



## UK IT Recruitment White Paper

### **Mainstream Recruitment vs. Specialist/Niche Agencies**

---

Online/web has dramatically changed the way that companies, recruiters and candidates connect.

- 'In 1999, less than a third of Fortune 500 companies used the Internet as part of their recruitment activities – in just four years, by 2003, that figure had jumped to 94%. Today every Fortune 500 company uses the Internet as part of its recruitment activities' (Online Recruitment survey: *Online Job Recruitment: Trends, Benefits, Outcomes, and Implications 2003*).
- 'In 2003, 45% of job seekers, used the Internet to help find jobs – today, that figure is now 94%' (Society for Human Resource Management 2007).

This increase has not however changed the actual recruitment process, just provided the means to reach more candidates at a lower cost. This has amplified a long standing problem when working with recruitment agencies: quality vs. quantity.

The main function of the recruitment agency is to remove the burden of qualifying candidates and perform an initial screening. The ideal scenario being that employers then only review carefully screened CVs to progress to interview stage which unfortunately, is not always the case.

### **General Accepted Industry Process and Trends**

Mainstream recruitment firms will follow a standard process within the IT industry, issuing job specifications and advertising in local and national press and using online social media.

'In some sectors, including investment banking, employers receive about 200 applications for every job on offer.' (*The Telegraph: Is the jobs market getting tougher? June 2011*).

Today we see multiple applications for open vacancies accompanied with the task of effectively reviewing CVs which can prove an uphill challenge.

With current market trends and a view that the recruitment sector has not dramatically changed for the better, hiring companies have difficulties and are dissatisfied with their current recruitment agencies.

*Source: CIPD Recruitment, Retention and Turnover survey 2007*

- 84% of organisations experienced difficulties with recruitment companies
- 65% of organisations felt that recruitment companies lacked the specialist skills needed to intelligently select candidates
- 65% of organisations felt that candidates' pay expectations did not match the role
- 37% of organisations felt that candidates were submitted who did not have enough experience
- 42% of companies felt that agencies put forward suitable candidates
- 45% of companies felt that agencies were more interested in 'making a sale' than finding the right candidate for the role
- 99% of companies said that the quality of the candidates was important when choosing an agency
- 94% of companies said that the quality of service from the agency was important

Essentially, companies feel that they are not seeing suitable candidates. They have not been confident in their current recruiters' ability to intelligently select suitable candidates.

The majority of the recruitment industry is failing to deliver. With the news that 'companies set aside more than 34% of their recruitment budget for spend directly on online job boards' (*Direct employers recruiting trends survey 2007*), which has no-doubt risen today, companies clearly believe that they will receive a far greater return on investment from advertising and sourcing direct, compared to the value of service provided by mainstream recruitment firms.



Despite the increase in company investment in direct sourcing and the inevitable use of mainstream recruitment firms, companies do still concede that overall candidate quality is poor.

### ***Specialist/Niche Agencies***

The tongue-in-cheek phrase 'big enough to cope and small enough to care' has been bandied around the recruitment industry for years, but there's no better way to describe the specialist agency.

There is a marked rise in the use of specialist recruitment companies; either focused on a specific marketplace, operating in a niche online space or social network, on specialised job boards and/or with the skills to offer industry-specific search and selection.

Recruitment agencies capable of offering a niche and genuine value of service are what companies have longed for.

Typically, the specialist/niche agency is small enough to work with both potential employers and candidates on a one-to-one basis, avoiding the large and anonymous management process of other mainstream recruitment firms which adds little value.

The specialist agency will strive to meet company requirements. With their industry specific knowledge they are more successful in understanding the needs and communication requirements of candidates. This in turn will provide an improved match of candidate to specific job roles.

Many aspects to the way a specialist agency will operate can be no different from the mainstream. But, when advertising for candidates, reviewing CVs and matching them to job requirements, the specialist agency has more focus and understanding on the needs of both company and candidate resulting in a higher quality of service with a greater degree of success.

The skills and experience provided by working with a specialist recruitment agency should not be underestimated. There is no substitute for specialist experience within an industry to genuinely find the right answer to requirements and to intelligently explore what it is required for a company. Familiarity within the industry also enables a specialist recruiter to understand the unique dynamics and culture of that industry, its products and services, competitors, current market trends and what companies within that industry seek from it.

When talking to candidates, specialist experience also pays dividends. They are able to better understand the career options of each candidate, which company best suits and in which roles they are most likely to succeed. The recruiter is also more likely to know of positions that are immediately available within that industry. This is opposed to the alternative offered by mainstream recruitment companies; essentially the matching of keywords between job description and CV, not candidates to roles.

For the candidate approaching the specialist recruitment company the key advantages are the focus on relevant jobs, being assured that their CV will not be lost in a large database never to surface again and that they will be assisted in finding the best job match for their needs.

The top three influences considered by candidates when looking for work are interesting work, ability to control own work and work/life balance (*Global Sourcing and Strategy Online Survey Q4 2010*). This highlights how important it is to match candidates to jobs – the mainstream approach of checklist and keyword search alone just isn't enough. Specialist recruiters know their candidate's skills, know the company requirements, understand the role and have a strong awareness of the industry. This is where the specialist recruitment companies are making their mark, with a personal service and an informed approach leading to a significantly higher level of company satisfaction than is achieved by mainstream recruiters.



The specialist recruitment company is a lot more selective and works only with top candidates. They therefore do not have huge numbers of general candidates within their network and on their database; they are focused on quality rather than quantity. From a company perspective, this should mean that they see fewer CVs, yet have a higher number of relevant candidates. With superior industry knowledge and access to relevant jobs and candidates, the specialist recruitment company is far better placed to match candidates to roles more accurately and effectively.

## Verdict

---

- The overall consensus of opinion within the industry is one of disappointment from mainstream recruitment companies following processes which are not servicing company needs effectively.
- Specialist agencies are better structured to utilise their experience and understanding of the industry.
- Generalist recruiters and agencies alike which offer the least value are most under threat due to the onset of cheap alternatives such as low-cost online routes to candidate resourcing .
- Specialist/niche recruitment agencies are proving to be more effective in attracting top candidates; achieving superior results due to the specialised nature of their market focus, typically small enough to capitalise on their knowledge of the market, companies and candidates.
- Companies will continue to direct source candidates and recruit employees through several mediums; job boards, their own websites and advertising via social media.
- Specialist recruitment companies have an increasingly important role within industries where the candidates themselves require specialist knowledge and experience, making it harder for mainstream recruitment companies to learn enough about the industry to be able to offer real value.
- There will always be industries and organisations which will find success following a more general approach used by non-specialist recruitment agencies and general job boards, but for many companies, using a recruitment company which has experience in their industry will deliver significant benefits.
- For the IT industry and for IT roles, specialist recruitment companies currently have the edge – and are likely to retain it...