Talroo®

EIGHT TRENDS FOR HIRING ESSENTIAL WORKERS IN 2022

HIRING ESSENTIAL **WORKERS IN 2022:**

With the COVID-19 pandemic and ensuing economic recovery, 2020 and 2021 have posed numerous challenges for companies hiring essential workers — workers who work in sectors such as fulfilment and distribution, logistics, healthcare, restaurants, groceries, manufacturing, customer and financial services, and more.

> **What recruitment strategies, job models, and technologies will be needed?**

In this paper, we explore what the future has in store.

1

A CHANGING WORKFORCE AND **A POTENTIAL DISCONNECT**

The workforce of essential workers has changed significantly over the past 18 months and is likely to continue in 2022.

According to McKinsey, more than 15 million people have left their jobs since April 2021 disrupting many businesses, with another 40% of employees saying that they are at least somewhat likely to leave their job in the next three-to-six months. [1]As part of this trend, three million women have dropped out of the U.S. workforce over the past year[2] — some due to issues such as reliable childcare. Others have retired early due to health concerns about COVID-19, natural turnover and other reasons.

New School's Schwartz Center for Economic Policy Analysis found that 1.1 million older workers left the U.S. workforce between August 2020 and January 2021[3]. As of the first quarter of 2021, the U.S. labor force had two million fewer people than pre-pandemic levels[4].

As business leaders look to make up for lost time in growing their businesses in the post-COVID-19 recovery, there appears to be a disconnect between employer and employee in two main areas.

Many essential workers are neither mentally or physically ready to hit the ground running with organizations simply not having enough staff. Also, employers are trying to recruit using traditional incentives without fully understanding what is really important to employees in the post-COVID-19 era.

Let's take a look at how this is manifesting itself, some of the reasons for this disconnect and the challenges when it comes to hiring today and into 2022.

[1]https://www.mckinsey.com/business-functions/organization/our-insights/great-attrition-or-great-attraction-the-choice-is-yours
[2]https://www.cbsnews.com/news/covid-crisis-3-million-women-labor-force/
[3]https://www.economicpolicyresearch.org/jobs-report/the-stalled-jobs-recovery-pushed-1-1-million-older-workers-out-of-the-labor-force
[4]https://www.ft.com/content/f6da4a8d-0b93-495b-8dcd-0c988a52c066

2

A MORE SELECTIVE WORKFORCE, **HIGHER TURNOVER AND THE HUMAN ELEMENT**

As workers gain more confidence in the economy as it continues to grow, and as the employer/employee disconnect persists, expect higher turnover rates when it comes to essential workers in 2022.

According to a recent survey from Adobe of 3,400 enterprise workers in the United States, United Kingdom, Germany, Australia, New Zealand and Japan[5], more than half of Generation Z workers plan to pursue a new job within the next year, with only 56% satisfied with their work/life balance and 59% with their job overall.

The EY 2021 Work Reimagined Employee Survey found that more than half (54%) of employees surveyed from around the world would consider leaving their job if they are not given more flexibility in where and when they work[6]. A commissioned Microsoft survey of more than 31,000 global employees found that more than 40% were considering leaving their employer in 2021[7]. Expect this kind of turnover to continue or even increase in 2022.

This also fits into the wider picture of a more selective workforce, where employees need to feel more wanted and where the human element is more important.

The McKinsey report, cited earlier[8], found that the top three factors employees specified as reasons for leaving their jobs were that they didn't feel valued by their organizations (54%), or their managers (53%), or because they didn't feel a sense of belonging at work (51%). According to McKinsey, "Employees were far more likely to prioritize relational factors, whereas employers were more likely to focus on transactional ones."

3

REMOTE WORK AND **INDEPENDENT WORKERS**

Remote work will remain a key factor of the workforce in 2022, where essential workers want better provisions and more flexibility over working hours and locations. It's no coincidence that industries which require in-person work, such as construction, retail, restaurant and warehousing, are the ones currently struggling the most to recruit.

Addressing employee concerns about remote working and work/life balance, while addressing the need to scale up businesses and meet demand, is also likely to lead to new job models in 2022.

[5]https://fortune.com/2021/08/26/pandemic-burnout-career-changes-great-resignation-adobe/
[6]https://www.ey.com/en_gl/news/2021/05/more-than-half-of-employees-globally-would-quit-their-jobs-if-not-provided-post-pandemic-flexibility-ey-survey-finds
[7]https://edition.cnn.com/2021/06/29/economy/global-worker-shortage-pandemic-brexit/index.html
[8]https://www.mckinsey.com/business-functions/organization/our-insights/great-attrition-or-great-attraction-the-choice-is-yours

A recent Gartner poll[9] showed that 48% of employees will likely work remotely at least part of the time after COVID-19 versus 30% before the pandemic.
Our research at Talroo found 37% of respondents citing flexible hours as the most important factor in their current job searches[10].

Gartner analysis also shows that organizations will continue to expand their use of contingent workers — independent workers or consultants — to maintain more flexibility in workforce management and help with cost savings.

According to MBO Partners, the number of independent workers in the U.S. rose by 34% in 2021 to 51.1 million[11]. We are also seeing vertical talent freelance marketplaces to address the move towards independent workers. Marketplaces, such as MarketerHire, Toptal, HonorTech and SnagAJob are all helping workers control their schedules and shifts at multiple companies. Other job models that Gartner mentioned include talent sharing and 80% pay for 80% work.

What does this mean?

That employers need to revisit their employment models and be creative to keep people within their sectors.

4

PAY WILL REMAIN AN IMPORTANT ITEM

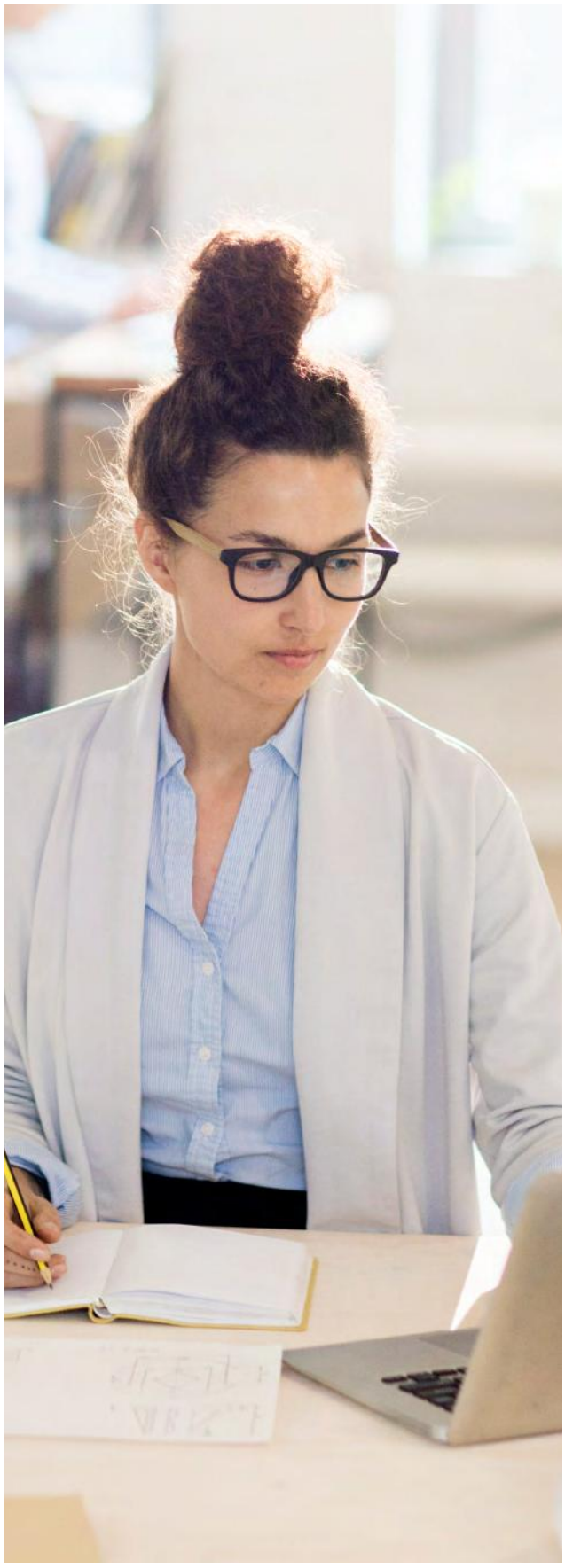
Pay is also likely to remain a high priority for essential workers in 2022.

Our research found wages to be the number one factor job seekers are looking for in their searches, with 39% saying it's the most important variable[12]. This may be due to the number of opportunities in what is an employee-led job market or a desire to compensate for the risks if they are unable to work from home.

Companies such as Amazon and McDonalds have recently provided substantial pay increases[13] [14], with Mexican restaurant chain Chipotle saying workers could be making as much as $100,000 per year in just three years[15]. With these large companies leading the way in terms of compensation, expect other brands to follow in 2022.

[9]https://www.gartner.com/smarterwithgartner/9-tips-for-managing-remote-employees
[10]https://blog.talroo.com/why-is-it-so-hard-to-hire
[11]https://www2.staffingindustry.com/Editorial/Daily-News/Number-of-independent-workers-jumps-34-in-2021-MBO-Partners-report-58885
[12]https://www.talroo.com/hard-to-hire/
[13]https://www.wsj.com/articles/amazon-raising-pay-for-hundreds-of-thousands-of-workers-11619650537
[14]https://www.wsj.com/articles/mcdonalds-raises-pay-for-u-s-restaurant-workers-11620907500
[15]https://edition.cnn.com/2021/05/10/business/chipotle-wage-increase/index.html

Not all companies can afford to increase wages significantly and are arguing against the proposed $15 minimum wage. Recent research from the Brookings Institute[16], using 2018 data from the U.S. Bureau of Labor Statistics, found that 22.3 million essential workers were in occupations with a median wage of less than $15 an hour. If essential careers need to be made more attractive, pay must remain a focus and the pressure is on employers to provide a more attractive compensation package.



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ACCOMMODATING AND PRIORITIZING **MENTAL HEALTH**

Although COVID-19 cases might be on the decline, it will continue to have an impact on essential workers in 2022. The pandemic has had a long-term impact on essential workers' mental health. The American Psychological Association found that essential workers were more likely to be diagnosed with a mental health disorder during the pandemic.

It's also clear that an unequal number of COVID-19 cases were among essential workers. A study by the University of Michigan found that a disproportionate share of COVID-19 cases among working adults in Michigan were in the health care and social assistance industries[17]. Furthermore, researchers at the University of Pennsylvania[18] found that essential workers had a 55% higher likelihood of catching COVID-19 last year than non-essential workers.

[16]https://www.brookings.edu/research/a-policy-manifesto-for-paying-protecting-and-empowering-essential-workers/
[17]https://record.umich.edu/articles/covid-19-disproportionately-affected-states-essential-workers/
[18]https://www.nber.org/papers/w28374

For businesses to adapt, they need to be very clear about the workplace safety precautions implemented to address concerns people have about going back to work. Also, employers need to have flexibility with working hours, give employees the ability to work from home (when possible) and design the workspace to make employees feel safe, comfortable and valued.

6

HIRING CHALLENGES **AND OPPORTUNITIES**

Hiring is expected to be a challenge in 2022, and may be made worse by high turnover. In June 2021, there were a record 9.3 million job openings in the U.S.[19], but employers were struggling to fill these positions — even with the expiration of enhanced unemployment benefits.

From an employer standpoint, they need to attract and find the right people and the right job models to scale up and be profitable with today's workforce.

From an employee standpoint, they need to find the right organizations that can meet their needs from a sense of belonging to better pay, remote working and an understanding of mental health.

On the plus side for recruiters, however, the workforce also appears to be becoming more mobile. PwC's WorkPulse report, which surveyed 1,500+ U.S. employees[20] (including many essential workers) found that nearly 25% are considering or planning to move more than 50 miles away from their office location, potentially joining the 12% who have already made such a move.

What does this mean when it comes to hiring? It indicates that people are not as geographically constrained to where they live and work, and are willing to work from more places. The result is greater flexibility when it comes to hiring practices.

Skilled, essential workers hold the cards and it's up to employers to listen to their needs and respond thoughtfully when it comes to recruitment. If not, management consultants Korn Ferry predict that there could be $8.5 trillion in lost revenues worldwide by 2030 due to jobs going unfilled[21].

[19]https://www.bloomberg.com/news/articles/2021-06-08/u-s-job-openings-jump-to-fresh-record-high-of-9-3-million
[20]https://www.pwc.com/us/en/services/consulting/workforce-of-the-future/library/workforce-pulse-survey.html
[21]https://www.kornferry.com/insights/this-week-in-leadership/talent-crunch-future-of-work

7

USING TECHNOLOGY — FINDING THE RIGHT PEOPLE WITH SMARTER TARGETING

Given the challenges and the new workforce dynamics, Talroo predicts that 2022 will see technology play an increasingly important role in recruitment and in the job market as a whole.

With the high turnover, recruitment challenges, concerns about returning to work and a more selective workforce requiring employers to develop new job models, how can the right employees be matched with the right employers?

Talroo predicts that artificial intelligence, data analytics, machine learning and greater automation will play a major role in leveraging data to help companies reach the right candidates at the right time in the right place. Technology is absolutely crucial in enabling companies to hire at scale to meet the pent-up demand of the post-COVID-19 recovery.

Sectors, such as hospitality, are already being more innovative in their recruitment by focusing on the number one metric — time to hire. They are hosting online hiring events and using aggressive referral strategies[22].

[22]https://blog.talroo.com/strategies-for-hiring-restaurant-retail

8

PERSONALIZATION **IS KEY**

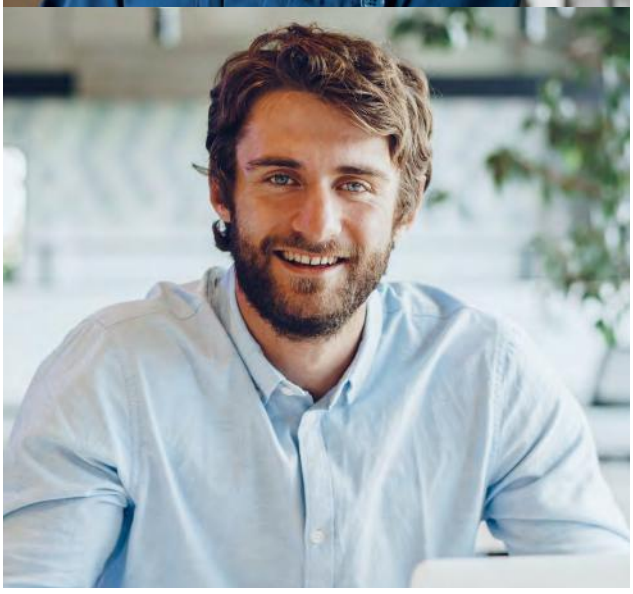
Technological innovations will continue to help recruiters connect in more personalized ways with candidates. Rather than the one-size-fits-all approach, recruiters will have customized tools to better reach their diverse job seeker audiences.

Examples include targeted and transparent ads. Talroo data shows that jobs that are up front about pay and bonuses receive 30% more views compared to jobs without data[23].

Targeted online advertisements that reach candidates at scale, identifying the best applicant-to-interview ratios, identifying what channels are working the best for outreach, customization and technology, will all be vital when it comes to boosting essential worker recruitment levels in 2022.

Then employers will be able to find the candidates they most want to hire and employees will be able to find the jobs they most want.

[23]https://blog.shrm.org/blog/candidates-as-consumers-how-to-optimize-your-recruiting-efforts-to-attract



Essential worker employers need to embrace the latest technologies, and be creative, to attract top talent and secure their futures in 2022.

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