

Market Information

i-BR Recruitment Industry survey results



i-Business Resources
www.i-businessresources.com



w: www.i-businessresources.com
t: 0800 756 6794
e: info@i-businessresources.com

Robert Streeter

i-Business Resources (i-BR)

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Survey summary

Introduction:

i-Business Resources (i-BR) conducted an online survey of UK recruitment agency professionals during June 2009. The survey covered attitudes on the current state of the recruitment market, the main challenges faced today by recruiters, and the views on the importance of IT solutions in facing these challenges. A summary of the survey results are provided below. Full details and analysis of the questions asked are provided after this summary.

Recession recovery:

Overall, three quarters of recruitment professionals viewed their market as less buoyant than 12 months ago. However, in market sectors such as Care, Health & Education recruiters were more up-beat with, for instance, 80% of Care recruiters viewing market conditions as the same for them as they were a year ago. Temp recruiters tended to view the current market slightly more favourably than Perm recruiters, with 30% of these viewing their sector the same as a year ago as opposed to 20% of Perm recruiters.

The good news is that 86% of recruiters believe that the slowdown in the market has bottomed out. In terms of recovery, 38% feel that a recovery will start within the next 6 months, and nearly all recruiters expect to see a full recovery at some point between now and the end of 2010.

Today's challenges:

The biggest challenge facing recruiters as a whole at present is finding new clients (and vacancy requirements). This supports what most of us have observed that the recession has reduced the number of available vacancies in most market sectors. Finding good candidates was rated overall as the second biggest challenge.

However, there are differences in challenges between Industry sectors. Whilst people in most market sectors rated finding new clients as their top priority; in Care, Education, and Health sectors finding good candidates was the top rated issue they face. Rec-to-Rec was also an exception where being flexible to exploit new markets and/or opportunities was rated the top challenge.

Reducing costs and being more flexible to exploit new market opportunities were rated approximately the same.

The least important issue facing agencies was improving service. Taken in context with other answers however, this perhaps indicates that agencies are more focused at present on being flexible to find new business and keeping costs low rather than suggesting that Service Improvement is not an important aspect of their business on an ongoing basis.

Recruitment technology views:

80% of Recruiters view utilising some type of IT to help face current market challenges as important, or extremely important, for their business. Only 3% viewed any type of IT as only a small or no benefit.

Use of the Internet was rated as the most important aspect of technology for recruiters. This suggests that the Internet now goes beyond providing a helpful addition for recruitment professionals but is now a key tool in all Industry sectors for running a recruitment business.

A good front-office system was rated the next important IT solution. In addition, most recruiters view having low-cost simple IT infrastructure requiring little support, and access to systems out of the office/between branches, as important or extremely important.

It can be concluded that the IT solution that the majority of recruitment professionals require to achieve their objectives is therefore a good front-office system accessed through the Internet on a Software as a Service (SaaS) basis. This conclusion is reached as SaaS is the only basis where an agency can achieve both access to their front-office system in remote locations, together with simple, low-cost IT infrastructure.

Good back-office software was rated as important in facing today's business challenges with temp recruiters rating this slightly higher than Perm recruiters. 60% of temp recruiters viewed that integration of front and back-office systems was important or extremely important for their business.

65% rated Low-cost flexible telephone systems as important or extremely important, whilst sophisticated e-Marketing was rated overall as only helpful. This perhaps suggests that the traditional 'face-to-face' (or voice to voice in this instance) approach within recruitment is still the preferred method of communication, despite the advent of new ways of communicating utilising email marketing utilised in business sectors outside of recruitment.

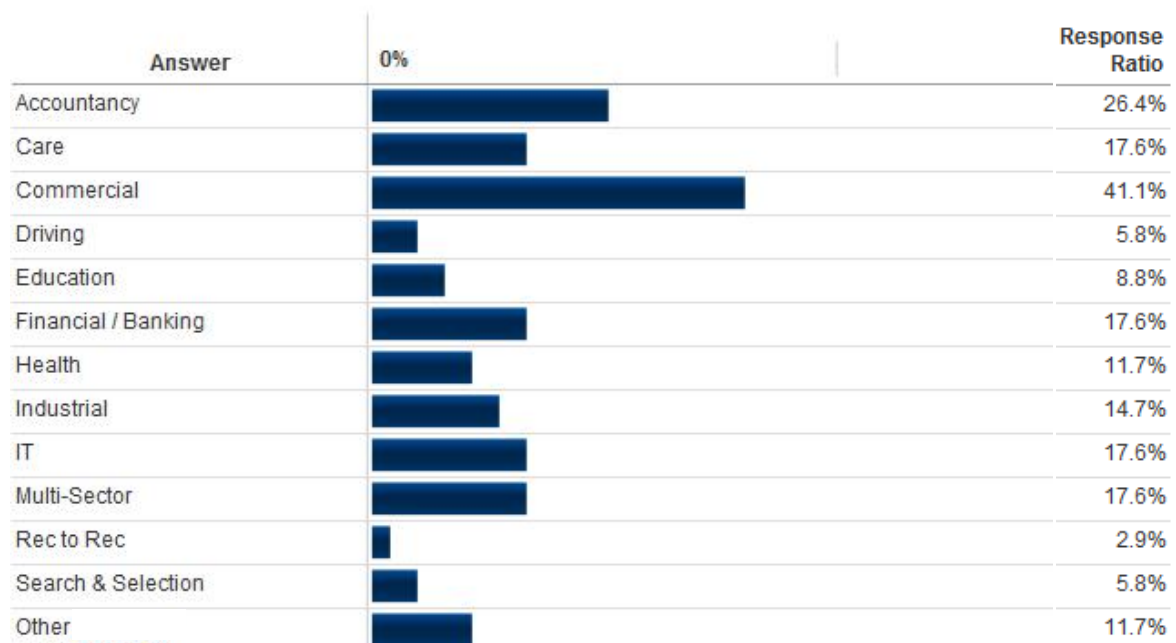
Online Timesheets was the least important technology of the options given in the survey with only 24% seeing this as important or extremely important. This is perhaps a surprise given the benefits that have been attributed to self-serve systems such as online Timesheet systems in cost reduction and service improvement for agencies.

Questions and responses

Introduction:

The questions asked in the survey are produced below together with the ratings from responses. Comments by the author are provided with further information and analysis where appropriate. N.B. the survey was conducted during the last 2 weeks of June 2009 with 157 participants in the UK recruitment agency market within management or senior management positions.












Q1 – What recruitment sectors does your business operate in?



Q2 – What types of recruitment does your business perform?



Q3 – What Regions does your business operate in?

Answer	0%	100%	Response Ratio
East Anglia			11.7%
London			41.1%
Midlands			50.0%
North East			11.7%
North West			20.5%
Scotland			8.8%
South			17.6%
South East			38.2%
South West			23.5%
Wales			17.6%
Other			8.8%

Q4 – In your industry sector, how buoyant do you feel the UK recruitment market is compared to this time last year?

Answer	0%	100%	Response Ratio
More buoyant			3.4%
Less buoyant			75.8%
The same			20.6%

Comment:

The majority (76%) of the people surveyed felt the UK recruitment market was less buoyant than a year ago.

Where people felt that their industry sector was the same, or more buoyant, these respondents all operated in the Care, Education, Health, and/or Rec-to-Rec sectors.

Over 80% of respondents in the Care and Rec to Rec sectors felt that market conditions were the same for them now as a year ago. Within Health, 50% of respondents viewed the market the same and 50% less buoyant. Within Education, 35% of respondents felt market conditions were the same but 65% felt they were worse.

Respondents in all other sectors viewed the market as less buoyant than 12 months ago.

Temp recruiters tended to view the current market more favourably than Perm recruiters, with 30% of these viewing their sector the same as a year ago as opposed to 20% of Perm recruiters.

Q5 – Do you think the UK Recruitment market in the next 6 months will....

Answer	0%	100%	Response Ratio
See an upturn			37.9%
Get worse			13.7%
Stay the same			48.2%

Comment:

86% of people believe the market (for them) will either stay the same or see an upturn in the next 6 months. This seems to indicate that people feel that the slowdown in the market has come to an end. In addition, 38% of respondents felt an upturn will be seen in the next 6 months indicating that they felt the signs of recovery will appear by the end of 2009.

No significant differences were found in people's responses between market sectors and/or regions.

Q6 – How long would you predict it will take before the recruitment market for your business is back to pre-Credit Crunch levels?

Answer	0%	100%	Response Ratio
It is already			6.8%
6 months			13.7%
12 months			31.0%
18 months			34.4%
2 years			13.7%
Other			0.0%

Comment:

The previous question indicated that people felt that the market slowdown has halted and a recovery will start to be seen by the end of 2009. Most people however (65%) felt that a full recovery will take between 12 and 18 months i.e. by the end of 2010.

Q7 – What do you feel are the biggest challenges facing your business at present?

Respondents were asked to rate each of the following in order of importance.

1 = Least

Answer	1	2	3	4	5	Ranking Score*
Finding new Clients						4.1
Finding good Candidates						3.2
Reducing costs						2.8
Improving service						2.1
Being more flexible to exploit new markets and/or opportunities						2.7

*The Rating Score is the weighted average calculated by dividing the sum of all weighted ratings by the number of total responses.

Provided below is a breakdown of the % of respondents rating each option as 1st, 2nd, 3rd, 4th, or 5th importance:



Answer	1	2	3	4	5	Ranking Score*
Finding new Clients	6%	6%	6%	29%	51%	4.1
Finding good Candidates	16%	12%	19%	35%	16%	3.2
Reducing costs	16%	29%	29%	12%	12%	2.8
Improving service	32%	35%	22%	6%	3%	2.1
Being more flexible to exploit new markets and/or opportunities	29%	16%	22%	16%	16%	2.7

Comment:

Overall, people rated finding new clients as the biggest challenge facing them at present. 80% of respondents rated finding clients as their 1st or 2nd priority. This supports other industry surveys that the recession has reduced the number of available vacancies in most market sectors. This has led to greater competition in seeking out new clients.

Finding good Candidates was rated overall as the second biggest challenge, with 51% of respondents rating this as their 1st or 2nd priority (see however later comments on differences in Industry sectors).

Reducing costs and being more flexible to exploit new market opportunities were rated approximately the same on an overall rating scale. Being flexible however was rated slightly higher as a priority as respondents 1st or 2nd priority (32% of respondents versus 24% for reducing costs).

Overall, the least important issue facing agencies was improving service. Taken in context with other answers, this perhaps indicates that agencies are more focused at present on being flexible to find new business and keeping

costs low rather than suggesting that Service Improvement is not an important aspect of their business on an ongoing basis.

There were however some marked differences between respondents in different market sectors.

Whilst people in most market sectors rated finding new clients as their top priority; in the Care, Education, and Health sectors finding good candidates was the top rated issue they face. This perhaps suggests that whilst the recession has led to a drop in recruitment vacancies amongst private sector employers, requirements in public sector services has continued at a level where good candidates are still in demand and short supply. This observation is supported by answers to question 7 above regarding views on the buoyancy of different market sectors.

Rec-to-Rec was also an exception to rating finding clients as the top challenge. Being flexible to exploit new markets and/or opportunities was rated the top challenge. This might be explained due to agencies in certain sectors (e.g. Financial / Banking) contracting so other opportunities with agencies in sectors less affected by the recession are being sought by Rec-to-Rec agencies. This however is conjecture and would require further analysis to determine statistically the full reasons.

Provided below is a breakdown of the respondent's ratings by Market Sector:

	Accountancy	Care	Commercial	Driving	Education	Financial / Banking	Health	Industrial	IT	Multi-Sector	Rec-to-Rec	Search & Selection	Other
Finding new Clients	5.0	3.0	4.5	5.0	3.5	4.4	2.5	5.0	4.8	4.4	3.0	5.0	4.8
Finding good Candidates	2.6	4.2	2.8	3.5	4.5	2.8	4.0	2.4	3.0	3.2	4.0	4.0	3.0
Reducing costs	2.9	2.6	2.9	2.5	2.0	2.6	3.2	2.6	2.3	2.8	2.0	3.0	3.2
Improving service	1.5	2.2	2.1	2.5	4.0	1.4	3.2	2.0	1.5	1.8	1.0	2.0	1.8
Being more flexible to exploit new markets and/or opportunities	3.0	3.0	2.8	1.5	1.0	3.8	2.0	3.0	3.3	2.8	5.0	1.0	2.2

Q8 – Please rate the following on how important they are for a modern recruitment agency to face current challenges?

Respondents were asked to rate each of the following on a scale of 1 to 5.

1 = No benefit, 2 = Small benefit, 3 = Helpful, 4 = Important, 5 = Extremely Important

Answer	1	2	3	4	5	Rating Score*
Good front-office software						4.1
Good Back office software						3.9
Integrated front and back office systems to reduce admin costs						3.5
Flexible low-cost telephone systems						3.7
Maximised website presence						4.1
Agency Job -Board on your website						4.2
On-line Timesheets						2.9
Sophisticated e-Mkt						3.2
Low-cost simple IT infrastructure requiring little support						4.0
Access to systems out of the office / at home / between branches						4.0

*The Rating Score is the weighted average calculated by dividing the sum of all weighted ratings by the number of total responses.

Provided below us a breakdown of the % of respondents classifying each option as 1, 2, 3, 4, or 5:



Answer	1	2	3	4	5	Rating Score*
Good front-office software	3%	18%	40%	37%		4.1
Good Back office software	3%	28%	37%	31%		3.9
Integrated front and back office systems to reduce admin costs	9%	6%	28%	34%	21%	3.5
Flexible low-cost telephone systems	3%	6%	25%	50%	15%	3.7
Maximised website presence	3%	15%	46%	34%		4.1
Agency Job -Board on your website	3%	12%	50%	34%		4.2
On-line Timesheets	12%	18%	43%	18%	6%	2.9
Sophisticated e-Mkt	3%	21%	40%	25%	9%	3.2
Low-cost simple IT infrastructure requiring little support	9%	9%	50%	31%		4.0
Access to systems out of the office / at home / between branches	12%	12%	34%	40%		4.0

Comment:

Over 80% of Recruiters placed utilising some type of IT to help face current market challenges as an Important, or extremely important, part of their business. Only 3% viewed any type of IT as only a small or no benefit to their business. Further analysis in different areas is provided below.

The Internet:

A Job-board on their agency's website was given the highest overall rating with 84% of respondents rating this as either important or extremely important. 80% also rated maximising their web presence as important or extremely important.

These results suggest that the Internet now goes beyond providing a helpful addition for recruitment professionals but is now a key tool in all Industry sectors for running a recruitment business.

Front-Office systems & running IT:

In overall importance a good front-office system was rated the next important IT solution to the Internet with 77% rating this as either important or extremely important.

In addition however, respondents viewed having low-cost simple IT infrastructure requiring little support as important (81% rating this Important or extremely important). 74% rated access to systems out of the office/between branches as important or extremely important.

It can be concluded from the above that the IT solution that the majority of recruitment professionals require to achieve their objectives is therefore a good front-office system accessed through the Internet on a Software as a Service (SaaS) basis. This conclusion is reached as SaaS is the only basis where an agency can achieve both access to their front-office system in remote locations, and with simple, low-cost IT infrastructure.

Back-office systems and integration with Front-office systems:

In terms of back-office software, this was rated overall as 3.9 (Important = 4.0) by all respondents. However, when looking at only temp recruiters the overall importance increased slightly to 4.1. This is perhaps expected as good back-office systems become more important when dealing with the more complex requirements of a Temp/Contract businesses timesheet, payroll and invoice management compared with Perm business.

Integration of front and back-office systems was given an overall rating of 3.5 with 55% of people rating this important or extremely important. This increased to 3.6 and 60% respectively when looking at respondents conducting Temp business. Based on a snapshot of respondents the importance of integration (perhaps as expected) was less important amongst sales managers, and more important to senior management and Accounts managers.

IT for communications:

Low-cost flexible telephone systems were rated overall as 3.7. 65% rated this as important or extremely important. However, sophisticated e-Marketing was rated overall as helpful (3.2) with 34% rating this as important or extremely important.

This perhaps suggests that the traditional 'face-to-face' (or voice to voice in this instance) approach within recruitment is still the preferred method of communication, despite the advent of new ways of communicating utilising email marketing utilised in business sectors outside of recruitment. Alternatively or course, it could suggest recruiters are unaware of how modern e-Marketing methods can target new clients and improve branding. This however is conjecture as the survey did not extend to specific questions in this area.

Online Timesheets:

The importance of Online Timesheets came out overall as a rating of 2.9, with only 24% seeing this as important or extremely important. This is perhaps a surprise given the benefits that have been attributed to self-serve systems such as online Timesheet systems. These benefits would therefore either appear to have been over-stated, or recruiters are by and large sticking with traditional and well-known solutions and do not yet have experience of, or access to, this type of technology. Again, this survey did not cover specific questions to address this question.