

Recruitment & Workforce

With tech workers still unemployed, why the struggle to find top talent?

Dec 30, 12:00am EST

By Dora Vell

How quickly things change. The heady days of the 1990s technology boom were followed by the sober reality of a tech recession.

As the bubble burst, companies once offering stock options and cash incentives to attract and retain workers were now announcing layoffs. In the months since, pink slips have abounded and many tech workers have had difficulty getting reestablished.

Despite this fact, technology executives can be heard discussing the need for top talent. But with so many workers still unemployed, why are companies struggling to hire the best?

Employers are much more discerning today, slower to pull the trigger than they were during the boom. Hiring criteria is tighter with companies looking for specific skills sets, and candidate assessment has become a much more thorough, time-intensive process.

In this environment, if recruited today, some winning job candidates during the boom might not measure up.

This new rigorous approach to hiring stems from three main reasons.

1. The bubble hangover. As with any big party there is a hangover and the tech boom is no exception. Skyrocketing growth during the boom dramatically increased demand for talent, and some companies - desperate to fill ranks and keep business moving - hired underqualified job candidates.

With today's slower pace, many companies are discovering some people were promoted beyond their competency levels. Forced to either upgrade talent by providing extra training or replace ill-equipped employees has been a costly lesson and it has made employers especially mindful to not make the same mistake twice.

2. The growing emphasis on world-class talent. Business success and human capital are linked. Changing demographics - aging baby boomers mean the number of people in their prime working years is shrinking - has made finding and employing "A" players an increasingly critical business constraint. Indeed, experts predict top talent will become so integral to business success that companies with talent gaps will be at a significant and perilous disadvantage.

As a result employers now want candidates who, in addition to the requisite competencies, also possess a rare mix of qualities such as creativity, discipline and drive that can provide a key competitive advantage.

3. Better safe than sorry. Some companies' tenuous positions have meant hiring decisions are viewed more strategically with greater recognition that hiring missteps can be fatal or have serious consequences.

There is a trend toward interim hiring with advantages such as confirming position and person suitability and providing just-in-time skill sets without a long-term commitment. Interim hiring benefits individuals as well, providing the opportunity to share expertise among a wider range of companies and maintain an income while looking for full-time employment.

The tech boom affected the perspective of employers as well as workers' attitudes. Accustomed to a certain level of job responsibility and compensation during the boom, some unemployed workers don't want to settle for less.

In this market, however, securing a similar position may not be possible. People need to be flexible and adjust expectation levels. An open mind and assessing a job's merits based on more than just tangible rewards is critical. Is it in a growing area, is there an opportunity to build a great company, will it provide professional development?

Reflecting the downturn's shift in focus from product development and production to revenue generation, demand for engineers and product developers - the hot skill sets during the boom - has cooled.

Experience in sales, business development and corporate turnarounds is now much more heavily sought.

In general, the areas that boomed the most are suffering the most and demand for skills specific to those areas has decreased dramatically.

When a sector booms there's a huge push to train people to fill key positions. When the bubble bursts there is a surplus of people skilled in that area.

For example, three years ago having e-business skills was a hot commodity and many people developed expertise in this area. Now, however, changes in market conditions have significantly decreased demand for these skills.

While the pendulum has definitely swung in favor of employers, the new demanding approach to hiring has made finding the right person for the job more challenging.

Today there exists a much greater emphasis on talent and talent management versus manpower and filling the ranks. Workers who understand this market's recruitment themes such as strategic hiring of talent, revenue generation and interim hiring are in a much stronger position to make the shift from unemployed to employed.

And, it's always important to remember how quickly things can change.

Dora Vell is a partner in the international technology practice of Heidrick & Struggles, a recruiting firm with an office in Boston.

Dora Vell is the CEO of VELL Executive Search, a premier retained technology executive search firm in Boston. Ms. Vell is an internationally recognized expert in executive search for technology CEOs, COOs, CIOs, Vice Presidents and board members. She works with start up organizations through Fortune 50 Firms. She can be reached at dora@vell.com.