Recruiter.com (RCRT)

Market Trends and Analysis

November 2021

Increased rates of labor turnover and shorter durations of employment for workers are increasingly redefining the U.S labor market.

Even before the COVID-19 pandemic, employers were struggling to find workers to fill critical positions, while workers were struggling to find employers that satisfied their demands.[1]

The pandemic accelerated these trends, creating a significant need in the marketplace for solutions that help workers and employers find each other more efficiently.

Recruiter.com is uniquely positioned to take advantage of these structural opportunities.

1 Fuller, J., Raman, M., Sage-Gavin, E., Hines, K., et al (September 2021). Hidden Workers: Untapped Talent. Published by Harvard Business School Project on Managing the Future of Work and Accenture.

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THE GREAT RESIGNATION

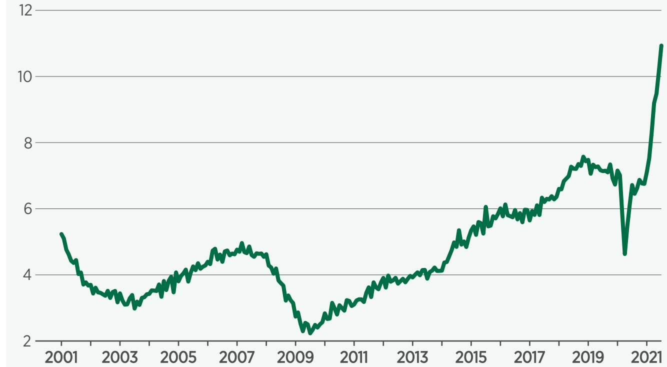
U.S. companies are hiring – or at least, they are trying to. According to the U.S. Bureau of Labor Statistics (BLS), the number of job openings in the U.S. increased to 10.9 million in July 2021 – a record high.[2]

Over the same period, however, actual hires in the U.S. labor market decreased, while U.S. unemployment claims defied economists' expectations in August and began to rise again.[3] Current BLS data, in other words, is revealing a glaring labor market inefficiency: U.S. companies and workers are struggling to find each other.

The inability of U.S. companies to find workers for the record number of jobs for which they are hiring is not a new phenomenon, nor is it directly tied to the COVID-19 pandemic. Indeed, according to a 2021 study published by Accenture and Harvard Business School, this problem has been decades in the making.[4] Among the reasons cited in the study are inflexibly configured automated recruiting systems that effectively hide as many as 27 million workers from the "desperate" eyes of U.S. recruiters.[5]

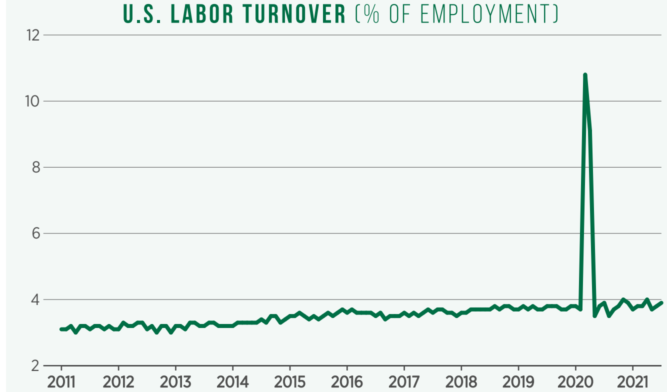
This mismatch is reflected by several other indicators. Labor turnover, for instance, has steadily increased by 22 percent over the last decade. The national "quit rate," i.e., the number of quits during the entire month as a percentage of total employment, has doubled in the last twelve years. Job openings have increased by 146 percent in the last two decades. Note that these are multi-decade trends, not COVID-induced statistical aberrations.

U.S. JOB OPENINGS (MILLIONS)



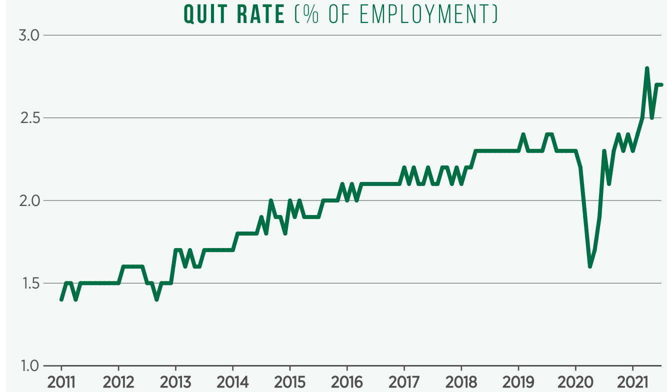
Source: U.S. Bureau of Labor Statistics

U.S. LABOR TURNOVER (% OF EMPLOYMENT)



Source: U.S. Bureau of Labor Statistics

QUIT RATE (% OF EMPLOYMENT)



Source: U.S. Bureau of Labor Statistics

2 "Job Openings and Labor Turnover Summary," accessed October 2, 2021, https://www.bls.gov/news.release/jolts.nr0.htm.

3 "U.S. Job Openings Hit Record High as Employers Struggle to Find Workers | Reuters," accessed October 2, 2021, https://www.reuters.com/business/us-job-openings-rise-record-109-million-july-2021-09-08/., "US Unemployment Claims Rise Third Straight Week to 362,000," AP NEWS, September 30, 2021, https://apnews.com/article/coronavirus-pandemic-technology-business-unemployment-united-states-18ecfd6670cd096f12c383a5ec0e66f7.

4 Fuller et al., "Hidden Workers: Untapped Talent," p. 2.

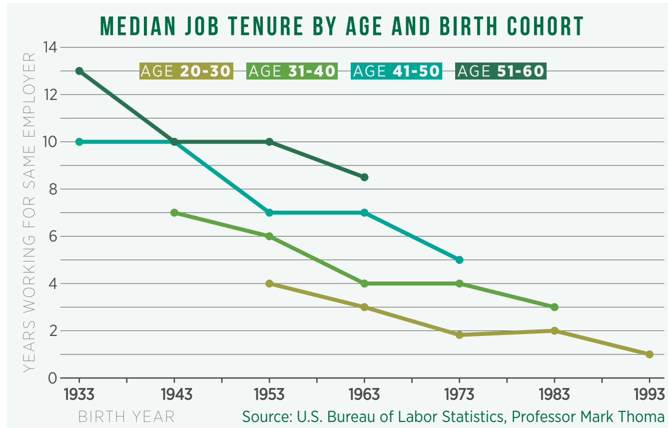
5 Fuller et al., "Hidden Workers: Untapped Talent," p. 14.

THE GREAT RESIGNATION

American employers are not just struggling to find workers: they are struggling to keep them once found. Worker tenure has decreased dramatically over the last half-century. This may seem counterintuitive, considering employee tenure in January 2020 was 4.1 years, little changed from the previous two years and a small improvement from 2000 when employee tenure bottomed out at 3.5 years after a quarter-century of continuous decline.[6] Median job tenure data, however, is inherently cyclical and easily skewed by market conditions (like the burst of the dot-com bubble or the 2008 financial crisis). When adjusting for cyclicality, as University of Oregon Professor Mark Thoma has done in his research, median job tenure has declined with each successive generation since the Great Depression.[7]

There are several forces behind these changes. Due to declining fertility rates, there are fewer U.S. workers to hire.[8] The advent of disruptive technologies such as the internet, cell phones, machine learning, and robotics has changed the nature of work, leaving willing workers without the skills to remain relevant.[9] There is also an intangible cultural and generational force at work. Millennials, i.e., those born between 1980-1996, change jobs more frequently. According to Gallup, just 50 percent of millennials see themselves staying in their current job one year from now, earning them the moniker, "The Job-Hopping Generation."[10]

Texas A&M Professor Anthony Klotz pithily titled the convergence of these disparate forces "The Great Resignation."[11] According to Klotz's research, the COVID-19 pandemic accelerated this trend by creating a backlog of resignations, increasing employee burnout, and causing many workers to reconsider their goals and needs.[12]



The pandemic has also drastically reduced in-person networking and legitimized working from home. Indeed, the number of employees working from home doubled to 42 percent in 2020.[13] Maintaining that new-found flexibility has ascended to the top of 34 percent of job searchers' priorities.[14]

Ironically, recruiting workers has never been easier or harder, depending on one's point of view. The surge of employees working from home means potential applicants have more time to peruse job postings, apply for positions, and even interview virtually. If workers can work from anywhere, companies can hire from anywhere. The trick, of course, is finding and connecting with those workers, and assessing their "fit" without potentially ever meeting in person – all of which is easier said than done, and which current practices and products have failed to do.

6 "Employee Tenure Summary," accessed October 2, 2021, https://www.bls.gov/news.release/tenure.nr0.htm., Steven F. Hipple and Emy Sok, "Tenure of American Workers : Spotlight on Statistics: U.S. Bureau of Labor Statistics," accessed October 2, 2021, https://www.bls.gov/spotlight/2013/tenure/home.htm., "Update Your Résumé: Why Job Tenure Is Declining | St. Louis Fed," accessed October 2, 2021, https://www.stlouisfed.org/publications/regional-economist/january-2005/keep-your-rsum-current-the-causes-behind-declining-job-tenure.

7 "Economist's View: Falling Job Tenure: Labor as Just Another Commodity," accessed October 2, 2021, https://economistsview.typepad.com/economistsview/2015/06/falling-job-tenure-labor-as-just-another-commodity.html.

8 "Fertility Rate, Total (Births per Woman) - United States | Data," accessed October 2, 2021, https://data.worldbank.org/indicator/SP.DYN.TFRT.IN?locations=US.

9 Fuller et al., "Hidden Workers: Untapped Talent," p. 8.

10 Gallup Inc, "Millennials: The Job-Hopping Generation," Gallup.com, May 12, 2016, https://www.gallup.com/workplace/231587/millennials-job-hopping-generation.aspx.

11 "Anthony Klotz: The Covid Vaccine Means a Return to Work. And a Wave of Resignations." Accessed October 2, 2021. https://www.nbcnews.com/think/opinion/covid-vaccine-means-return-work-wave-resignations-ncna1269018.

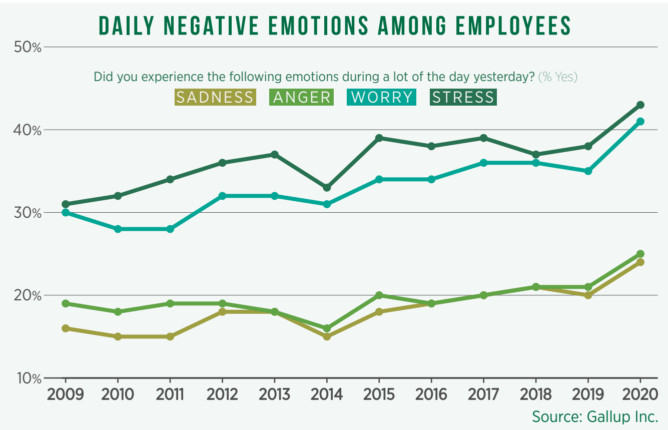
12 "Transcript: The Great Resignation with Molly M. Anderson, Anthony C. Klotz, PhD & Elaine Welteroth - The Washington Post." Accessed October 2, 2021. https://www.washingtonpost.com/washington-post-live/2021/09/24/transcript-great-resignation-with-molly-m-anderson-anthony-c-klotz-phd-elaine-welteroth/.

13 "American Time Use Survey – May to December 2019 and 2020 Results," U.S. Department of Labor, Bureau of Labor Statistics, July 22, 2021, accessed October 2, 2021 https://www.bls.gov/news.release/pdf/atus.pdf.

14 PricewaterhouseCoopers. "PwC US Pulse Survey: Next in Work." PwC. Accessed October 2, 2021. https://www.pwc.com/us/en/library/pulse-survey/future-of-work.html.

WITH GREAT DISRUPTION COMES GREAT OPPORTUNITY

The need for a better way for employers and workers to find each other has become particularly acute due to the COVID-19 pandemic. In its annual "State of the Global Workplace 2021" report, Gallup found that the percentage of workers feeling worried, stressed, and angry at their jobs increased between 13 and 20 percent year-on-year in 2020.[15] In a separate analysis, Gallup found that 48 percent of America's working population is actively searching for a new job. Notably, Gallup rejects the notion of a "Great Resignation," instead preferring to call it a "Great Discontent" due to the primacy of workplace dissatisfaction among workers.[16]



The problem is not just a U.S. one. The disconnect between employers and workers, and the inability of the former to recruit the latter is a global phenomenon. According to Microsoft's Work Trend Index, 41 percent of the global workforce plans to leave their current employer *within the next year*, and of those, 46 percent are planning a major career transition.[17] According to a recent LinkedIn survey, 74 percent of responders are rethinking their current work situations *now*.[18]

For most companies, these are frightening figures, but for online recruiting platforms, it is a potential bonanza. If even a small fraction of workers follow through with their plans, companies will have to invest significantly in new recruiting strategies.

The reason is simple: Employee turnover is extremely costly. Millennial job turnover alone is estimated to cost the U.S. economy a whopping $30.5 billion annually.[19] With traditional recruiting tactics, replacing workers may cost anywhere between one-half to two times an employee's annual salary.[20] Companies will therefore expand their recruiting budgets significantly, especially if online recruiting platforms prove able to identify productive workers at a lower price-point than more traditional recruitment methods. Furthermore, utilizing artificial intelligence to find more and better job candidates can decrease the cost and time it takes to hire new workers.[21]

Even though employee turnover, job openings, and the quit rate are already significantly elevated, anecdotal data suggests "The Great Resignation" is still in its initial stages. A recent PricewaterhouseCoopers (PwC) survey found that 65 percent of U.S. employees are currently looking for a new job. In addition, a shocking 88 percent of executives are seeing higher turnover than normal.[22] The reasons for the dissatisfaction are diverse, but the things employees are looking for are not: better salaries, increased benefits, chances at career advancement, and workplace flexibility were the top 4 answers to the question, "Why are you looking for a new job?"[23]

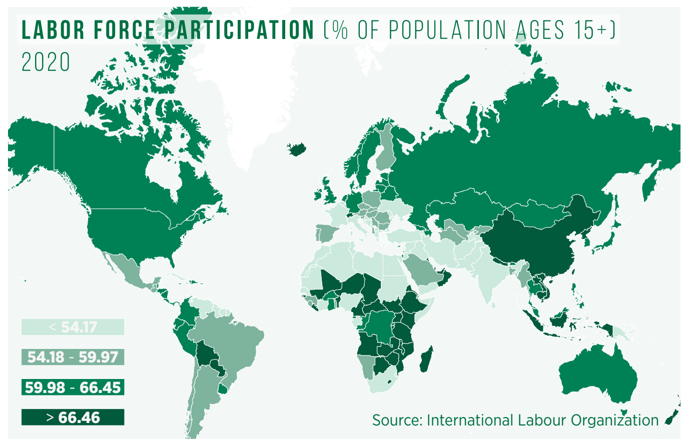
15 Gallup Inc, "State of the Global Workplace 2021 Report," p. 8-11.
16 Inc, Gallup. "The 'Great Resignation' Is Really the 'Great Discontent.'" Gallup.com, July 22, 2021. https://www.gallup.com/workplace/351545/great-resignation-really-great-discontent.aspx.
17 "The Next Great Disruption Is Hybrid Work—Are We Ready?" Accessed October 2, 2021. https://www.microsoft.com/en-us/worklab/work-trend-index/hybrid-work.
18 Phillip Kane, "The Great Resignation Is Here, and It's Real." Accessed October 2, 2021. https://www.inc.com/phillip-kane/the-great-resignation-is-here-its-real.html.
19 Gallup Inc, "Millennials: The Job-Hopping Generation," Gallup.com, May 12, 2016, https://www.gallup.com/workplace/231587/millennials-job-hopping-generation.aspx.
20 Inc, Gallup. "The 'Great Resignation' Is Really the 'Great Discontent.'" Gallup.com, July 22, 2021. https://www.gallup.com/workplace/351545/great-resignation-really-great-discontent.aspx.
21 Fuller et al., "Hidden Workers: Untapped Talent," p. 8.
22 PricewaterhouseCoopers. "PwC US Pulse Survey: Next in Work." PwC. Accessed October 2, 2021. https://www.pwc.com/us/en/library/pulse-survey/future-of-work.html.
23 PricewaterhouseCoopers. "PwC US Pulse Survey: Next in Work." PwC. Accessed October 2, 2021. https://www.pwc.com/us/en/library/pulse-survey/future-of-work.html.

WITH GREAT DISRUPTION COMES GREAT OPPORTUNITY

The transition to more active online recruiting is the culmination of a trend that began with the emergence of online talent platforms in the 2010s. While it is true that there are significant shortages in highly skilled industries, a 2015 McKinsey study found that between 30-45 percent of the global working-age population is unemployed, inactive, or part-time.[24] The study estimated that online talent platforms alone could add $2.7 trillion to global GDP by bringing hundreds of millions of potential workers into the formal economy.

Online platforms, however, are a form of passive recruiting: a digital, more frequently updated version of the classified pages. The next step toward modernizing recruitment tactics for the demands of Industry 4.0 is fusing advanced technology with a distinctly human element to make new and more sustainable connections between employers and job candidates.[25] This approach will allow companies to scale up or down as necessary, a flexibility which is critical to any era marked by rapid change and technological innovation.

Due to the rise of the internet and online talent platforms, employers today have access to more potential hires than any employers in human history. Due to the pandemic and the historical forces laid out above, employees are also more willing to jump to a new situation if it fits their desired criteria. Ironically, however, this makes the challenge of finding the *right* kind of talent even harder. The problem is no longer producing lists of candidates but sifting through massive amounts of data and information to select the ideal candidates. The challenge employers face is not lack of available talent but finding and successfully recruiting the best talent, like finding a needle in a haystack.



24 McKinsey Global Institute, "A Labor Market That Works: Connecting Talent with Opportunity in the Digital Age", June 2015. Accessed October 2. 2021. https://www.mckinsey.com/~/media/mckinsey/featured%20insights/employment%20and%20growth/connecting%20talent%20with%20opportunity%20in%20the%20digital%20age/mgi_online_talent_a_labor_market_that_works_full_report_june_2015.pdf

25 World Economic Forum. "The Fourth Industrial Revolution: What It Means and How to Respond." Accessed October 2, 2021. https://www.weforum.org/agenda/2016/01/the-fourth-industrial-revolution-what-it-means-and-how-to-respond/.

THE GLOBAL WAR FOR TALENT

In 1998, McKinsey Quarterly published an influential article entitled, “The War for Talent.” Due to a combination of demographics, technological disruption, and the rise of small and medium-sized companies, the study’s authors boldly declared an imminent intense period of competition for top executive talent. Even in 1998, job mobility was increasing. In the 1980s, for example, a high-performing executive might have changed employers once or twice in their career. By 1998, the study found that the average executive worked for five companies and that the number was likely to increase as increasing numbers of companies competed for a decreasing pool of talent.[26]

The late 1990s were also the golden age of globalization. At that point, the ill-fated U.S. wars in Afghanistan and Iraq still lay in the future. The recession of the Soviet Union’s Iron Curtain in 1991 opened new markets and labor pools throughout the world. The prevailing consensus was China would liberalize and democratize as it brimmed with Western capital. National borders became more porous, and countries took advantage. *The Economist*, for instance, declared Germany “the sick man of the euro” in 1999.[27] Within a few years, however, Germany transformed itself into a global economic behemoth due largely to the utilization of a cheap and well-educated labor force in Eastern Europe.[28]

The golden age of globalization is over. Already on life support before the pandemic due to the rise of Xi Jinping, Brexit, and former U.S. President Donald Trump’s trade wars, COVID-19 was the final nail in the coffin. Globalization caused significant labor disruption, to be sure. Many low-wage jobs in developed countries shifted to developing countries.[29] Multinational corporations became increasingly dependent on access to global markets.

Ultimately, however, globalization led to the creation of economies of scale and more efficient allocation of capital and labor. The rise of Taiwan as the world’s semiconductor factory is an excellent example. There, globalization made a unique combination of investment, technological change, and talent acquisition possible to transform and propel both the Taiwanese and global economies.[30]

Times have changed. Globalization will not reverse itself overnight, but the prevailing trend is no longer toward a single globalized economic order, but rather to competing spheres of geopolitical influence.[31] National actors are encouraging private companies to near-shore or re-shore production. Brittle supply chains have become a national security nightmare for government planners throughout the world.

A byproduct of this globalization recession is a renewed war for talent. Unlike the one described by McKinsey Quarterly in 1998, this war for talent is global in nature. Take, for example, a recent headline from Chinese state-run media: “The core of the U.S.-China competition is talent.”[32] For its part, the U.S. government is developing new laws to “root out malign foreign talent recruitment,” in the words of one Congressman.[33]

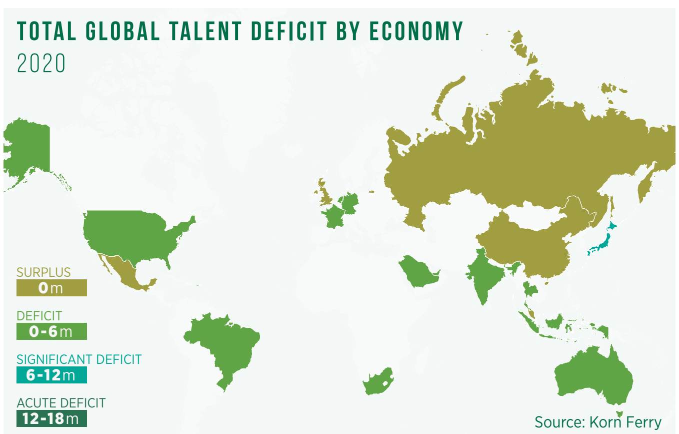
26 Chambers, E.G. & Foulon, Mark & Handfield-Jones, Helen & Hankin, Steven & Michaels, Edward. (1998). The War for Talent. The McKinsey Quarterly. 3. 44-57.
27 “The Sick Man of the Euro | The Economist.” Accessed October 2, 2021. https://www.economist.com/special/1999/06/03/the-sick-man-of-the-euro.
28 Shapiro, Jacob L. “In Search of a Third German Economic Miracle.” Geopolitical Futures, June 27, 2018. https://geopoliticalfutures.com/search-third-german-economic-miracle-1/.
29 Scott, Robert E., Mokhiber, Zane. “Growing China Trade Deficit Cost 3.7 Million American Jobs between 2001 and 2018: Jobs Lost in Every U.S. State and Congressional District.” Economic Policy Institute (blog). Accessed October 2, 2021. https://www.epi.org/publication/growing-china-trade-deficits-costs-us-jobs/.
30 Feigenbaum, Evan A.. “Assuring Taiwan’s Innovation Future.” Carnegie Endowment for International Peace. Accessed October 2, 2021. https://carnegieendowment.org/2020/01/29/assuring-taiwan-s-innovation-future-pub-80920.
31 Perch Perspectives, “Geopolitical Forces Shaping the 2020s.” Accessed October 2, 2021. https://perchperspectives.com/reports/geopolitical-forces-shaping-the-2020s/.
32 Gang, Ding. “The Core of the US-China Competition Is Talent - Global Times.” Global Times, July 4, 2021. https://www.globaltimes.cn/page/202107/1227774.shtml.
33 Flatley, Daniel, Lorin, Janet. “Congress Takes Aim at China’s Recruitment of Talent in U.S. - Bloomberg.” Bloomberg, July 18, 2021. https://www.bloomberg.com/news/articles/2021-07-18/congress-takes-aim-at-china-s-recruitment-of-talent-in-u-s.

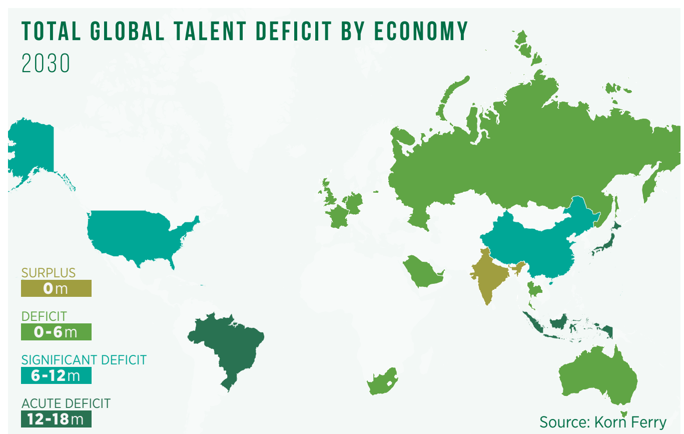
THE GLOBAL WAR FOR TALENT

U.S. companies, as a result, are not simply competing with other U.S. companies when recruiting new workers. They are competing against the rest of the world. By 2030, the global shortage of tech workers could exceed 85 million.[34] According to management consultancy Korn Ferry, the U.S. will be 6 million workers short by 2030.[35] McKinsey agrees and believes Europe and the U.S. are already facing a deficit of 16 to 18 million college-educated workers.[36]

In the past, U.S.-based multinational companies could count on recruiting from abroad to fill out their ranks, but many of those workers are now opting to work for domestic firms.[37] A necessary and beneficial byproduct of globalization was geographic labor specialization; the reversal of that process will be painful for U.S.-based companies.

The impact of this global systemic shift is twofold. It will exacerbate worker shortages and labor turnover, which as noted earlier in this report were already in a long-term uptrend. Traditional recruiting will become that much more difficult as result. It also represents a significant opportunity for online recruiters that can cross borders and truly "hire from anywhere." Increasingly, the workers U.S. companies need won't be found in the U.S. but rather in markets around the world. Identifying with and connecting to workers with these critical skills, now spread throughout the world due to the golden age of globalization, is a crucial aspect of and opportunity for recruiting in the future.





34 da Costa, Pedro Nicolaci. "Tech Talent Scramble." IMF Finance & Development, March 2019.

35 Korn Ferry. "Future of Work: The Global Talent Crunch." Spring 2018. Accessed October2, 2021. https://www.kornferry.com/insights/this-week-in-leadership/talent-crunch-future-of-work.

36 Keller, Scott. "Attracting and Retaining the Right Talent | McKinsey," November 24, 2017. https://www.mckinsey.com/business-functions/organization/our-insights/attracting-and-retaining-the-right-talent.the-right-talent

37 Schmidt, Conrad. "The Battle for China's Talent." Harvard Business REview, March 2011. https://hbr.org/2011/03/the-battle-for-chinas-talent.

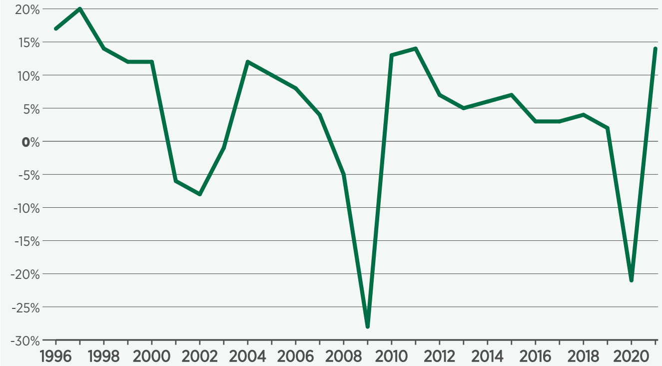
RECRUITER.COM AND COMPETITIVE LANDSCAPE

Recruiter.Com (RCRT), an on-demand recruiting platform, is uniquely positioned to capitalize on current and future trends in the U.S. job market and potentially beyond. The global online recruitment market is projected to reach $36.2 billion by 2027, a 44 percent increase from 2020 and reflecting a CAGR of 5.4 percent.[38] Technavio predicts that the online recruitment market in the U.S. will grow by almost $3 billion and register a CAGR of almost 7 percent between 2021-2025.[39] From a growth perspective, RCRT had an impressive Q2 2021, with revenue growth of 38 percent quarter-on-quarter. Even so, revenue was still just $4.4 million – a small fraction of the current market.[40]

The opportunity is even larger when zooming out from the online recruitment market. According to Staffing Industry Analysts, the market size of the entire U.S. staffing and recruiting industry in 2021 was $136.4 billion. That is 10 percent less than in 2019, but between 2012-2019, market size increased by 33 percent overall.[41] Even so, revenue growth in the U.S. staffing and recruiting industry has been relatively low since the dot-com bubble burst. Double digits growth rates peaking at 20 percent in 1997 gave way to contraction and relatively stagnant growth rates from 2001-2019. Indeed, in 2019, U.S. staffing and recruiting industry revenue grew just 2 percent.[42]

This indicates that there is substantial room for growth in the 2020s. As recruiting and talent acquisition becomes more important and more difficult for companies, it is likely the market will see a return to the revenue growth figures of the 1990s, with increasing amounts of capital directed towards more effective and targeted online recruiting tactics.

U.S. STAFFING INDUSTRY REVENUE GROWTH | 1996-2021



*2020-2021 are staff projections

Source: Staffing Industry Analysts

From a macro perspective, the market seems to underplay the broader trends that will lend increased urgency to the challenge of recruiting new workers in a more volatile and less plentiful labor market. In addition, the recent increases in both employer and employee preference for freelancing or gig-based projects is a source of substantial opportunity.[43]

RCRT is not alone in the online recruitment market. Other players in the space include ZipRecruiter, CareerBuilder LLC, College Recruiter Inc., DHI Group Inc., Microsoft Corp., OPTnation, Randstad Holding NV, Recruit Holdings Co. Ltd., Robert Half International Inc., The Select Group LLC, and TopUSAJobs.com.[44] Furthermore, according to Technavio, fragmentation in the online recruiting market will accelerate in the next four years as the growth opportunity posed by current market forces becomes more apparent.

38 "Online Recruitment." Accessed October 2, 2021. https://www.marketresearch.com/Global-Industry-Analysts-v1039/Online-Recruitment-13586874/.

39 Technavio. "Online Recruitment Market in the US to Grow by Almost $ 3 Billion during 2021-2025 | Discover Company Insights in Technavio." Accessed October 2, 2021. https://www.prnewswire.com/news-releases/online-recruitment-market-in-the-us-to-grow-by-almost--3-billion-during-2021-2025--discover-company-insights-in-technavio-301328024.html.

40 "Recruiter.Com Announces Second Quarter 2021 Results." Accessed October 2, 2021. https://www.accesswire.com/659871/Recruitercom-Announces-Second-Quarter-2021-Results.

41 Landhuis, Timothy, Matt Norton, Shweta Palekar, David Papapostolou, Curtis Starkey, Brian Wallins, and Amy Chang. "US Staffing Industry Forecast." Staffing Industry Analysts, April 7, 2020.

42 Landhuis et al.

43 Ozimek, Adam. "The Great Resignation: From Full-Time to Freelance." Accessed October 4, 2021. https://www.upwork.com/research/the-great-resignation.

44 Technavio. "Online Recruitment Market in the US to Grow by Almost $ 3 Billion during 2021-2025 | Discover Company Insights in Technavio." Accessed October 2, 2021. https://www.prnewswire.com/news-releases/online-recruitment-market-in-the-us-to-grow-by-almost--3-billion-during-2021-2025--discover-company-insights-in-technavio-301328024.html.

RECRUITER.COM AND COMPETITIVE LANDSCAPE

RCRT is significantly smaller than many of these companies – DHI Group, for instance, reported total Q2 2021 revenue of $28.7 million, reflecting 4 percent growth year-on-year. ZipRecruiter saw revenue of $183 million in Q2 2021, reflecting 108.7 percent year-on-year growth. Randstad's Monster.com saw stable revenue in Q2 2021, reflecting 3 percent growth compared to pre-pandemic results.[45] Overall revenue was €294 million.[46]

What makes RCRT different than its competitors is its emphasis on "recruiting-on-demand." In addition to charging for a subscription to its web-based platforms, RCRT leverages a network of relationships and its AI and Video hiring platform to take a more active approach to recruiting. Recruiting is a specialized task that requires a high degree of professionalization to be effective. Furthermore, the proliferation of various online job search sites has increased the complexity of targeting quality job candidates.

In that sense, it is difficult to identify a *direct* competitor for RCRT. Indeed, RCRT's on-demand recruiting service grew by 88 percent quarter-on-quarter. It is the combination of RCRT's software and subscription-based revenue with this more surgical recruiting service that makes RCRT stand out and suggests that its emphasis on the human aspects of recruiting as well as its AI-driven platform are well-placed for a rapidly changing recruiting environment.

45 A. I. M. Group. "Randstad Q2 2021: Monster Revenue Stable - AIM Group." https://aimgroup.com/. Accessed October 2, 2021. https://aimgroup.com/2021/07/27/randstad-q2-2021-monster-revenue-stable/.

46 A. I. M. Group. "Randstad Q2 2021: Monster Revenue Stable - AIM Group." https://aimgroup.com/. Accessed October 2, 2021. https://aimgroup.com/2021/07/27/randstad-q2-2021-monster-revenue-stable/.

WHAT COULD GO WRONG

RCRT seems to be in the right place at the right time. There are, however, a few scenarios to consider in which the growth narrative for the company could fall short.

I. Elevated employee turnover and quit rates in the U.S. may represent dissatisfaction with compensation rather than a fundamental transformation in the U.S. labor market. Indeed, U.S. inequality is at its highest in recorded history, surpassing levels observed in the "Roaring 20s" before the Great Depression.[47] This is a low likelihood, high impact scenario. Signs to look out for would be significant political turmoil in the U.S. that brings populist leaders to a dominant position in the U.S. government.

II. U.S. employers may choose to focus more on employee retention rather than increasing recruitment budgets. Simply by virtue of the global shortage of talent, such a scenario would not completely undercut RCRT's growth narrative, but it would impose a lower ceiling on its success. Indicators this narrative is playing out would include sudden drops in employee turnover and quit rates, as well as significantly higher wages and benefit restructures for U.S. workers and improvement in employee sentiments.

III. The worker deficit may reflect a mismatch between the skills workers have and the skills that companies require. That is primarily an education problem, not a recruitment issue. RCRT can only recruit what exists, after all. Furthermore, RCRT's focus is primarily on the U.S. and Canadian markets. Even if projections for online recruiting market size are realized, online recruiters that cannot successfully scale their operations at a global level, which is the only way to source the numbers of workers necessary to meet the demand of U.S. companies, will struggle to say relevant. If RCRT is not able to sustain its growth rates going forward, it would be a signal that its platform is not sourcing enough quality candidates.

CONCLUSION

- **The macro-trends are relatively clear: job openings and employee turnover will continue to rise, due to a combination of structural forces and pandemic recovery.**
- **Companies will invest in recruiting new workers and will find it harder to source new talent than at any point since the late 1990s.**
- **Both technologically and geopolitically, the world is a much different place than it was during the previous "war for talent," presenting a significant opportunity for online recruiting solutions that can help companies lower the cost of labor churn and recruiting fresh talent.**
- **While there are downside risks to consider, and while the U.S. labor market promises to be volatile as the economy continues to recover from the pandemic, RCRT is uniquely positioned to profit from its ability to scale the recruiting capabilities of its clients.**

47 Saez, Emmanuel. "Income and Wealth Inequality: Evidence and Policy Implications." Contemporary Economic Policy 35, no. 1 (January 2017): 7–25. https://doi.org/10.1111/coep.12210.

PERCH PERSPECTIVES
5900 BALCONES DRIVE, STE. 4015
AUSTIN, TX | 78731

[P] +1.512.900.8457
[E] INFO@PERCHPERSPECTIVES.COM

WWW.PERCHPERSPECTIVES.COM

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