

CX INSIGHTS: THE SEARCH FOR TALENT

Finding front-line talent has never been more challenging ... but for innovative companies, it presents an unusual opportunity to become the employer of choice.

1 TALENT BECAME (AND COULD STAY) SCARCE

Confucius famously said, “The key to success is often the ability to adapt.”

Enter 2021 and the most challenging labor market in more than two decades.

For those of us who provide front-line customer service, 2021 has been a year for the record books:

- The working age population is shrinking for the first time in U.S. history¹
- The labor force participation rate experienced its largest drop in 65 years²
- First quarter wage growth was the fastest it has been in 20 years³ with nonsupervisory roles in leisure and hospitality increasing at an annualized rate of 26%⁴

So, what’s happening? In a word, COVID. Or, more specifically, post-COVID recovery.

According to Gad Levanon of The Conference Board, as large sectors of the economy have attempted to open, the general labor supply has remained low, leading to labor shortages and an inevitable increase in wages. Nonsupervisory, front-line positions such as hospitality and customer service industries have been hit particularly hard. Elevated unemployment benefits, fear of catching or transmitting the virus and a lack of child care fueled talent scarcity.

- 4.2 million people were not working for fear of transmitting or catching the virus, according to the U.S. Census’ Household Pulse Survey from March 2021⁵
- Another 6.3 million didn’t work because they were caring for children that would otherwise be in school or day care
- 44% of businesses state that they are unable to fill current job openings ... the highest rate in the history of a survey published in April by the National Federation of Independent Businesses⁶



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The labor shortage – combined with the increase in wages – has placed companies on edge, looking for innovative solutions that will enable them to continue meeting customer service expectations. Ironically, these expectations are growing due to the increased demand for remote work.⁷ While the reinstatement of child care resources and an eventual COVID cure will lessen some of this pressure, the increase in jobs coupled with baby boomer retirements suggests that these shortages could be long term in nature and last until the next recession.

Insight #1: Post-COVID, structural changes in the labor market have elevated both scarcity and pricing of front-line labor for the foreseeable future.

2 STRUCTURAL CHANGES LEND A HAND

At the pandemic's onset, many businesses moved from a brick-and-mortar model to a work-from-home environment. In the early days of the pandemic, this shift was assumed to be a temporary necessity to keep workers safe while trying to protect the economy. However, a funny thing happened on the way back to the office ... people decided not to return. This is particularly true among knowledge workers who are choosing to change jobs rather than return to the daily grind of commuting.⁸

Companies have responded by adapting roles from in person to virtual, or enacting hybrid environments where employees split time between home and office. The magnitude of this change is staggering.

- Prior to COVID, 99% of businesses followed a work policy that required greater than 80% of an employee's time to be spent in a physical office (according to McKinsey & Company)
 - Today, that 99% is down to 10%⁹
- Similarly, in a survey of 9,000 workers by Accenture PLC, 83% of respondents said that a hybrid environment is “optimal”

These attitudinal changes among both businesses and their employees have led to permanent physical changes for many positions. Today, jobs that were once thought to be temporarily remote work engagements are being converted to permanent or hybrid employment arrangements. The impact of this change on the ability to source labor has been significant. LinkedIn reports a 357% rise in remote job postings to 9.7% of all job listings.¹⁰ Interestingly, those 9.7% of job listings attracted 20.5% of all job views.¹¹



Insight #2: Attracting front-line workers to remote and hybrid work environments is easier than attracting them to in-office work.

3 TALENT ACQUISITION TAKES CENTER STAGE

Becoming a more attractive employer and being able to articulate the employer value proposition (EVP) has never been more critical. According to Rally Recruitment Marketing experts, the pre-COVID application-to-hire ratio was approximately 10:1. Today it is approximately 18:1. Said another way, it takes 80% more time to find each new hire ... more if it's a brick-and-mortar position.

Talent acquisition has seldom been more challenging, and the strategies used to attract and hire have seldom required more adaptation. Companies have added or modified employee referral programs, contracted staffing companies, and in some cases even lowered standards to accommodate the market.¹² More innovative approaches include using technology to help find better quality candidates, streamlining the application process and driving faster hiring decisions.

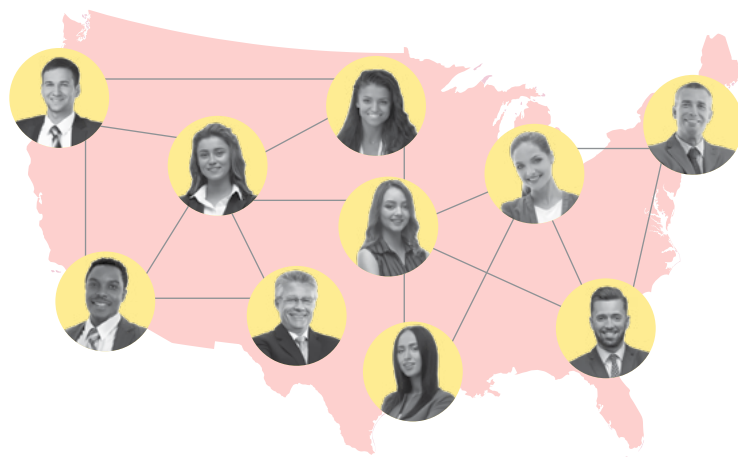
In our own case, we have been able to use technology to speed the time to hire by:

- Developing a mobile-first application
- Implementing a completely remote I-9 process
- Proctoring pre-hire assessments
- Driving job postings by scoring job titles and descriptions using text analytics tools

Today, many of our remote jobs are completely virtual from start to finish, including application, assessment, hiring, onboarding, orientation, training, probationary work and, finally, permanent work. Eighteen months ago, this was considered a far-off dream. Today, it is standard operating procedure.

One benefit of embracing remote work is that it allows for greater geographic expansion of the candidate pool. This structural change is a force multiplier for candidate search. It allows for both a hub-and-spoke approach centered on current geographies, and a national (even global) approach for other positions. Geographic spread is not without its challenges, i.e., sending and retrieving equipment or committing to a completely virtual relationship among team members. However, in a rapidly tightening labor market, the increased pool of candidates promises to compensate for the additional cost.

Along with these changes has come a greater use of recruitment marketing. This applies the science of marketing to the candidate journey. It requires developing candidate personas and understanding the demographic, geographic, mediagraphic and, occasionally, psychographic profiles of ideal candidates. The application of traditional marketing along with digital sourcing tools has helped to increase the number of qualified applicants and combat the growing applicant-to-hire ratio.



Insight #3: Innovations in talent acquisition process and technology are expanding the candidate pool and increasing candidate quality.

MOVING FORWARD

Adaptation certainly seems to be the key to success in the face of such difficult labor markets.

- Reimagining the workplace to include work-from-home and hybrid environments has opened the door to attracting people who are currently restricted due to COVID-related barriers like fear of the virus and lack of day care.
- Innovation that fuels a virtual candidate journey has expanded available geographies and reduced the time to hire.
- The application of marketing principles has leveraged the above innovation into more effective segmentation, targeting and messaging, resulting in an expanded pool of candidates that represents better organizational fit.

While we expect the current labor market challenges to continue, we also expect these adaptations to help position innovative companies to grow their share of available talent and better fulfill the employment value proposition that defines their brands.

He may have lived 2,600 years ago, but Confucius was on to something.

Sources:

¹ U.S. Census Bureau

² U.S. Bureau of Labor Statistics

³ U.S. Bureau of Labor Statistics

⁴ U.S. Bureau of Labor Statistics

⁵ <https://www.census.gov/data/tables/2021/demo/hhp/hhp27.html>

⁶ <https://www.nfib.com/>

⁷ Morley CX Insights Q2

⁸ The Wall Street Journal, May 25, 2021 "If You Thought Working From Home Was Messy, Here Comes Hybrid Work."

⁹ McKinsey & Company, May 2021 "What executives are saying about the future of hybrid work."

¹⁰ <https://www.linkedin.com/pulse/employers-catch-remote-job-posts-rise-457-tech-media-lead-anders/>

¹¹ Ibid.

¹² The Conference Board

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