

RISING TO THE CHALLENGE

A perspective on recruiting in the global credit crunch.



THE SUBSEQUENT EFFECTS of the 'credit crunch' have hit confidence with many business leaders in online gaming. In a similar way to economists who monitor the car industry and draw parallels to a nations GDP, the recruitment market is often used as a 'barometer' of confidence within a market sector. It can therefore, be interesting to observe recent changes to global recruiting patterns within the gambling sector.

The real change in recruitment confidence for Pentasia was the day that Lehman Brothers Bank collapsed. The shock news sent a stark reminder to all business leaders about the potential severity of the economic situation. Some clients instantly put non-critical hiring on hold while they observe the outcome of bank bail-out deals, interest rate drops and sliding currency exchange rates. Such turbulence in the financial markets severely curtails confidence and, irrespective of operational and financial success, hiring of personnel is instantly affected. Ironically, much of the online gaming sector remains financially robust.

Despite the gloomy daily headlines which 'brainwash' us all into a recessionary state of mind, it is clear from speaking to clients that many major operators have not even noticed a 'blip' in revenues. It even appears that some online operators are continuing to thrive and grow in the face of global economic adversity. The result of numerous detailed conversations during last week's IGE proved that fifty five percent of clients are hiring and some forty five percent expect to be hiring in the next three months. It appears that many business leaders are quietly confident that opportunities for business growth remain. What is becoming increasingly clear is that only those who can implement and execute frequently revised business development strategies will benefit, and there appear to be many willing to proceed where others procrastinate.

ADAPTING EXPECTATIONS

Again, by drawing parallels with some major high street retail brands, the recently failed companies were, in my mind, failing long before the 'credit crunch' hit. The challenging economic climate has merely changed the rate at which they failed. Other major retail brands have continued to thrive and posted record results – the ones which adapt and innovate by continuously reassessing their product lines and sales strategy to changing consumer spending patterns and emerging markets.

Candidates also need to adapt their expectations to reflect the change in market conditions. There

are far more candidates on the job market than six months previously so competition is tougher. Employers now benefit from a 'buyers' market with a wider than usual selection of candidates. The extra supply of candidates has caused a 'cooling' of salary demands. Many candidates who have benefitted from the huge increases in demand for niche gaming skills over the last few years may no longer be able to dictate their terms. Candidates may now be one of many highly experienced applicants on client short-lists and therefore need to keep a flexible and 'open' mind on remuneration, location, and job function to maximise opportunity. Employers are increasingly differentiating candidates in short-lists with particular attention to formal training and qualifications, career progression, and past employer loyalty.

INTERIM ASSIGNMENTS

Pentasia has experienced a seven percent increase in demand for candidates undertaking interim and contract assignments since October 2008. Pentasia now has a team of self-employed consultants working on client sites who have recently adapted their available status to undertaking freelance consultancy roles. It can be a mutually beneficial way for both parties to assess each other before committing to long term career employment. Other candidates make a long-term career out of professional freelancing and benefit from the pay rates, variety of projects, and flexibility it provides.

Interim and contract assignments are a flexible and, if used in the right situation, cost effective method of engaging resources if the future is perceived to be uncertain. Employers can switch between highly skilled candidates on day rate fees, and costs are operational rather than a payroll burden. Employers therefore avoid National Insurance contributions, employer/employee

income tax, training & development costs, redundancy, sick/maternity leave, holiday pay, and pension liability by contracting to a flat pre-agreed rate of pay per unit of time.

The true cost to employers of employing staff can be many times the actual salary and is usually the biggest line item on a P&L sheet. The hidden cost of a bad hire in terms of company-wide time and resources is estimated to be two to three times the candidates' salary. Conversely, the benefits of hiring a super-star performer can be up to three times the production of an average performer. Clients should not underestimate the importance of evaluating recruiters based on delivering value for money. Much of what differentiates a recruiter from others concerns unseen factors such as quality of selection process, thoroughness of briefing and up-front qualification, and background checks to maximise assurance rather than who gets the CV in first. When combined with the forging of a strong relationship built on trust between candidate, recruiter and client, the advantages are mutually beneficial.

All employers know that hiring the best people is critical to long-term business success. However, many still manage their recruitment strategy with availability of skills and perceived short-term cost saving rather than identifying talent criteria for specific business requirements. Pentasia has spent an increasing amount of time working with clients to assist in clearly identifying and documenting hiring requirements. The formation of detailed job descriptions has assisted many clients in reducing the time (and cost) per hire and produced improved rates of attrition; a sometimes hidden cost not often considered.

FACING UP TO THE CREDIT CRUNCH

The 'credit crunch' has created numerous challenges for clients, candidates and recruiters involved in the global gaming recruitment market. Despite the perceived notion that gambling is recession proof and recent evidence to suggest many online gaming operators remain operationally and financially successful, confidence remains vital for economic recovery. What everyone involved in recruitment needs to accept is that the boom days are on hold for now. This means acknowledging that pay will not keep rising, bonuses are not guaranteed, competition is tougher and the time to get desirable jobs will take longer. Once this happens, confidence will surpass panic and the path to economic recovery will resume. ■

AUTHOR PROFILE



Bruce Gamble is a founding director of the Pentasia Group and Managing Director of its Leadership Search Division. Bruce possesses a wealth of experience within recruitment having joined the sector in 1991 and established Pentasia 10 years later. He is now responsible for the management of key international search assignments for boardroom directors, officers and functional heads within the global iGaming community.