



**PT WORK** Force®

## ***Winning the War for Talent***

#6 in a six-part webinar series

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### **Latest Employment Snapshot**

263,000 jobs were added in November 2022 and the unemployment rate held steady at 3.7%. Hourly earnings for year-over-year growth ticked up to 5.1% after hovering below five percent for several months.

2022 saw remarkable performance in terms of the job market, with over 76 million total hires. Weigh that against the people who voluntarily or involuntarily left their jobs and it's a net gain of 4.5 million people.

The unemployment rate is not the same across all jobs; depending on the position that you're hiring for it could be more difficult or less difficult than what the overall market represents. Make your decisions based on quality, actionable data.

An unusual set of parameters for the labor market remains in place heading into 2023. Job openings remain really elevated but the labor pool is shrinking over time. Reasons for this include the retirement of baby boomers (accelerated by the pandemic); an increase in entrepreneurship, and trend—particularly of older white males—choosing not to go back into the labor market for one reason or another.

Although job openings have started to drop from a peak level of nearly 12 million from earlier in 2022, we're still at a very elevated level. Job openings are going to continue to decrease in the months to come and the number of people in the unemployment ranks will go up. We are going to remain in a candidate driven market for the foreseeable future and likely for the majority of 2023.

### **2023 Growth Sectors**

Construction, manufacturing and wholesale trade continue to add jobs at a robust clip. These trends will continue, particularly anything related to residential market activity. Manufacturing in non-residential and wholesale trade distribution in general is expected to do quite well in 2023. For organizations this means it might get a little easier to find talent, and it might get a little cheaper to hire people, but you're still going to have to bring your best game to the marketplace. You'll need to be competitive with compensation and, given the options available to candidates, to sell yourself to potential job candidates.

### **Geographic Markets**

Opportunities are going to be most significant in parts of the country where there's been massive migration. Southern states will have a tough time finding talent, even portions of California. If you're looking for local talent, you might have an uphill battle attracting talent and retaining current staff. The top two categories, professional and business services and trade, transportation and utilities are at the heart of the wholesale distribution space. 12.7 million new hires are projected for the segment that includes distribution.

## **Key Strategies for Winning the War**

Talent hiring is not just an HR function. The senior leadership of every organization must be involved in crafting and continuously refining a talent-oriented strategy to generate the outcomes you want. Senior leadership is involved in changing the behavior and the habits related to attracting hiring and retaining workers, but also has the ability to allocate necessary resources to address the shortcomings your business may or may not face when it comes to attracting hiring and retaining workers. The ability to deploy resources is why senior leadership needs to work in partnership with the HR leadership to bring about the changes that you want to see to establish a comprehensive talent strategy that focuses on the three pillars:

1. *Why do people want to work for your company?* Companies must refine their pitch as to why potential candidates would want to come and work for you. Understand what motivates them.
2. *How do you effectively and efficiently hire those people that come in for interviews?* Most candidates prefer an employer let them know they're interested in them within two interviews or fewer. If you're still conducting 456 interviews within your organization, ask yourself “why?” Consider the most efficient process for interviews. Can you get all those people in a room at once for an interview?
3. *How do you convince and entice the people that you already have working for you to remain where they are?* Keep your people! According to ADP, people who switched jobs on average got a 16% salary increase vs. remaining in their current position. If you want to keep people, you must first pay them well, but you also must ask them for their input, listen to what they tell you and then act on it in order for things to improve. On average, about 30 to 40%, of any given organizations, people are currently at least 20% or more below the competitive market rate for compensation. You should do an analysis so you know where you stand.

When it comes to your compensation strategies, you must be data driven. Track, interpret then act upon different hiring and retention metrics. You also need partnerships and alliances, whether that's an internal or external recruiting partner, or someone that can come in and do leadership training for your mid-level management team. It is that direct relationship between the employee and their manager that often results in someone leaving the company. People management training is critical.

***Question: I keep hearing that the economy is transitioning from goods to services. But the data you share seems to suggest a big investment in manufacturing, which is goods production. Thoughts on where we are in the cycle?***

There's clearly a transition in behavior. People's lives and activities are more reflective of pre COVID days as they return to attending social events, going to movies, eating out at restaurants, attending concerts, sporting events, etc. They are back to spending money in ways that are more behavioral, rather than focused on “stuff.”

Another trend we are seeing is an investment in various U.S. manufacturing sectors, whether it's energy related or component production. You don't have to rely on things arriving from China as they are now beginning to be produced at home or in regions closer to home, like Mexico, Central America, Canada.

American companies are increasing their throughput in their infrastructure. The semiconductor industry is a great example of that. Intel is building new plants as well as other companies from overseas because they want semiconductors coming in; there's a renaissance happening in U.S. manufacturing and that speaks to the vulnerability of the supply chain.