



Rewriting the talent recipe

Smarter solutions
to the global talent
supply problem



Introduction

American Airlines was forced to cancel close to a thousand flights in the last weeks of June 2021 due to lack of staff. The cancellations made headlines around the world. But this was no freak event. This, according to spokesperson for the airline who spoke to CNN, was the result of wider labor shortages.

Organizations everywhere should take note.

The current global labor shortage, one of the fastest-growing since records began, has many implications for businesses—and most of them are not good. For American Airlines, it has already meant cancelled flights and lost revenue. Others face similar impacts in the months and years to come.

What can your organization do to optimize talent acquisition and continue recruiting and retaining the people you need in a world where candidates are scarce?



What's happening to global talent supply?



Talent was in short supply before Covid-19. The pandemic has only made the problem worse.



According to figures recently published by KPMG and the Recruitment and Employment Confederation (REC), the number of workers available to Britain's employers plunged in June 2021 at the fastest rate since 1997. While Brexit may be a contributory factor for the UK, it cannot explain the similar figures being repeated across the world. As of late April 2021, there were over 9 million open jobs in the U.S., a record high. Meanwhile, an EU report in December 2020 identified shortages in construction, engineering, software development and healthcare. What's driving the shortage? Rapid economic expansion (according to the World Bank, the global economy is set to grow by its strongest post-recession pace in 80 years during 2021). The sudden release of pent-up demand for projects that were delayed due to Covid-19. Long-standing demand for talent in areas such as digital transformation, which the pandemic has only exacerbated. In short: a perfect storm.

To compound the issue, talent acquisition itself has become a leading field for candidate scarcity, along with more familiar suspects such as IT, engineering, project management, customer service and skilled trades. For example, it is now just as hard to find a STEM recruiter in Silicon Valley as it is to find a Java developer. In Australia, technical recruiters are 10 times harder to find than data scientists. In the UK, it is up to 10 times harder to find IT recruiters than management information systems managers.

And it's not just recruitment that is being affected. Retention is now a major problem as well. Why? Because an over-heating employment market means more opportunities, more tempting job offers, and more reason for good talent to look and go elsewhere—and even those who are not actively applying for new jobs are being bombarded with LinkedIn Inmails and more. This piles even greater pressure on talent acquisition teams. On top of finding new people for new roles, they must also find new people to replace all the ones that have left.

Candidate scarcity can have serious consequences



How long will this acute labor shortage last? While certain underlying causes, such as digital transformation, are set to remain with us for the foreseeable future, covid-related demand surges are likely to dissipate relatively soon. Economic expansion will also slow down (as it always does), but whether that happens in one, two or five years' time is by no means clear.



One thing is for sure: whether the shortage is short and sharp or long and drawn-out, it is going to have significant impact on organizations around the world—and not just for talent acquisition but for businesses in general. Most obviously, compensation for high-demand roles is likely to go through a period of rapid inflation. At the same time, companies—and economies—face major constraints on their growth, as they struggle to find the skilled talent they need to scale up.

Ultimately, the organizations that succeed will be those that are able to do two things at once. One: attract and retain the talent they need. Two: find a smart way to configure the work that needs to get done, taking account of talent market dynamics.

It's a tough challenge—but a surmountable one. The first step is to ask provocative questions about your talent acquisition strategy and start recalibrating your approach for today's candidate-scare world.

Smarter solutions to the global labor shortage



Before we look at how smart companies are approaching the current shortage, let's first consider what an organization might typically do in this situation.

A retailer is experiencing a surge in customer demand following the lifting of Covid-related restrictions. Within three months, the business needs to fill 1,000 additional positions across stores nationwide. The TA function responds by scaling up their existing model. In other words, they hire whatever number of recruiters they think it takes to, in turn, hire 1,000 people.

The strategy hits an immediate snag: recruiters, as we have seen, are extremely thin on the ground. Finding enough quality candidates to fill 1,000 roles takes significant time, effort and ingenuity—none of which the TA function can afford to spare. Three months come and go. Positions remained unfilled. The business fails to grow quickly enough to meet demand.

So what would a smarter solution be?

Instead of simply scaling up their existing model, the TA function would ask, "Is there a more effective way to get this done?" This starts with an honest and accurate assessment of the recruiter role. What do recruiters do that ONLY recruiters can do? These are the activities they should be focusing on. If they're currently splitting their time 70/30 between admin and recruiting, then the company needs to find a way of flipping those percentages fast. Automation can help free recruiters up from less valuable tasks. Another option is to transfer their non-essential responsibilities to other roles where there is less candidate scarcity.

If the company was super-smart, they might take it one step further and start thinking about adjacent positions that could fuel their recruiter talent pool. For example, selling is a major part of the role. So, are there salespeople in the organization with the willingness and learning agility to retrain as recruiters? Could this be a more effective way of bridging the talent gap?

Time to broaden your talent acquisition approach

We have so far focused on recruiters themselves. But the principles apply to any role you need to hire for where candidates are scarce. Thinking narrowly and falling back on familiar approaches from the past will lead to poor outcomes.

In contrast, companies that go beyond traditional “Buy” methods to consider the other “B” talent configuration and retention strategies below will be much better positioned to achieve their goals. This doesn’t mean transferring all of your focus to a single new strategy. The optimal solution is likely to involve several in combination.



Balance

Stabilize your organization through operational transformation, performance improvement, and technology.



Build

Make more of the talent you have through reskilling, upskilling, succession planning, and diversity planning.



Borrow

Draw on the skills of contingent labor, contractors, seasonal staff and gig workers.



Bot

Scale up through robot process automation and machine learning.



Bind and bounce

Reduce employee turnover, and increase engagement and productivity, through pay and reward, retention schemes, and performance management.

Don't give up on attracting scarce candidates. Just do it better

No matter how many “B”s you add to your arsenal, you still need to be able to hire quality candidates to fuel company growth—and, increasingly, they will be candidates for hard-to-fill roles. How do you stay ahead of the competition and secure the people you need?

Let's return for a moment to our imaginary smart company, which is now asking itself, “What levers can we pull to access talent, and how can we create more of them?” Pay and reward is an obvious attraction lever. But if it's your only one, you're in trouble, because organizations that are advanced on the talent maturity scale will have many more levers at their disposal. These include:



Employer brand

Candidates have been shown to accept substantially lower pay offers if the offers come from companies with a strong brand. In the face of a global talent shortage, it is essential that you reexamine your EVP and make sure it is as compelling and differentiating as possible. If it's weak, you will have to pay for it, either through increased compensation or through a lack of access to quality talent.



Working arrangements

The pandemic has changed many people's minds about where and how work gets done. Whatever the drawbacks of remote working, the past 18 months have demonstrated to everyone that not only is it feasible to work at home in certain roles but it can also be as productive as being in the office. In this new paradigm, organizations offering choices that match candidate expectations, in terms of working at home, in the office, or both, are likely to have a distinct hiring advantage over organizations that are not.



Candidate experience

A 2018 CareerBuilder survey revealed that 68% of candidates think the way a company treats them in the hiring process reflects how it treats its employees. This is why smart organizations take a candidate-centric approach to hiring and work hard to provide a quality experience from day one of the recruitment process. If you're failing to recruit the best candidates, it could be time to improve your candidate care. Read our candidate care paper to learn more.



Diversity, equity and inclusion

Inclusive hiring practices help you tap into a wider talent pool, making it easier to hire quality candidates quickly, even for niche or hard-to-source roles. They also improve the overall hiring experience, which strengthens your employer brand and increases your ability to attract, engage and retain the people you need. DE&I should therefore be top of mind for your talent acquisition team. Not just because it's the right thing to do but also because it's the smart thing to do. View our DE&I insights to learn more.

Conclusion

We are in the midst of a global labor shortage that is likely to get worse before it gets better —if it gets better. The knock-on effects for organizations are potentially very serious indeed. Rapid wage inflation. Loss of competitiveness. Constraints on growth.

As with every hiring challenge, the companies best equipped to respond to the shortage are those furthest along on the talent maturity scale. This means being tech-enabled and insights-driven. It means using up-to-the-minute market, assessment and compensation data to make more informed hiring decisions. It also means taking a strategic rather than a reactive approach and connecting talent acquisition activity to workforce planning efforts.

One of the quickest and simplest ways to move your organization up the talent maturity scale is through RPO. By leveraging technology, data and insight built over many years, outsourced recruitment solutions give you the competitive edge you need to secure the right talent at reduced cost, even when candidates are scarce.

To find out more about how an RPO solution can help you, please [contact us](#).



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