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RECRUITING in Labor Deplete MARKETS

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In the much-ballyhooed war for talent, the current victor is talent. In large part due to the aging of the workforce and the coronavirus, human resources executives report that they are seeing one of the tightest labor markets in ages. Although it is true that some sectors have experienced partial economic recovery, all parts of the economy remain affected by the pandemic's ripple effects.

In the hospitality, food, and leisure industries, for example, the Society for Human Resource Management reported at the beginning of December 2021 that 93 percent of employers were grappling with a shortage of entry-level candidates. Other sectors — from aerospace and defense to healthcare, biotech, and the medical device industry — have endured their own workforce tribulations. And, overall, data from the U.S. Department of Labor showed 4.2 million fewer workers employed than before the pandemic, with labor participation lower than at any time during the past two decades. The same review found job openings standing at 10.9 million, the highest level of all time. Add in technological advances that have contributed to the empowerment of candidates and current employees. The result: the ever-present challenges of recruitment, retention, and productivity loom larger than ever before.

A New World

For most enterprises focused on talent acquisition, this new reality might necessitate a variety of adaptations:

- increasing pay;
- relaxing certain job qualifications;
- improving schedule flexibility;
- rethinking strategy and tactics;
- enhancing career training or other perks;
- assessing tech stacks;
- strengthening referral systems; and
- streamlining candidate experiences.

Pay is rising rapidly. Many stores and restaurants are posting "please be patient, we're short-staffed" signs. But, according to the U.S. Bureau of Labor Statistics, circumstances vary: whether the openings are in high-contact industries such as restaurants and movie theaters, or other industries that were initially hard-hit — such as car dealers, breweries, and appliance stores—some have enjoyed nearly complete comebacks as consumer spending on many goods and services have revived, while others are still mired in stagnation. All of which has been worsened by the uncertainty of Covid-19 and its variants. That is especially true in the medical industry, in which registered nursing staffs endured markedly high turnover even before the pandemic but saw burnout rise drastically during the past two years.

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Other shifts in the environment present challenges because, according to a September 2021 article in The Washington Post, many jobs do not exist in the same categories — or, for that matter, in the same locations — where people worked before the pandemic. For example, professional and business services counted 1.8 million openings, while fewer than 925,000 individuals could claim their most recent job had been in that sector. In education and health services, 1.7 million openings align with only 1.1 people whose last job was in that sector; Labor Department data further revealed that those workers have quit at the highest rate dating back to 2002. As employers know, such staff losses represent more than logistical headaches: Recruiting and training totals roughly 16 percent of an average low-wage worker's salary. And the challenge can be steeper for smaller employers, who often do not enjoy the same margins or resources as larger companies.

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Meanwhile, many former service employees are refusing to return to a sector that often demands long hours and work shifts, with monotony only broken by surly or impatient customers. (Worse, some of those customers become positively irate if the employee is tasked with enforcing mask mandates). In short, low pay with high stress is a challenge for all concerned.

Some employers, seeking to avoid permanent spikes in their cost structures, have responded by offering hiring bonuses. Although it is true that such payments offer flexibility because they can be suspended or rolled back as circumstances change, they might not even offer short-term solutions if workers only stay for a short time and then hit the market again in hopes of securing yet another hiring bonus.

Yes, employers should regularly conduct sectoral benchmarking and salary plan reviews. Their offerings must be competitive. But, ultimately, pay is merely a starting point.

In this fragile environment, perks have taken on heightened importance. Benefits receiving new attention include mental health coverage, well-being programs, family caregiving support, financial planning, and — especially vital for some workers even when schools are open — onsite childcare. Of course, allowances for home offices and remote technology also have found new currency.

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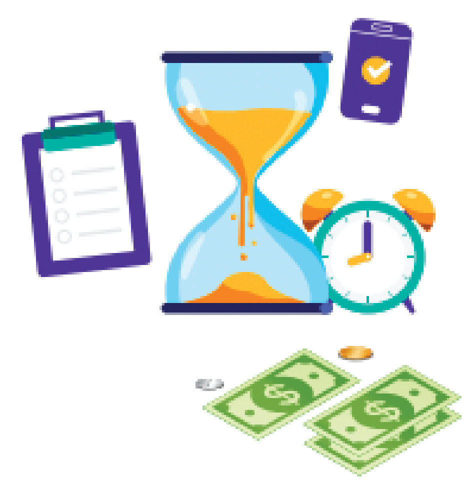

Steady-State Recruiting, Intentional Branding

For many sectors, employers will need a recruiting partner that is skilled in sourcing passive marketplaces. And, whatever the industry, there is no substitute for maintaining a deep understanding of the market being served. Equally important, it can't be a "one and done" effort. Most employers would benefit from a recruiting process that never sleeps. That means constantly innovating sourcing strategy. This will likely require a change in philosophy, with employers always recruiting, whether a given position is open or not.

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In other words, don't wait for a break to develop a fix. Analyze turnover trends and recruit ahead of the need. Create a ready bench of candidates to draw from immediately when the occasion arises. At Personify, we call this steady-state recruiting. We use a proprietary sourcing strategy that provides complete market coverage of both active and passive candidates. In parallel, our systematic approach to screening focuses on skills and culture fit, to quickly and effectively find individuals who have long-term potential for clients.

As noted above, although higher pay might well strengthen prospective employers' value propositions for candidates and employees, many workers' concerns transcend salary. They have been reassessing what they want from life and work. In this regard, human resources can benefit from consulting with marketing to create or improve candidate-facing brands. Prospects want to know not just whom they're going to be working for, but also why they might want to join up, based on descriptions of the employer's culture.

This desire has led some organizations to announce new investments in worker training and career development. The goal is to signal a brighter career path through upskilling that is both promised from, and provided by, the employers. Research reported by SHRM at the end of 2021 found that 40-percent of organizations plan to offer additional professional development opportunities to attract more applicants for hard-to-fill positions. Note that this does not necessarily require an enormous, formal program; creating opportunities for growth and providing active mentorship can go a long way.

To convey all of this, recruiters typically will need the omnichannel approach referenced above. That means using multiple tools across different geographies. What's more, as the saying goes, you never get a second chance to make a first impression. Beyond marketing and social media outreach, recruiters need to ensure that the interview process is memorable and enjoyable for candidates. That "game day" experience can create a huge differentiation, meaning interviewers should pay close attention to their prep kits. They would also benefit from pursuing deep and meaningful conversations with candidates, rather than simply checking boxes.

In a world where candidates can achieve visibility into a workplace at the speed of tweet, some employers are providing greater transparency on pay from the outset. This can cut the risk of a drawn-out hiring process that ends with prospects receiving offers that they perceive as inadequate. But caution is warranted. Broadcasting compensation rates should be done carefully.

Employers do not want to pay workers more than they're worth. And there is the concomitant danger that current employees could feel underpaid. Plus, competitors could take advantage of any information, and excellent candidates might decide not to apply based on the pay range that is posted. That said, Colorado recently passed a law requiring such postings for certain sectors. Meanwhile, California and Maryland mandate that such information be provided upon request, and Connecticut now requires pay transparency for open positions.

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One possible solution to the two-edge blade of transparency is to advertise a broad salary range, rather than a hard and fast figure. The bottom line: Elongated cycle times make late losses of candidates incredibly painful. Be ready for any market and any market circumstance.

Takeaways

In this new environment, six key principles can inform recruiting:

- **Tighten job descriptions:** Be honest, but remember that hiring in a tight market is, at least in part, a sales job. Focus on any unique opportunities, training, benefits, and perks that provide points of differentiation from the competition.
- **Attend to the tech stack:** Especially with younger candidates, sophisticated application processes and deft social media communication send the right signals. As with so many areas of recruiting focus, this is a never-ending process.
- **Invest in workers:** Employee referrals frequently demonstrate the best results, and those will derive from having groomed staffers who are happy to act as “brand ambassadors” for the company.
- **Stay vigilant:** The labor market is volatile as a normal matter, but that is especially true now. Make sure to give recruiters, legal counsel, and other third-party providers regularly updated information on employment trends and terms.
- **Be creative:** The new allure of remote working, for example, won’t work for all positions. For those employees who are not candidates for remote work, flexibility, and predictability of scheduling (especially given aforementioned issues such as well-being and childcare), can be game changers.
- **Perfect fundamentals:** Rethinking assessments, streamlining the interview process, and postponing background checks can cut risk and expedite processes that might otherwise languish.

To achieve those goals, clients can benefit from third-party providers, such as Personify, to deploy RPOs that offer significant competitive advantages.

Personify’s on-demand delivery model scales recruitment resources with client needs. This helps mitigate talent acquisition risks that are driven by hiring cyclicality, unpredictable business events, and an unusually dynamic labor market. We provide flexible pricing plans that don’t lock clients into high monthly minimums. Our fee-per-requisition model helps control costs, so that clients only pay for the recruiting resources that they use, and our volume discounts drive down per-unit costs as requisition volume accumulates. What’s more, the fusion of our comprehensive search methodology and our recruitment marketing strategies drives the steady-state recruitment model and delivers more, and higher quality, talent faster than other providers.

Personify RPO was born from a true executive search heritage, so we offer recruiting capabilities that go deep into passive markets. With Personify, clients see the best candidates (both active and passive) on every requisition, not just the best applicants. Personify offers one of the only talent acquisition models that is anchored in the fundamentals of a lean/agile delivery philosophy, providing a process that is built to drive continuous improvement yielding increased efficiencies.

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