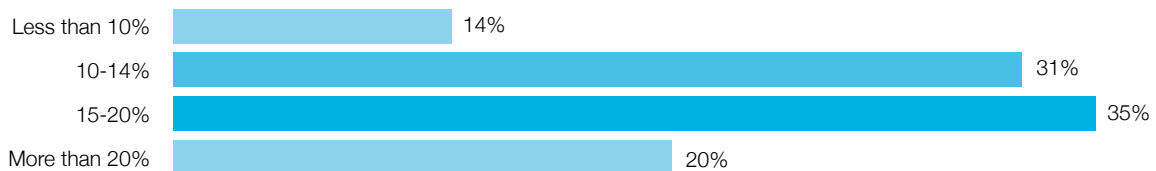


Does your company have a plan for dealing with candidate shortages moving forward?



32%
of companies have increased salaries to deal with candidate shortages

How much of an increase of salary would you need to change companies?



67%
of professionals find new positions and challenges appealing



52%
of bilingual professionals find job security appealing

HOW PREVALENT ARE TALENT SHORTAGES?

Key finding #1 – Most companies experience difficulties recruiting suitably qualified professionals

In South Korea, 76% of employers say they have had at least some difficulty recruiting professionals, with 28% saying they struggled to fill many vacancies.

While the scale of the skills shortages is less pronounced than in Japan, the challenge is felt to a similar degree in South Korea.

Meanwhile, 12% of hiring managers say they have not experienced any problems recruiting suitably qualified candidates.



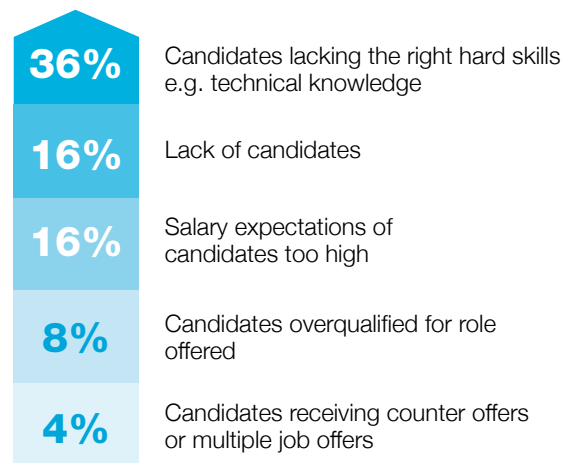
Key finding #2 – The main issue is a shortage of candidates with appropriate skill sets

Over the last 12 months, a major challenge for companies has been finding candidates with the right technical knowledge and work experience. Over one third (36%) of the respondents say they have experienced this problem.

Also, 16% of HR managers believe they have encountered insufficient numbers of candidates to interview. The same percentage of respondents say salary expectations for candidates are too high. Other challenges include candidates overqualified for the positions offered (8%) and candidates receiving counter-offers or multiple job offers (4%).



Which of the following recruitment challenges has your business faced?



Key finding #3 – Talent shortages have affected business

Our survey reveals that 64% of employers say the skills shortage has affected their business. Yet the scale of the impact is less prominent in South Korea than in Japan (72%).

Even so, almost a third (32%) of hiring managers say the shortages have made it more difficult to meet deadlines and client expectations. Also, about a quarter (24%) of respondents say the issue has negatively affected their productivity.

Other impacts on business include lower staff morale (20%), higher staff turnover (12%) and increased costs of retaining existing staff (12%).

How have skills shortages affected your business?



64%

of employers have been affected by talent shortages

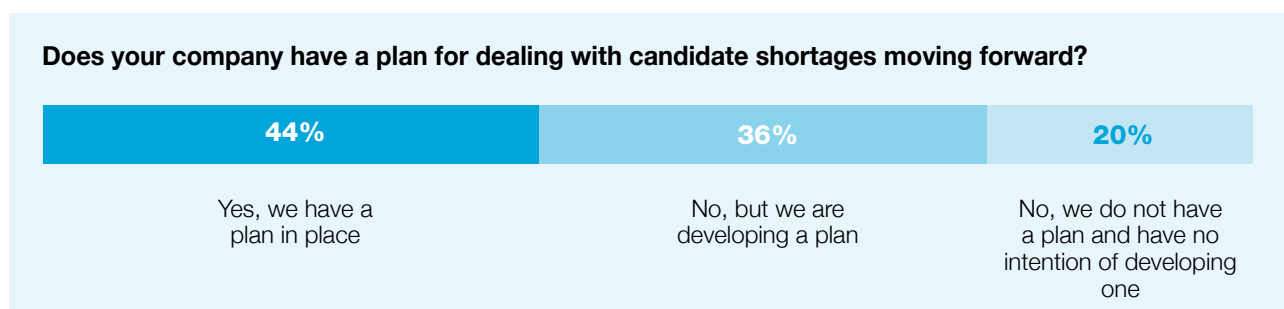


WHAT MEASURES HAVE COMPANIES IMPLEMENTED TO MANAGE TALENT SHORTAGES?

Key finding #4 – Nearly half of employers are prepared for talent shortages

In light of such business impacts, 44% of respondents say they have a plan to deal with the talent shortages over the coming months. This figure is higher than the 35% recorded for Japan, indicating that South Korean companies are slightly more prepared to deal with the candidate shortages, even though the seriousness of the problem appears to be more acute in Japan.

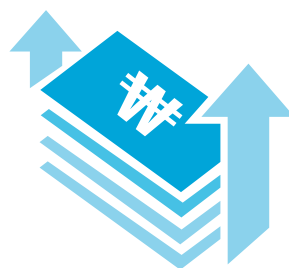
Still, one in five respondents say they have no intention of developing plans to tackle the problem.



Key finding #5 – Companies increase salaries and improve benefit packages

Over the last 12 months, about one third (32%) of employers say they have policies to increase salaries of existing staff or target candidates to deal with candidate shortages. A further 16% of respondents say they have improved benefit packages. These numbers are much higher than Japan's, which are 19% and 8% respectively.

The most common measure in Japan is to loosen recruitment criteria and consider candidates lacking some required skills. But this was done by only 12% of South Korean employers.



32%
of companies have increased salaries to deal with candidate shortages

Key finding #6 – Companies train staff and potential candidates

In the last 12 months, employers in South Korea have trained existing staff to deal with the difficulty of hiring candidates with appropriate skill sets, with 36% of respondents saying they have upskilled employees. The figure in Japan is 30%.

Additionally, 40% of hiring professionals say they have recruited from new talent pools and trained them for some required skills they had lacked.



86%

of candidates require salary increases of at least 10% when switching companies

WHAT SHOULD COMPANIES DO TO ATTRACT PROFESSIONAL CANDIDATES?

Key finding #7 – Higher salaries are a strong motivation to make people switch employers

As with Japan, a good remuneration package in South Korea is key to attract bilingual professionals. When asked what points appeal to them, 52% of candidates answered higher salary. Three in 10 professionals we surveyed say a lower than desired salary is a major problem at their current workplace. Therefore, offering a pay rise would likely help secure target candidates.

In fact, many companies have already realised the importance of good salary levels. All employers we surveyed rate a good salary and bonus as either "very important" or "important" when candidates consider new positions.

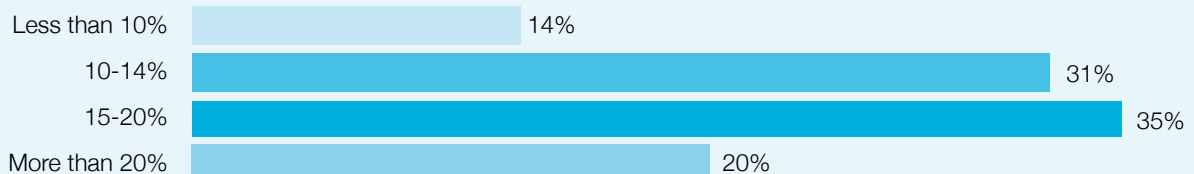
Additionally, some employers have already increased salary levels to meet candidates' needs, with almost a third (32%) of them saying they have put the measure in place over the last 12 months, as key finding #5 points out.

Key finding #8 – Most candidates require more than 10% of a pay rise when changing jobs

Our survey shows that 86% of candidates say they require salary increases of at least 10% when moving to a new company. The figure was higher than the rate (75%) in Japan.

Among this group in South Korea, nearly a third (31%) of the professionals say they would require salary hikes ranging from 10% to 14%, while the rest (55%) cite increases of more than 15%.

How much of an increase of salary would you need to change companies?



Key finding #9 – Candidates are attracted to challenging work assignments

As with Japan, a challenging work environment may be a good selling point if you would like to persuade target candidates to accept your job offer. 67% of candidates find new positions and challenging work assignments appealing.

Interestingly, many employers appear to realise this point. Over half (52%) the respondents rate the ability of adding value to the business as "very important" when candidates consider new positions. Furthermore, 21% of hiring managers say good prospects for career progression is "very important" for candidates considering a new role.

In reality, however, only a few companies create the kind of challenging work environments employees hope for. This is backed up by the fact that 35% of candidates say they are not satisfied with their current workplace due to the lack of challenging work.



67%

of professionals find new positions and challenges appealing

Key finding #10 - Candidates seek job security

Job security is among the top three factors candidates find appealing. More than half (52%) cite this point. This is evidence that specialist professionals want a sense of security while employed.

Job security is in fact a more popular option than other factors including office environment and location (cited by 38%), overseas assignments (31%) and promotion (29%).

In Japan, 46% of bilingual professionals we surveyed found job security appealing.



52%

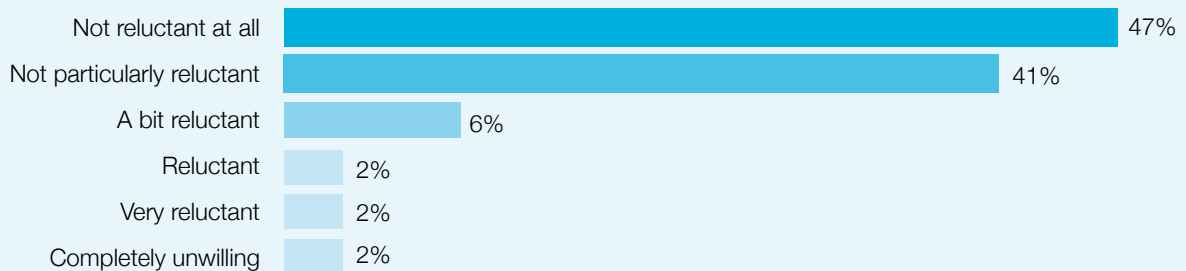
of bilingual professionals find job security appealing

Key finding #11 - Most professionals are willing to switch companies

Meanwhile, we found that most bilingual specialists are willing to change jobs. 88% of respondents answer they're "not reluctant" to switch companies, with 47% of this group describing themselves as "not reluctant at all" to change jobs.

In Japan, when asked about their willingness to change jobs, 38% of bilingual professionals say "not reluctant at all", while another 30% of the respondents say they're "not particularly reluctant".

How reluctant are you about changing jobs?



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