BACK TO BASICS: A FOCUS ON CLIENT RELATIONSHIPS

2013

AUSTRALIAN STAFFING AND RECRUITMENT TRENDS REPORT

BULLHORN®

CONTENTS

Introduction

In December of 2012, Bullhorn conducted its second annual trends survey of agency recruitment professionals in Australia, seeking to assess the state of the recruitment industry from the perspective of business performance, compensation, popularity and growth of recruitment technologies, and measurement best practices. In addition to the 2013 Australian Staffing and Recruitment Trends Report, the 2013 North American Staffing and Recruiting Trends Report and the 2013 European Staffing and Recruitment Trends Report are also available on the Bullhorn website.

Worries about a weak economic outlook and competition from in-house recruitment consultants temper Australian recruitment professionals' usual optimism about the upcoming year. They are focussed on strengthening client relationships and expanding geographically. Social recruiting adoption increased to 98 per cent among those surveyed, up from 92 per cent in 2011, with LinkedIn being the most popular social network for recruitment in the region. However, while social media continues to increase in popularity, mobile access to CRM recruitment systems was considered less important in 2012 than in 2011. The survey findings suggest a mix of progress and hesitation in adopting recruitment technologies.

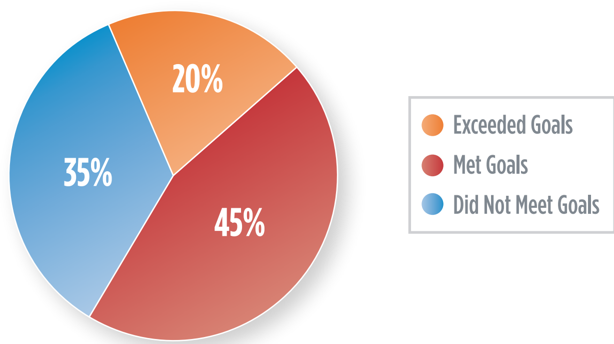
Key Findings

- Only 65 per cent of firms met or exceeded their revenue goals for 2012, versus 75 per cent who did so in 2011.
- 76 per cent expect an increase in company revenue in 2013, compared to 91 per cent who expected an increase in 2012.
- 69 per cent of respondents cited their most successful business adjustment of 2012 as strengthening new and existing client relationships.
- The biggest opportunity for 2013 according to respondents is “access to passive candidates via social media” and the biggest challenge is “a weak economic outlook”.
- Another reported challenge was “internal recruitment teams”.
- Australian respondents consider Oil, Gas, and Mining to be the hottest recruitment sector for 2013.
- 89 per cent of those surveyed successfully placed a candidate they found on LinkedIn in 2012.
- 65 per cent of respondents use cloud-based recruitment technologies. All respondents consider “the ability to work from any location at any time” to be the biggest benefit of cloud computing.

LOOKING BACK AT **2012** AND FORWARD TO **2013**

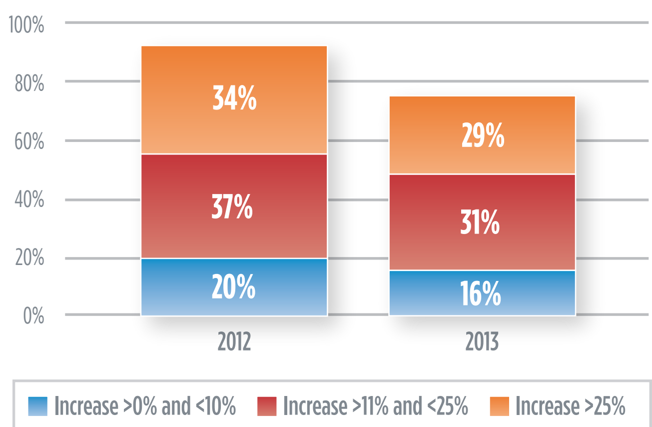
Company financial performance in 2012 was generally less favorable than in 2011. Only 65 per cent of firms met or exceeded their revenue goals for 2012, versus 75 per cent who did so in 2011. Also in 2011, respondents had high hopes for 2012, with 91 per cent expecting an increase in company revenue. For a sizeable percentage of firms, this turned out not to be the case. Expectations are lower for 2013, with only 76 per cent expecting an increase in revenue. All of these figures, as well as others discussed later in the report, indicate that recruitment professionals in Australia are less optimistic about their financial future.

2012 Firm Revenue Goal Achievement

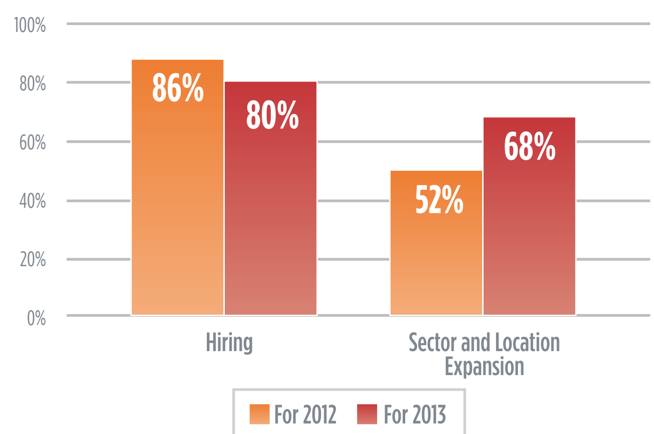


Only 29 per cent of respondents expect that 2013 revenue will increase by more than 25 per cent over 2012, and eight per cent anticipate a decline. Expectations for expansion in 2013 are a bit of a mixed bag, with fewer firms planning to increase their headcount, but more firms planning to expand geographically and explore new sectors.

Respondents Expecting Increase in Revenue for Upcoming Year



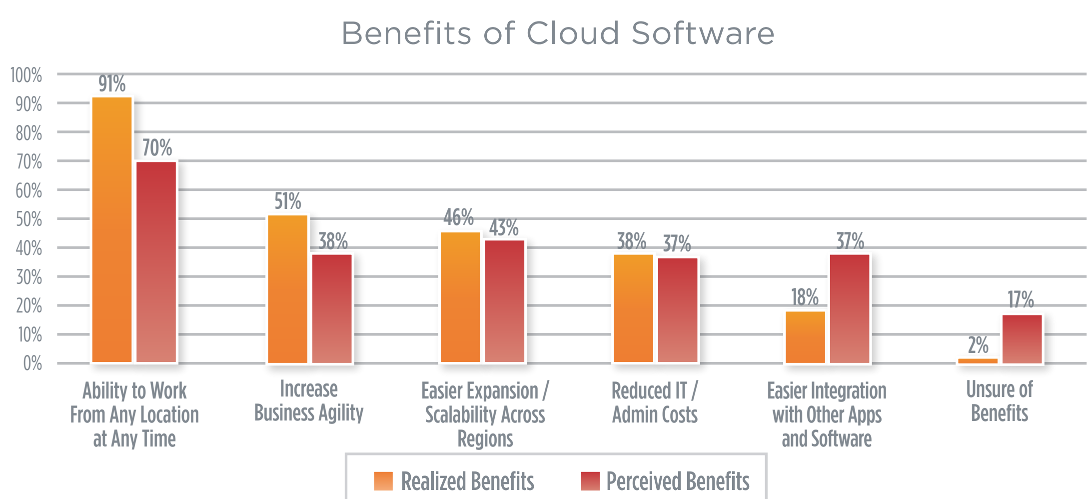
Firm Growth Initiatives for Upcoming Year



SEEKING **CLOUD COVER**

When asked if they used cloud-based recruitment solutions, defined as "remotely-accessible services delivered over the Internet," 65 per cent of respondents said yes and 35 per cent said no. This was similar to the 63 per cent cloud adoption rate of European recruitment professionals. Both groups — those using cloud-based solutions and those who did not — were then asked to identify the main benefits of cloud computing. The number one perceived and realized benefit of cloud computing was the "ability to work from any location at any time". Ninety-one percent of cloud users considered this benefit to be important, and the majority of non-users concurred.

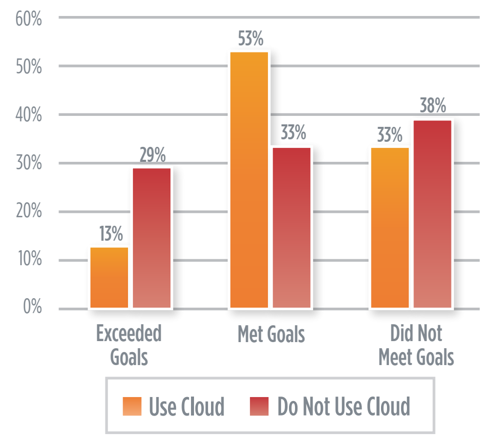
The most interesting findings, however, were the discrepancies between what cloud users realized and non-users perceived as benefits. While 37 per cent of people who did not use cloud recruitment solutions believed a major benefit was "easier integration with other applications and software" — a logical extension of the idea that cloud computing affords complete physical freedom — only 18 per cent of actual cloud users concurred. Cloud users did, however, consider "increased business agility" and "easier expansion/scalability across geographies" to be key benefits, more so than their non-user counterparts. Also notable is that only two per cent of cloud recruitment users reported being unsure of its benefits. Ninety-eight per cent saw clear benefits from using cloud recruitment solutions.



CLOUD USAGE

Of note were the differences in performance between cloud users and non-users in Australia. In Europe, almost all findings indicated that recruitment and sales consultants using cloud recruitment technology were more successful, better paid, more likely to exceed revenue goals, and more attractive to clients and candidates than non-users. In Australia, however, cloud users did not have such an obvious advantage. While more non-users than users reported their firms not meeting their 2012 revenue goals, a higher percentage of non-users exceeded their goals. And the majority of cloud users met their revenue goals but did not exceed them.

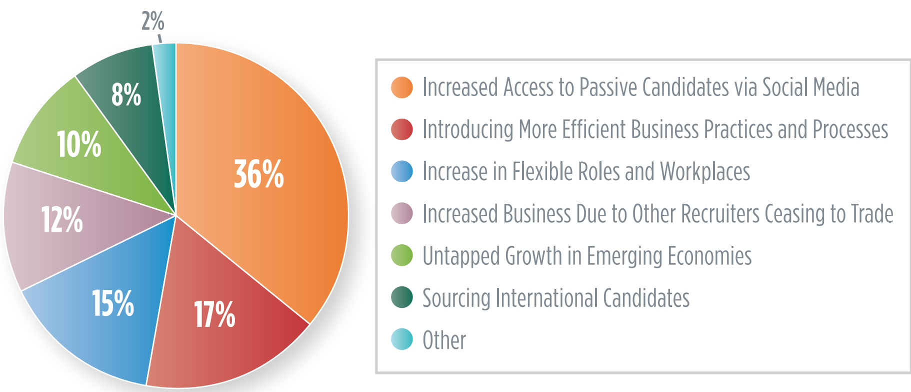
2012 Firm Revenue Goals by Use of Cloud Software



OPPORTUNITIES AND **OBSTACLES**

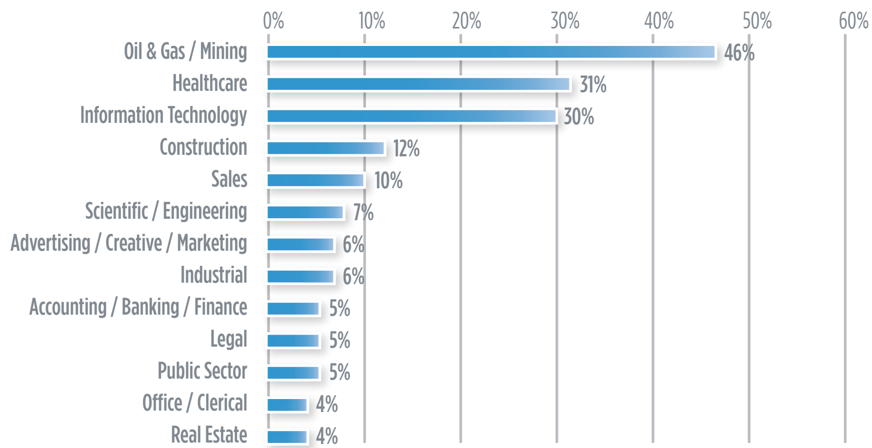
As with respondents from Europe and North America, Australian recruitment professionals we surveyed identified the single biggest opportunity for 2013 to be "increased access to passive candidates via social media". This was followed by "introducing more efficient business practices and processes". The third most cited opportunity was an "increase in flexible roles and workplaces," echoing the most popular benefit of cloud computing.

Biggest Opportunity in 2013 for Staffing and Recruitment Professionals



When asked to identify the hottest recruitment sectors, 46 per cent of respondents chose “Oil & Gas,” followed by Healthcare, Information Technology (an in-demand sector in North America and Europe as well), and Construction. Respondents were least enthusiastic about Real Estate.

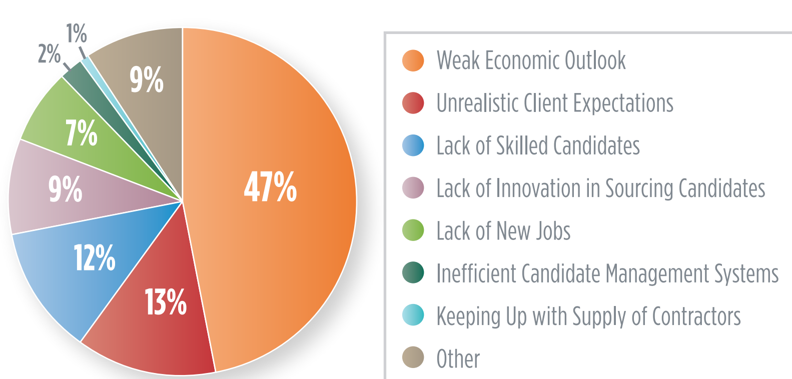
Q: What Recruitment Sectors Are Booming



The biggest challenge for 2013, selected by almost half of all Australian respondents, was a “weak economic outlook”. This is especially interesting given that the biggest challenge according to North American and European recruitment professionals was “a lack of skilled candidates” — which came in third in the Australian survey.

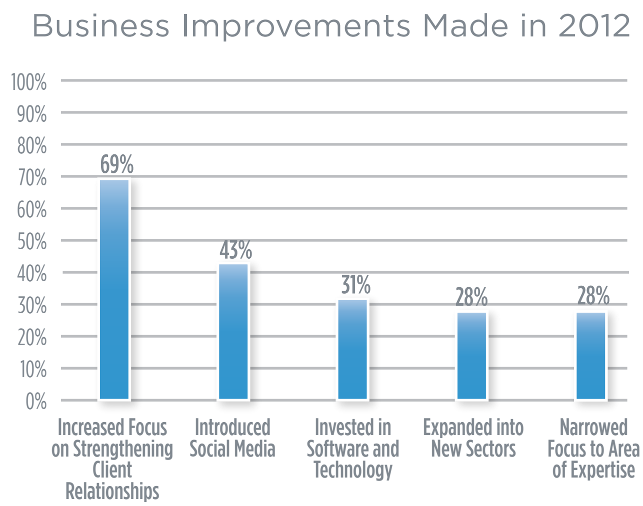
Additionally, what wasn’t listed was as interesting as what was. A surprisingly large number of respondents actually wrote in “internal recruitment teams” as the biggest challenge. Given that the advent of internal recruitment teams wasn’t even a standard choice offered in the survey, it is clearly an issue of considerable concern if respondents felt strongly enough to specifically call it out.

Biggest Challenge in 2013 for Staffing and Recruitment Professionals



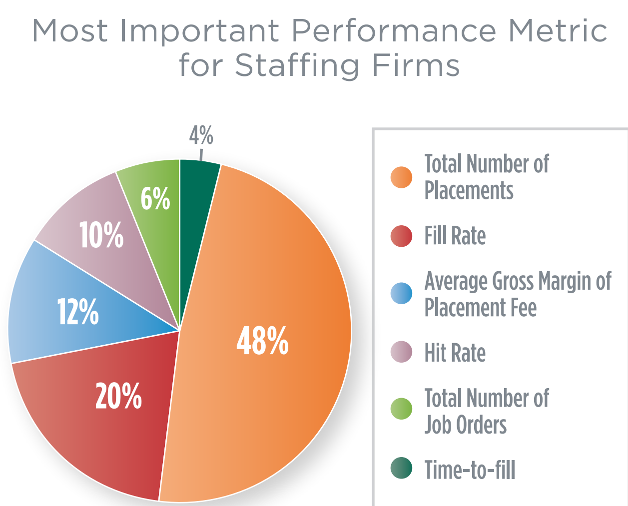
BUSINESS **ADJUSTMENTS**

When asked what business improvement initiatives recruitment firms implemented in 2012, 69 per cent reported increasing their focus on client relationships, an important way to demonstrate value and guard against the effects of a weak economic outlook and competition from internal recruitment teams.



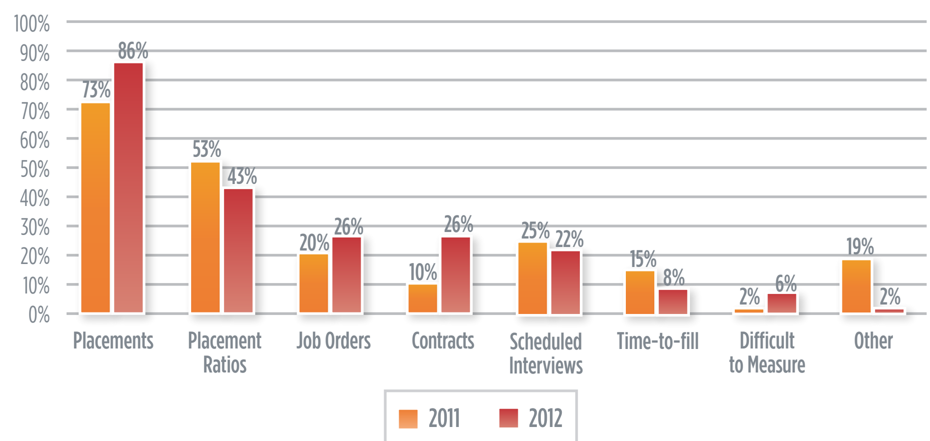
MEASURING **SUCCESS**

Almost half of Australian staffing firms considered the most important performance metric in 2012 to be "total number of placements". This was also the most important metric for North American and European recruitment firms. "Time-to-fill" was ranked least important across all regions we surveyed, indicating that regardless of geography, certain standard metrics matter far more than others.



In ranking the effectiveness of recruitment and sales consultants, the most important metric was "placements" — the same result as Europe and North America — followed by "placement ratios" and "job orders". While "placements" had been the most cited metric in 2011, 13 per cent more respondents identified it as important in 2012. There also seems to have been an increase in respondents using standardized metrics for measuring sales success, as only two per cent used a metric other than those listed in 2012, versus 19 per cent in 2011.

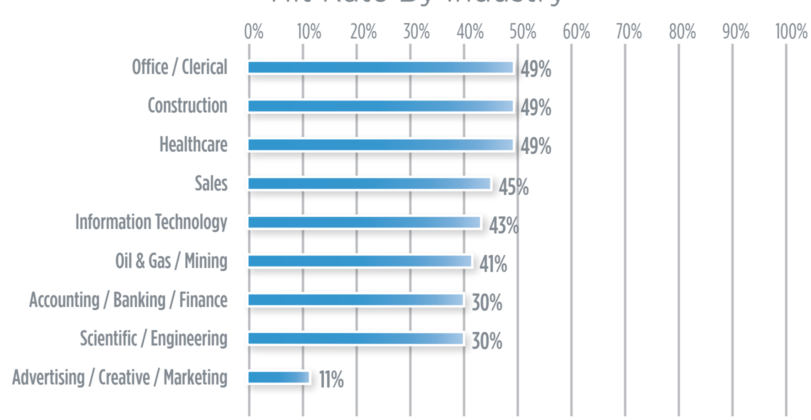
Measuring Consultant Effectiveness



The survey also asked respondents to disclose their average hit rate for 2012 – defined as the number of successful placements divided by total number of client submissions and multiplied by 100. Fifty-five percent reported a hit rate of 31 per cent or greater, higher than the average hit rate in North America (49 per cent) and Europe (54 per cent). In fact, 31 per cent of respondents cited a hit rate of more than 60 per cent.

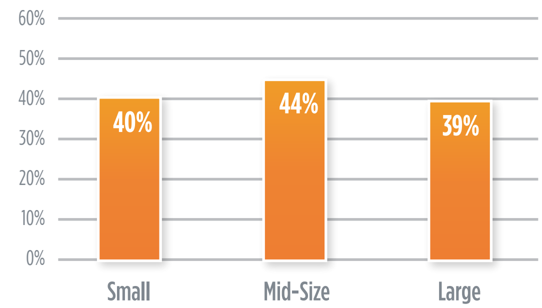
Examined by industry, recruitment professionals specialising in the Office/Clerical, Construction, and Healthcare sectors saw a high average hit rate at 49 per cent. The Advertising/Creative/Marketing sector had by far the lowest hit rate, at an average of just 11 per cent. This was similar to the European survey, in which the hit rate for Advertising/Marketing/Creative was also lowest, at eight per cent.

Hit Rate By Industry



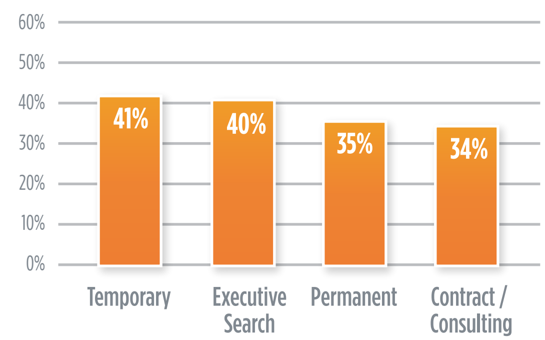
By firm size, average hit rate didn't vary dramatically. Mid-sized firms enjoyed the highest hit rates, which was unexpected given that small firms came out on top in North America and Europe. Large firms had the lowest hit rate in Australia, but given that small firms in North America and Europe achieved average hit rates of just 37 per cent and 36 per cent respectively, Australian staffing companies of all sizes did extremely well in comparison.

Average Hit Rate by Firm Size



Respondents hiring for temporary positions had the highest average hit rate, possibly because the barriers to entry for candidates applying to temp positions were comparatively low, though executive search firms did almost as well.

Average Hit Rate by Position Type

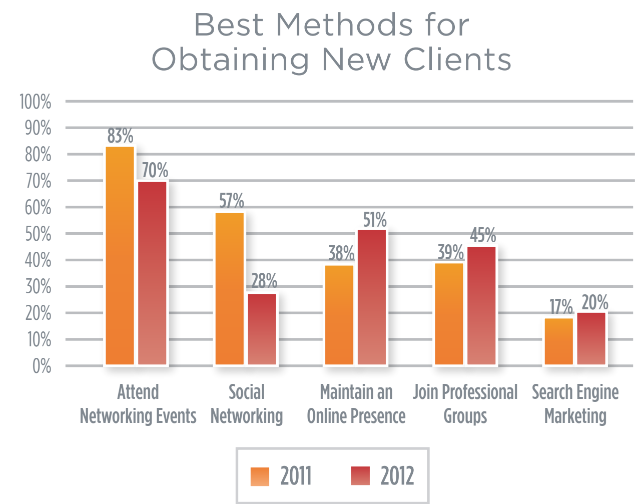


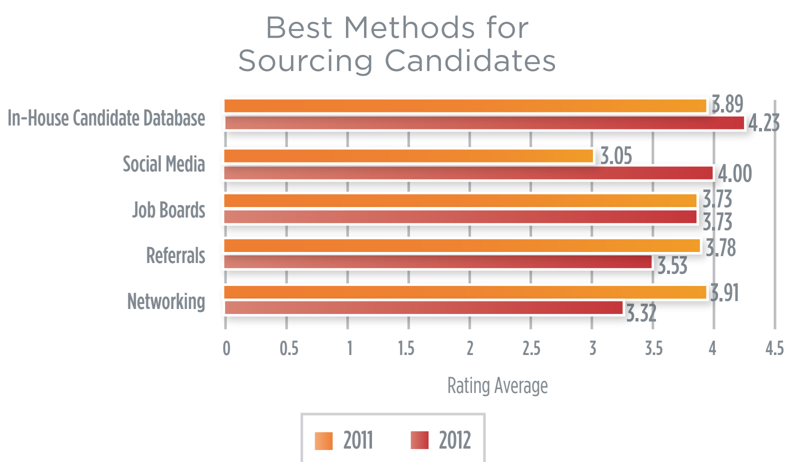
FINDING **CLIENTS AND CANDIDATES**

Survey respondents' views on the best methods for obtaining new clients evolved significantly since our first survey. Substantially fewer feel that social networking is a great method to win new business. While "access to passive candidates through social media" is the biggest recruitment opportunity for 2013, the use of social media does not seem to extend beyond finding candidates. In contrast, North American recruiters view social media as an excellent way to attract both new clients and new candidates.

The most traditional method of obtaining new clients — attending networking events — came out on top once again, but at a smaller percentage. More Australian recruitment professionals maintained an online presence and conducted search engine marketing in 2012, suggesting that they're leveraging the Internet as a supporting tool and not as a vehicle for extensive interaction with prospects.

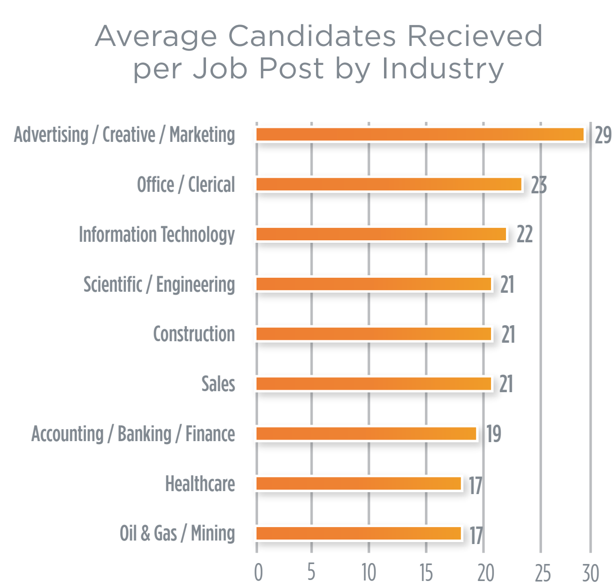
Social media was much more effective as a means of finding candidates than clients for Australian recruitment professionals. Ranked last in 2011, social media achieved a ranking of 4.00 (with 1 being least effective and 5 being most effective) in 2012, second only to respondents' own in-house candidate databases. Job boards remained unchanged in popularity, whereas the value of referrals and in-person networking decreased.





In terms of the average number of candidate applications received per job post, we segmented the results by industry.

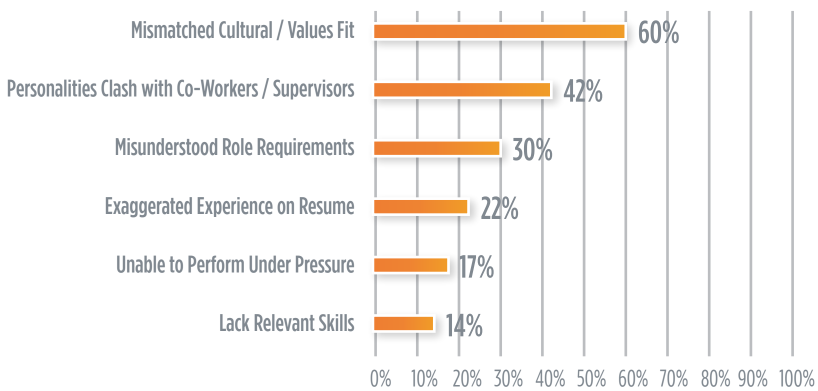
The Advertising/Marketing/Creative sector had a high number of applicants per job post — 29. With just six per cent of respondents considering Advertising/Marketing/Creative a "booming" industry, the high rate of applicants likely reflects a surplus of unemployed candidates for a dearth of open positions. This is in contrast to the most "booming" sector according to respondents, Oil/Gas/Mining, which received a much lower 17 average candidates per job post. The high number of average applicants for the Advertising industry is peculiar given that consultants for the sector had by far the worst hit rate. While many candidates appear to be applying for advertising and marketing positions, few of them are making the grade.



A WORD ON **CANDIDATES**

Uniquely for Australia, we asked respondents for their views on “probation periods” for candidates. Why, in their experience, did some candidates not make it past the probation period of a new job? The majority of respondents believed that such candidates were generally “a mismatched cultural and/or values fit,” while 42 per cent felt the candidates’ personalities most likely clashed with those of co-workers and supervisors. Only 14 per cent thought it was related to the candidates’ skill sets, indicating that recruitment consultants may need to pay more attention to candidates’ personality fit with the hiring company.

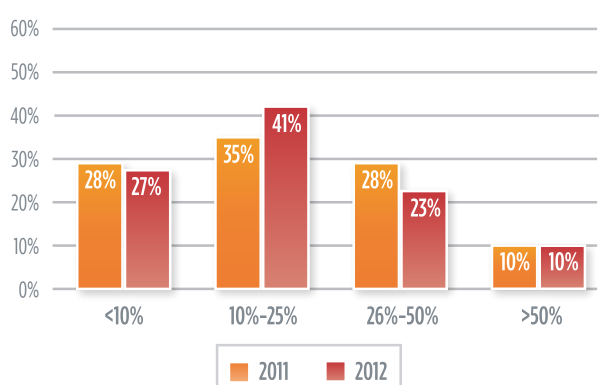
Why Candidates Do Not Make It Past Probation Period of New Job



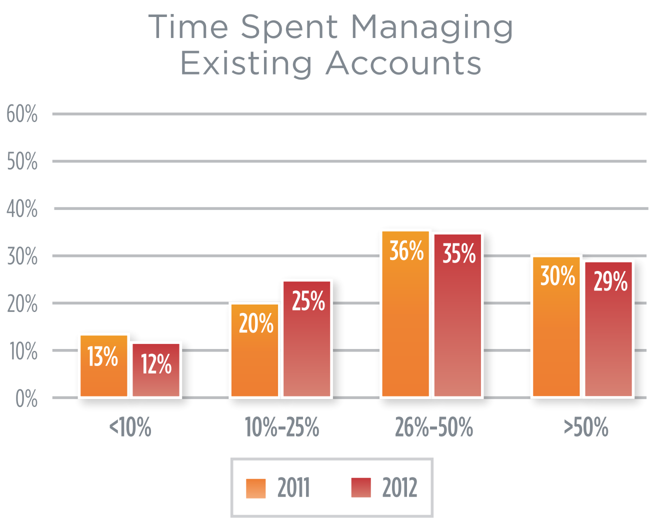
TIME **ALLOCATION**

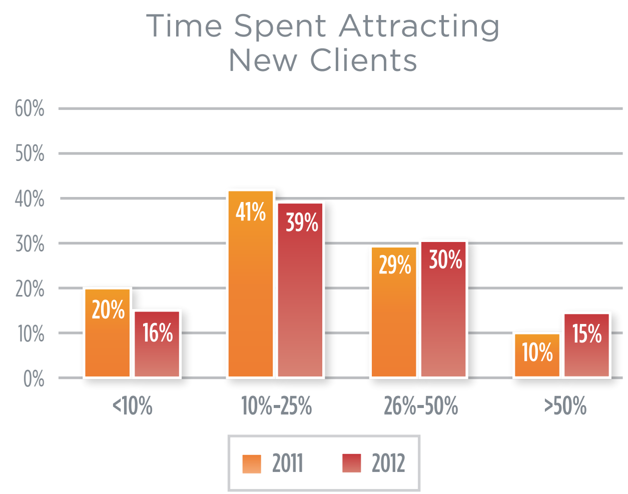
When asked what percentage of their time consultants spent out of the office for meetings, only 33 per cent reported spending more than a quarter of their work hours. This is a decrease from 2011, when 38 per cent of respondents spent more than 25 per cent of their time out of the office. The percentage of true road warriors did not change at all, however, with ten per cent of respondents spending more than half of their time out of the office in both 2012 and 2011.

Time Spent Out of Office for Meetings



While a smaller percentage of respondents spent significant time (more than 25 per cent) out of the office meeting with clients, prospects, and candidates in 2012 than 2011, it doesn't appear that they compensated by spending more time on existing accounts.





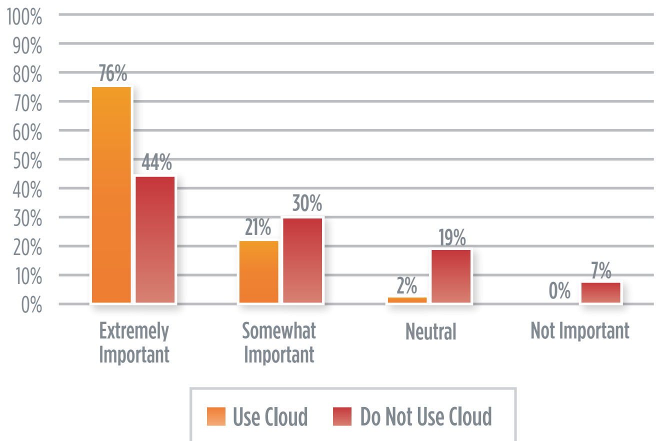
Consultants spent more time attracting new clients in 2012. Forty-five per cent of respondents spent at least a quarter of their time attracting new clients last year compared to 39 per cent of respondents in 2011. This wouldn't (and doesn't) correlate directly with time spent out of the office as 51 per cent of recruitment professionals identified the travel-free "maintaining an online presence" as a great way to obtain clients, and 70 per cent selected "attending networking events" versus 83 per cent in 2011.

THE IMPORTANCE OF **RECRUITMENT TECHNOLOGY**

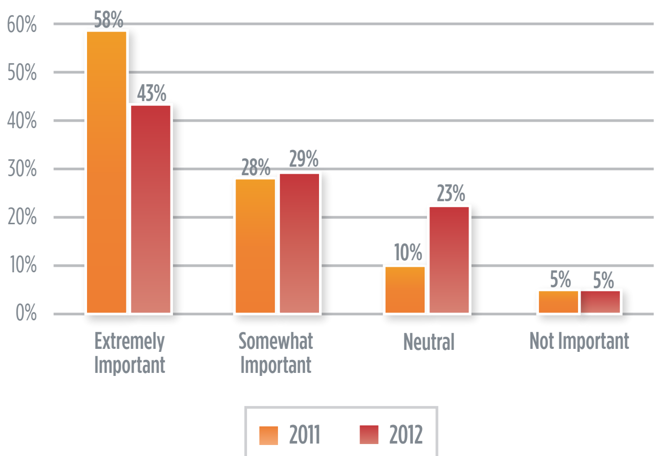
Unsurprisingly, three-quarters of respondents who used cloud recruitment solutions found CRM recruitment systems to be extremely important, and none of them found such technology to be unimportant. This is in contrast to cloud non-users, only 44 per cent of whom considered CRM extremely important, with seven per cent finding it unimportant and nearly 20 per cent on the fence.

Why the disparity in perceived importance? It's possible that some cloud non-users didn't even use CRM technology of any kind in 2012. And even if people in the non-user group did use CRM recruitment systems, the fact that these systems weren't cloud-based may have had a bearing on their value.

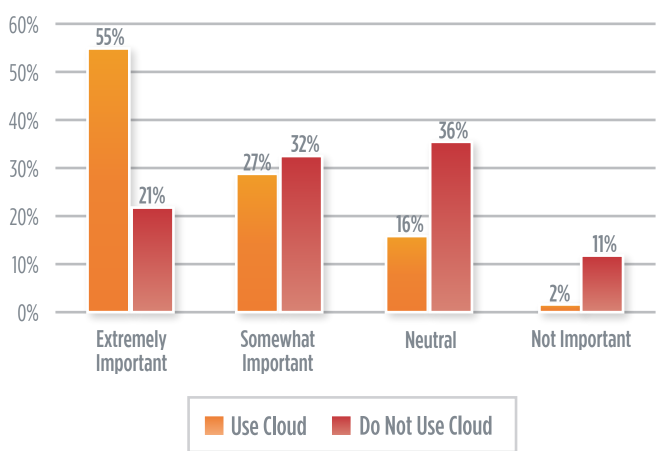
Importance of ATS/CRM Technology to Consultants Who Use Cloud Software



Importance of Mobile Access to Recruitment Technology



Importance of Mobile Access to Recruitment Technology to Consultants Who Use Cloud Software



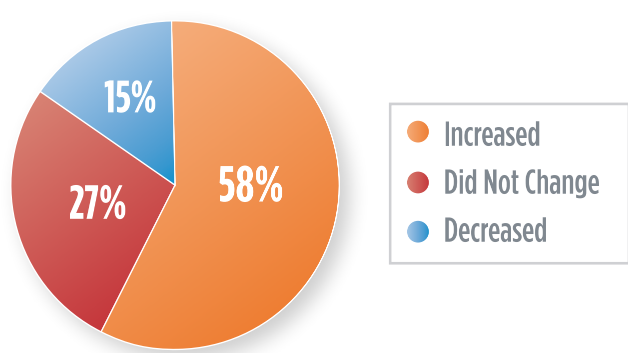
Consultants' view of the importance of mobile recruitment technology declined from 2011, despite the technology continually advancing year on year. Only 43 per cent of all respondents considered mobile access to their CRM recruitment system extremely important, compared to 58 per cent who thought so in 2011. And while the same percentage in 2012 and 2011 found mobile access unimportant, there was a significant uptick in the number of respondents who had no opinion of it.

Recruitment professionals who used cloud software, however, were much more inclined to find mobile access to CRM systems important. Thirty-six per cent of non-users had no opinion of mobile recruitment — possibly because they had no mobile CRM access by nature of not using a cloud solution. In comparison, the majority of cloud users found it extremely important.

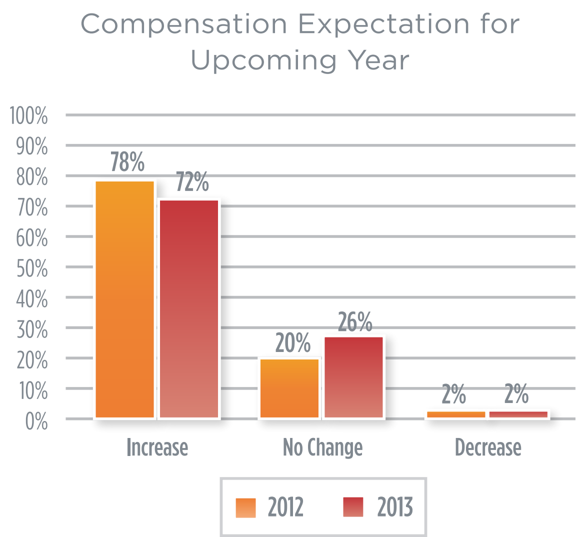
MONEY **MATTERS**

Despite firm revenue decreasing in 2012, 58 per cent of recruitment professionals reported that their total compensation (salary plus bonus) increased in 2012 compared to 2011. Fifteen per cent said it decreased.

2012 Total Compensation Compared to 2011 Total Compensation

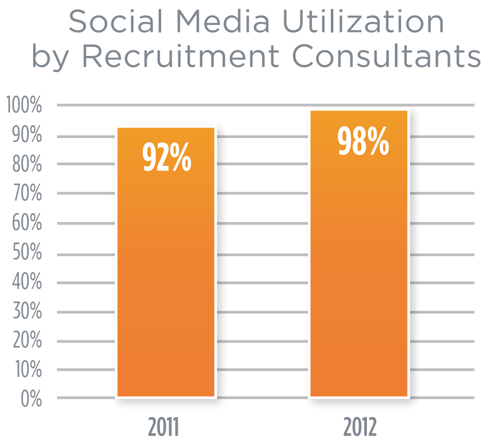


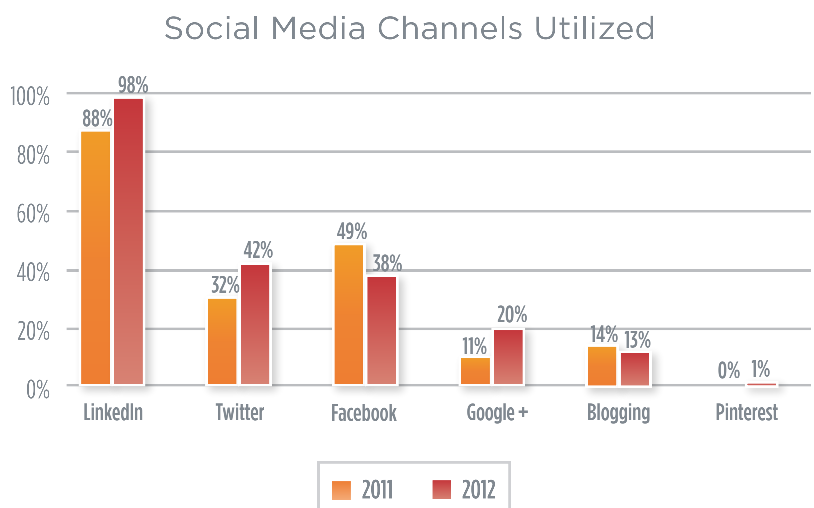
Overall, expectations for 2013 compensation are less optimistic than those of 2012, with 72 per cent of respondents expecting an increase in the coming year.



SOCIAL **RECRUITING**

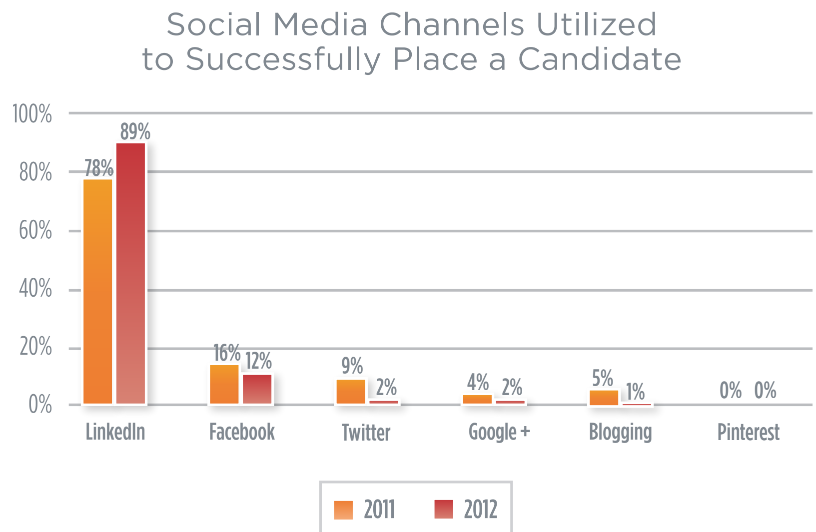
Ninety-eight per cent of recruitment professionals we surveyed used social media for recruitment in 2012, an increase of six per cent over 2011.



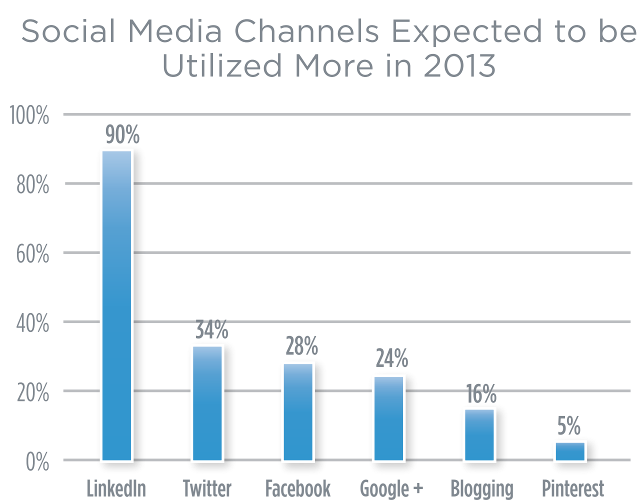


The most commonly utilised social network for recruitment was LinkedIn; in fact, every respondent who leveraged social recruiting in 2012 used LinkedIn, among other channels. Google Plus made modest gains, while Pinterest was barely used at all. More respondents used Twitter than in 2011, and fewer respondents used Facebook. Facebook was not only less used than Twitter in 2012, but also dropped 11 per cent in usage since 2011.

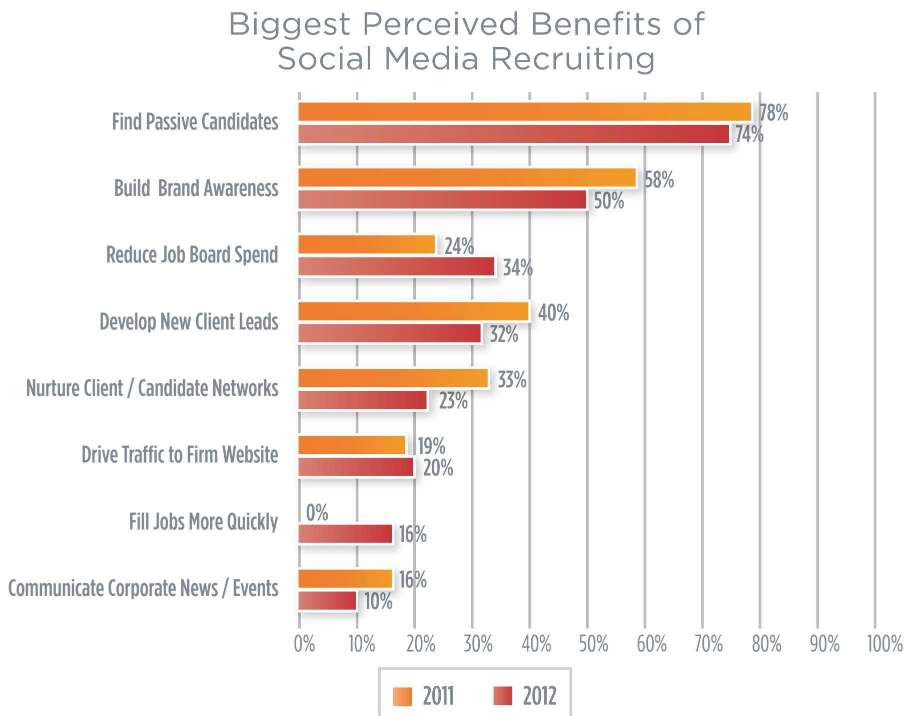
The drop in Facebook usage and increase in Twitter usage was especially confusing since 12 per cent of recruitment professionals were able to place candidates they found on Facebook. Only two per cent found success with Twitter. And both of these channels proved less successful in 2012 than they had in 2011.



Although Twitter did not perform as well as Facebook for sourcing high-quality candidates in 2012, more recruiters are interested in using Twitter in 2013 than Facebook. Despite Facebook's reputation for being a purely personal social network — a reputation that Twitter and LinkedIn do not share — the data indicates that it's a more effective recruitment channel than Twitter in Australia. And despite respondents not seeing any success with Pinterest, five per cent plan to give it a go in 2013.



“Finding passive candidates” was the biggest perceived benefit of social recruiting, according to Australian respondents, followed by “building brand awareness” and “reducing job board spend”. A higher percentage of respondents considered social media a good way to save on job boards than in 2011. However, corroborated by their low rating of social media as a means of obtaining clients, fewer Australian respondents favored it for “developing new client leads” or “nurturing client/candidate networks” than in 2011.



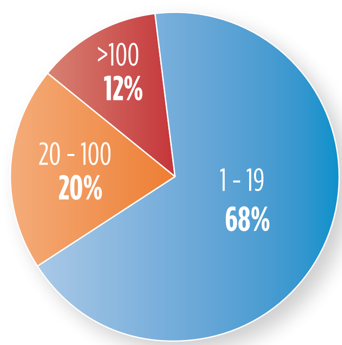
Conclusion

Firm revenue performance decreased in 2012 and worries about the economy loom large, but Australian recruitment professionals are excited about the prospects for sector and location expansion in 2013. Firms of all types and sizes plan to increase their focus on strengthening new and existing client relationships in 2013, and continue to leverage technologies such as social media to attract the best candidates.

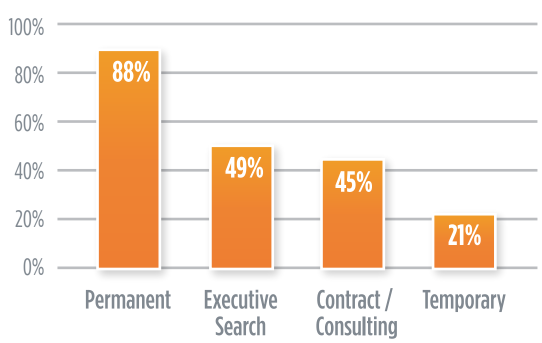
About the Trends Report

Of the 101 recruitment professionals who completed the Australian Recruitment Trends Survey, 37 per cent recruited for the Information Technology sector, 27 per cent for Accounting/Banking/Finance, 18 per cent for Oil, Gas, and Mining, and 17 per cent for Sales. The vast majority of respondents specialised in permanent placements among other types, with almost half specialising in executive search. 91.8 per cent of all respondents were from Australia, 2.4 per cent from Singapore and Macau, and the rest primarily from Hong Kong, Japan, and New Zealand.

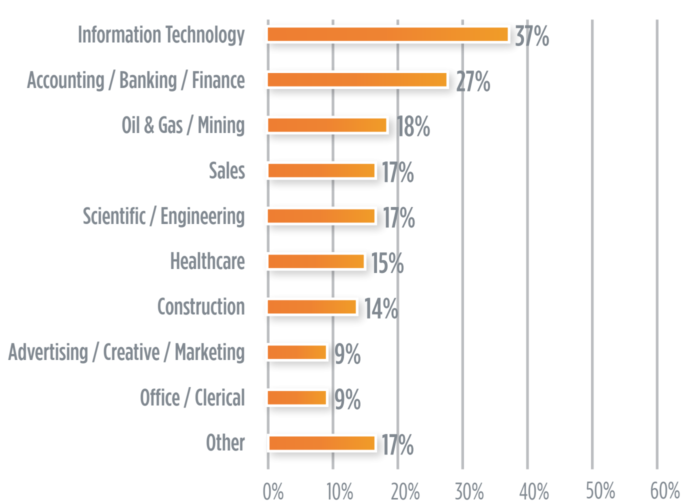
Total Number of Sales Consultants at a Firm



Type of Firms



Sectors Primarily Served



About Bullhorn

Bullhorn® creates software and services that help recruiters put the world to work. For over ten years our innovations have powered the recruiting and staffing operations of fast-growing start-ups up through the world's largest employment brands. Headquartered in Boston, with offices in St. Louis, Vancouver, London and Sydney, Bullhorn's recruiting CRM and social recruiting products serve more than 10,000 clients representing nearly 200,000 users across 150 countries.

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