



AESC's Third Annual HR Executive Survey Foresees Impending Talent Shortage Three Most Critical Needs Will Be In Finance, IT and Sales & Marketing

The Association of Executive Search Consultants (AESC) has continued to report unprecedented growth in search activity among its membership of retained search firms in 2006 and 2007. The **Third Annual Retained Executive Search Survey**, conducted by the AESC in July 2007, compiles the insight of 141 HR executives* and gauges the state of the industry from their perspective. While respondents had a generally more conservative view on search activity for 2007, there was a consensus among them that HR is facing a major War for Talent. Most respondents are expecting an impending shortage of executives in virtually all functional areas over the coming year.

Year End Projections

Survey respondents were asked to make year-end projections on whether they expected to commission 'more', 'less' or 'about the same' number of retained searches than in the previous year.

- In 2006, 21.6% respondents expected to commission more searches, and 29.3% expected to commission less than in 2005.
- When asked the same question this year, only 11.4% answered that they expect to commission more searches, while 36.7% expect to commission less searches than in 2006.

Human Capital

The current market conditions for human capital have provided a difficult challenge to the industry, one faced by search consultants and HR executives alike.

- When asked, "in terms of talent acquisition, how are you finding the process compared with two years ago," only 5% of respondents felt that it was "Easier" whereas the majority of respondents, 59.8%, felt that it was "More Difficult."
- When asked "for which functions are you experiencing a shortage of talent" (respondents were allowed to make multiple selections), the three most popular choices included: Finance & Accounting/CFO (39.3%); Information Technology/CIO (36%); and Sales, Marketing, PR (36%).
- In terms of what specific regions respondents felt that a shortage of talent would strike (respondents were allowed to make multiple selections), the US was by far the most chosen (70.2%), followed by China (29.8%), UK (22.6%) and India (19.1%).

The Hiring Process

As for trends in the hiring process itself, the survey focused its final section on methods of attracting new talent as well as methods of retention.

- In terms of attracting senior talent, respondents felt that re-evaluating compensation benefits (94%) and being responsive to candidate demands – e.g. work-life balance issues (96%) – were the most effective means of attracting talent. Re-evaluating a company’s recruitment proposition – e.g. employment brand – was also considered effective (89%).
- When asked about the importance of counter-offers as a retention tool, 39.8% of respondents said that they currently make counter-offers to departing senior executives. Out of that number, 45% say that more than half of the executives accepted counter-offers and 69.4% say that, in general, over half of those who do accept actually remain at the organization for more than two years.

** Almost 50% of companies surveyed were in excess of \$1billion, with 74% being from North America*

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