



# 8 Ways to Succeed in a Tight Talent Market

# Executive Summary

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The past two years have upended the U.S. labor market..

People are reassessing when, where, and how they earn a living. And companies are radically changing the way they do business.

With over 17+ million candidate applications and 685,000+ new job seeker profiles delivered every month\*, ZipRecruiter has been in a unique position to gather new insights into trends as they emerge.

Our focus is always on the practical implications for businesses and job seekers. What do the new trends imply for talent management in the toughest market that many of us have ever seen?

The numbers may make for stark reading, but we seek to get beyond the hype to share our understanding of how recruitment and people leaders can be best prepared to fight for talent.

We close out the data with our predictions for the rest of 2022 and eight recommendations for success. As we rethink recruitment, we should not only respond to the challenges of today, but take this opportunity to build robust, resilient talent pipelines and recruitment programs for the future.

**Julia Pollak**

*Chief Economist, ZipRecruiter*

# Key Headlines

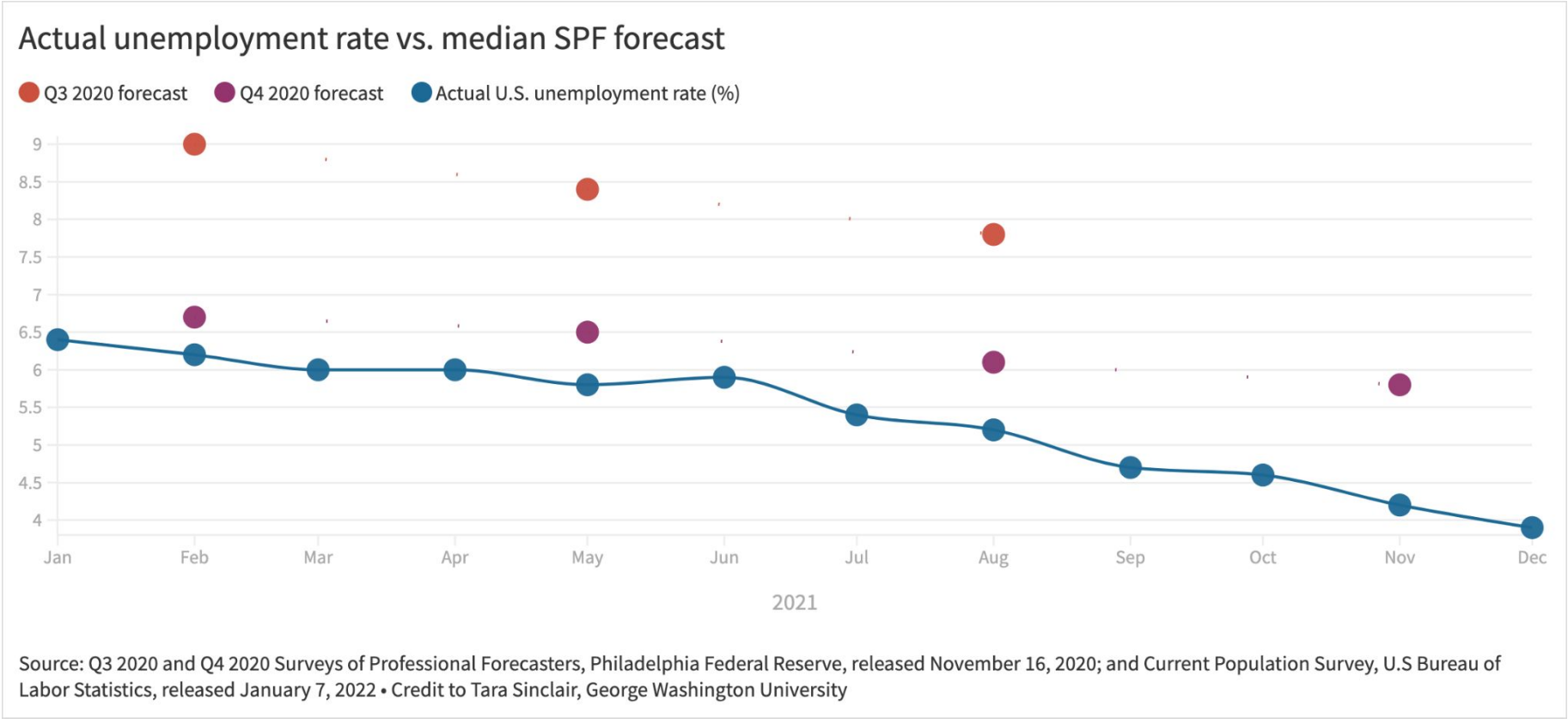
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- The labor market recovered far more quickly than predicted in 2021 and broke multiple records.
- The year ushered in the best job seeker's market, but most challenging employer's market, on record.
- Inflation and supply chain disruptions amid a slow labor force recovery further complicated talent management.
- Labor shortages will persist in 2022 and beyond, making it important for businesses to adopt best practices for managing talent in a tough environment.

# 2021 Review

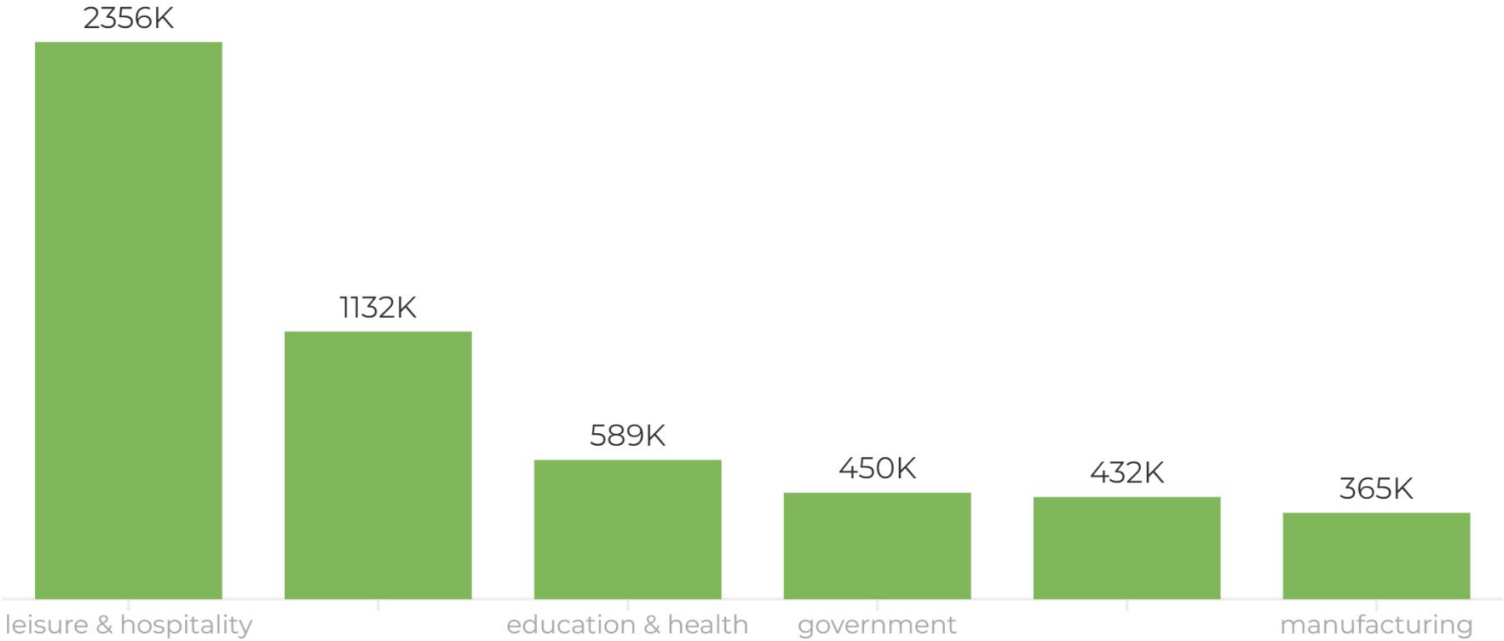
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# The U.S. labor market recovered more quickly than expected



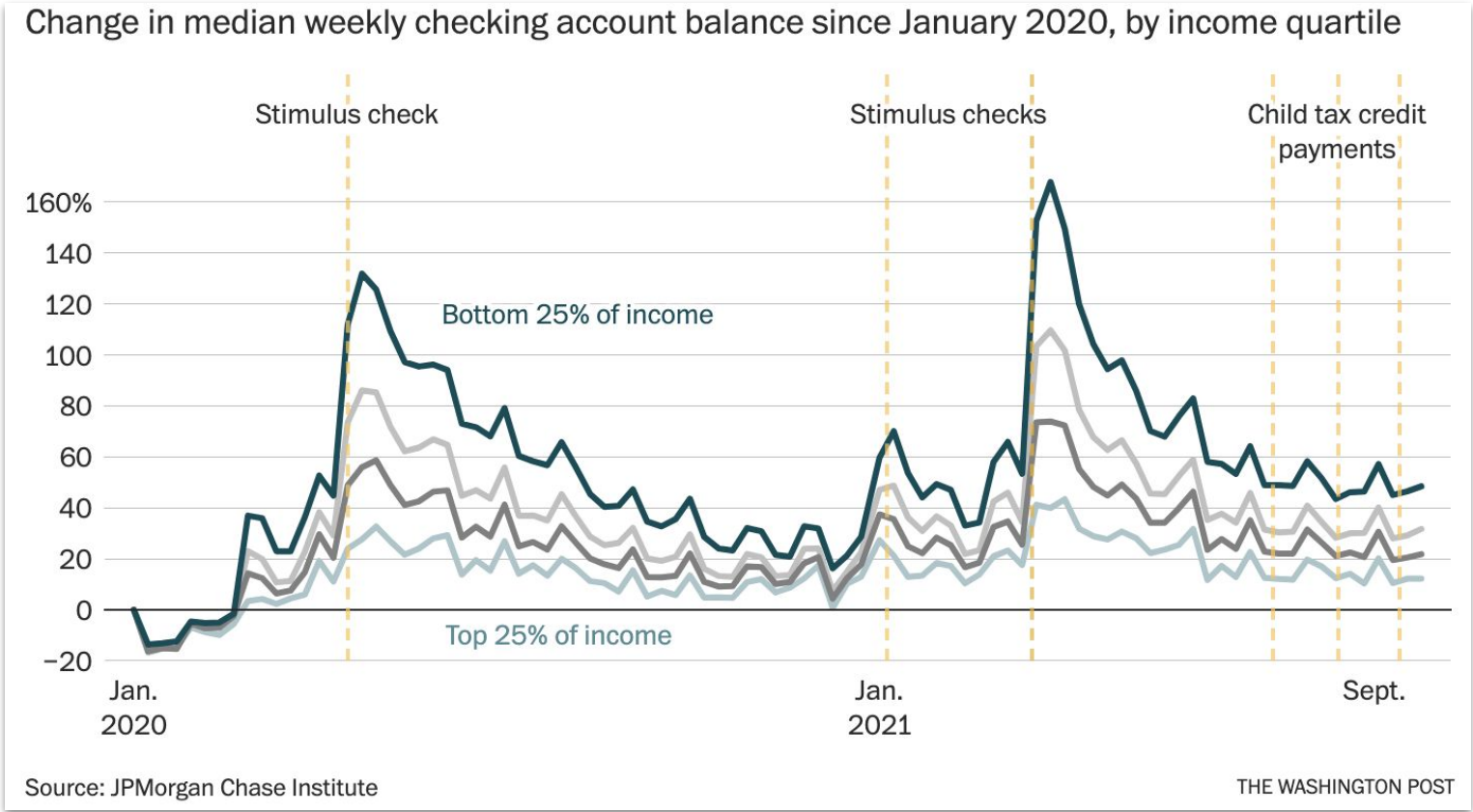
# The economy added a record 6.7 million jobs

Net change in total payroll employees, December 2020–December 2021

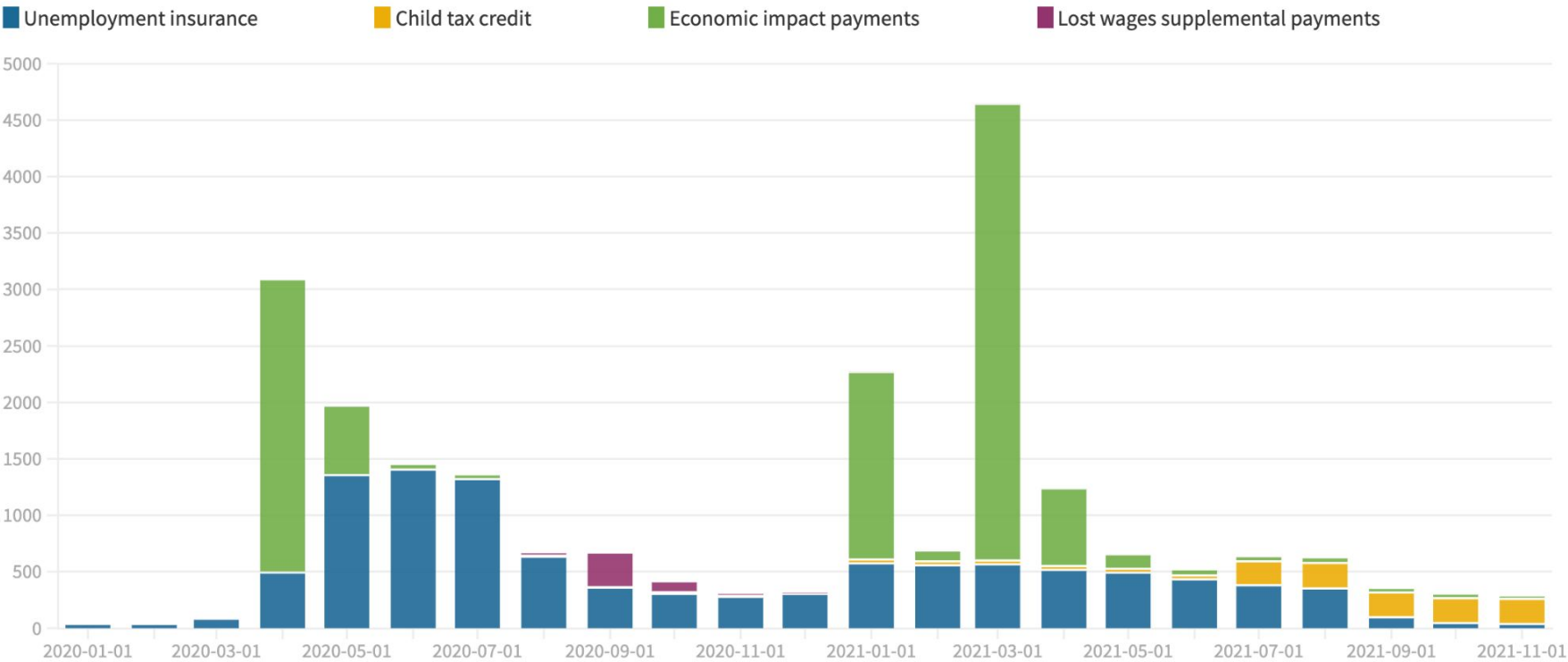


Source: Current Employment Statistics, U.S. Bureau of Labor Statistics, Released February 4, 2022

# People had far more cash in their bank accounts than before Covid



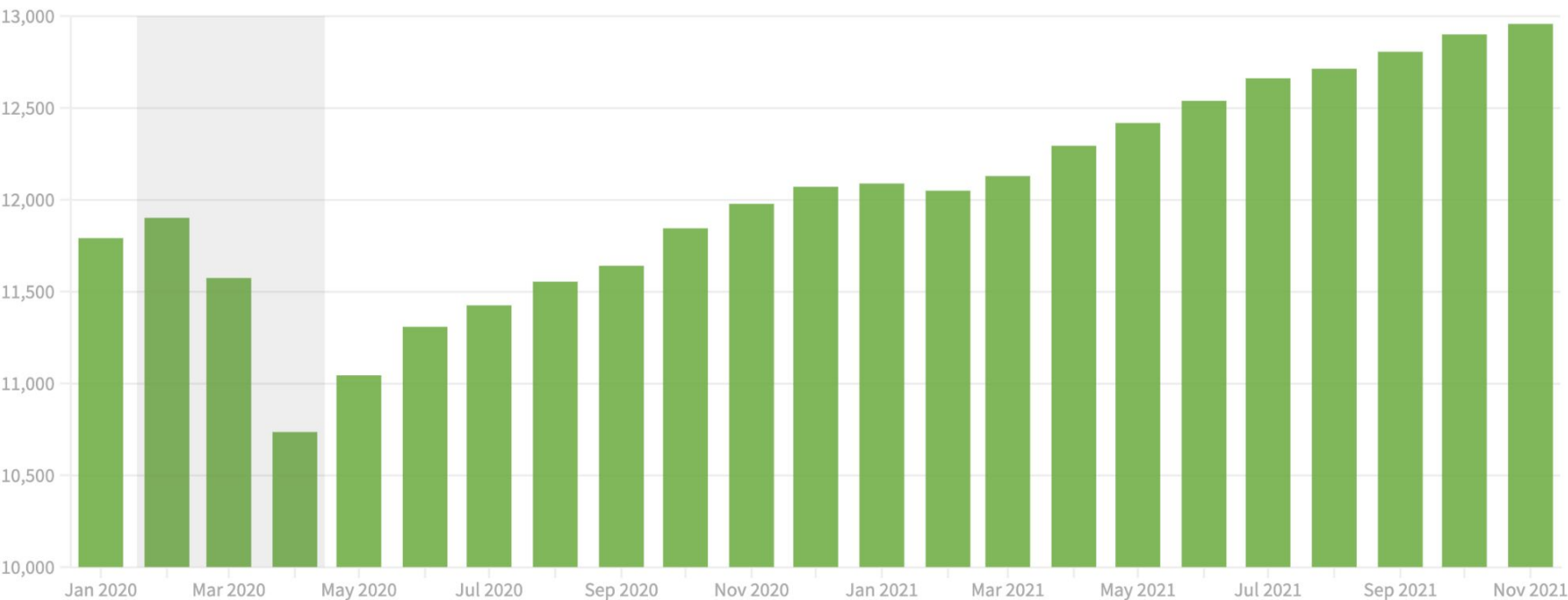
# ...because Federal dollars continued to flow



Source: Personal Income and Outlays, Bureau of Economic Analysis, Released December 23, 2021

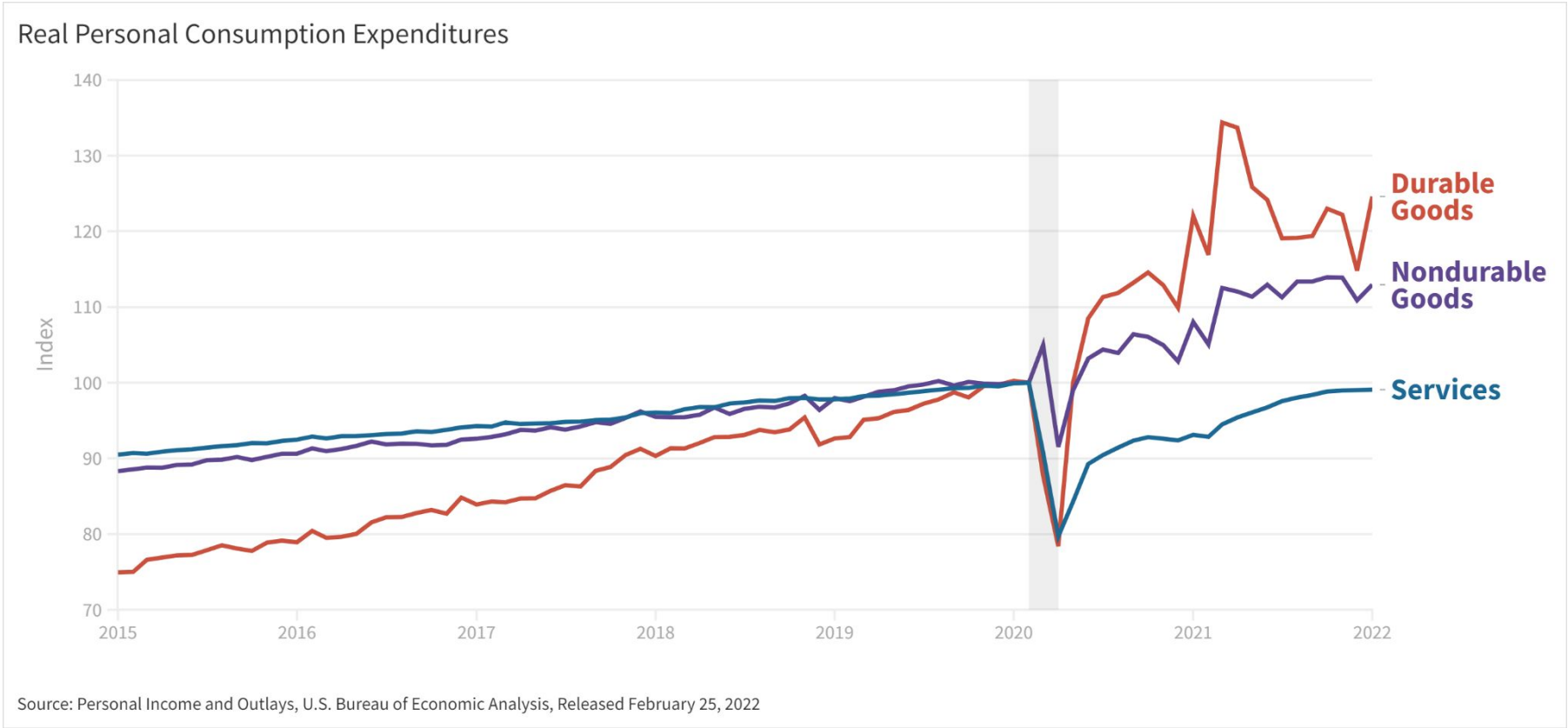
...even as labor market earnings fully recovered and then grew

Labor market earnings (\$ billion)



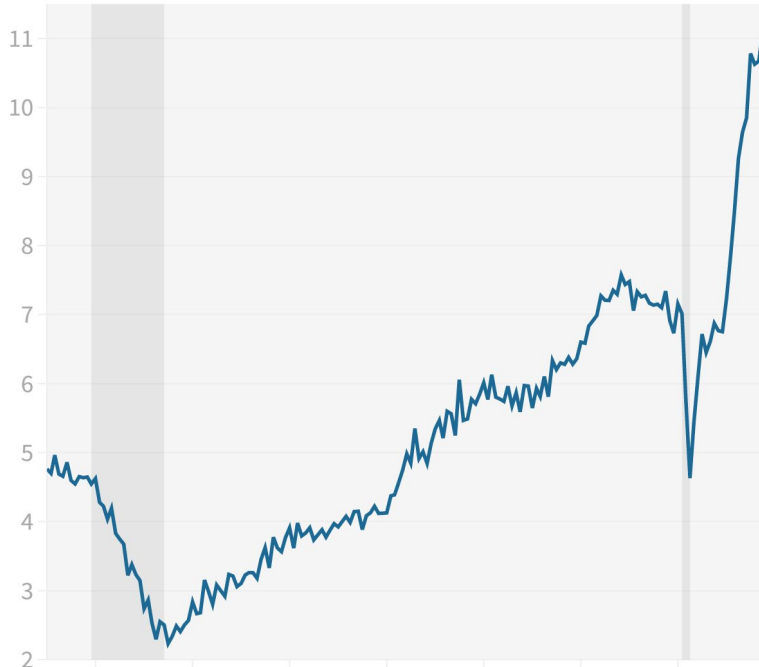
Source: Personal Income and Outlays, U.S. Bureau of Economic Analysis, Released December 23, 2021

# Higher incomes drove higher spending, especially on durable goods



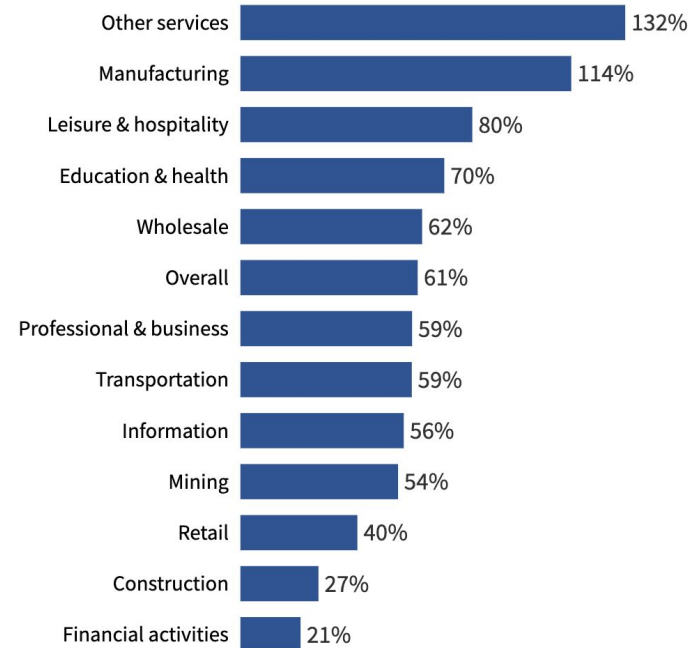
## ...which generated exceptionally strong demand for labor

Job Openings (Millions)



Source: U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey, Released March 9, 2022

% Change in Job Opening (Feb. 2020–Mar. 2022)



Source: U.S. Bureau of Labor Statistics, JOLTS, Released Mar., 2022

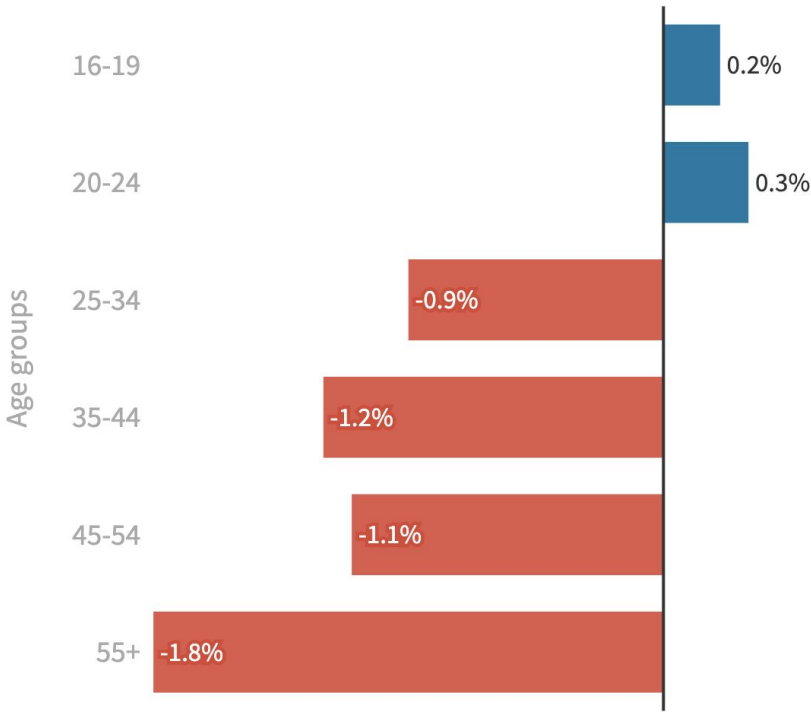
# But labor force participation remained low, especially among older workers

Labor Force Participation Rate

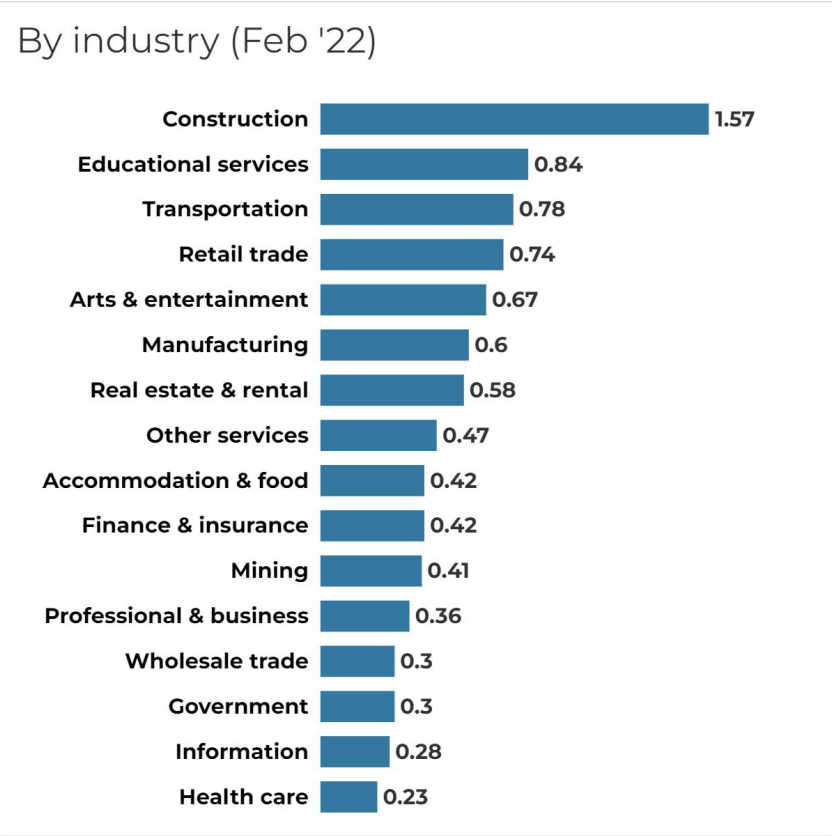
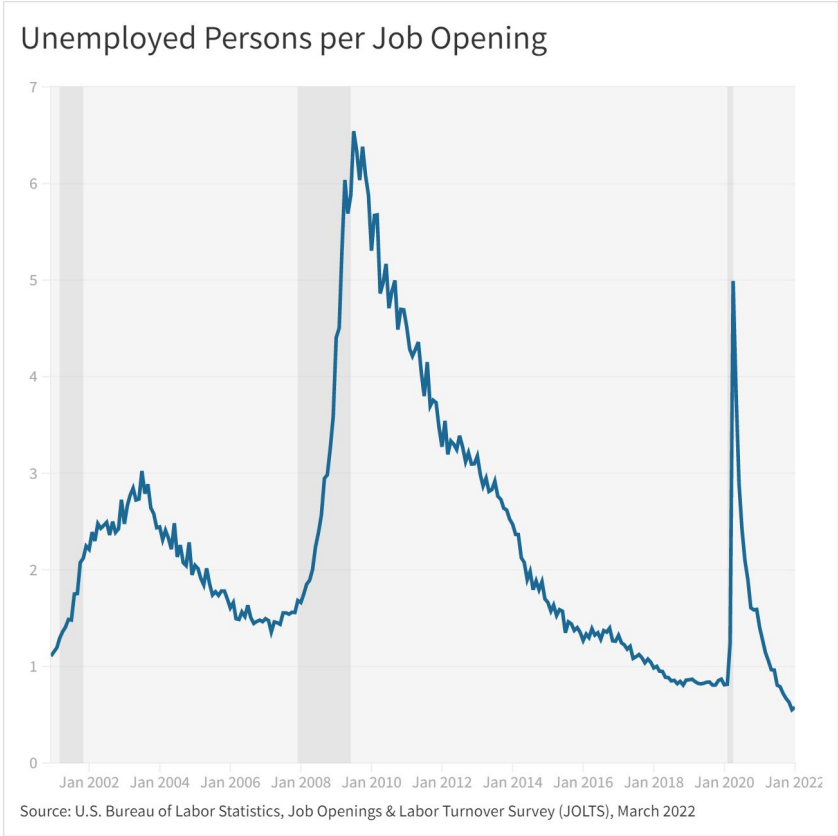


Source: U.S. Bureau of Labor Statistics, Current Population Survey, January 7, 2021

PPT Change in Participation (Dec '19–Dec '21)



# As a result, the number of unemployed people per opening dropped sharply



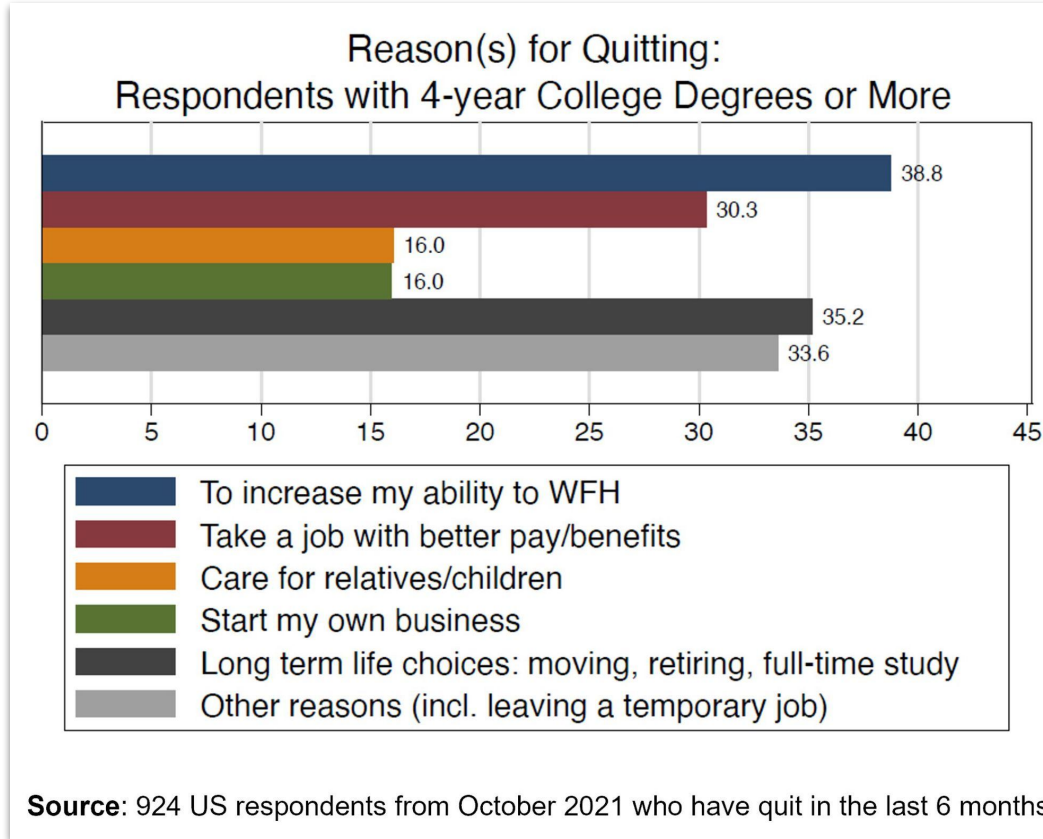
# Additionally, the number of workers quitting their jobs hit new records

*“Usually, about 3 million workers quit their jobs each month. Now, we’ve seen 4 million quit each month for eight straight months!”*

*Julia Pollak, Chief Economist, ZipRecruiter*



# The biggest reason people are quitting right now is to switch to a remote job



Research shared by Nicholas Bloom,  
Professor of Economics, Stanford  
Graduate School of Business, at  
[wfhresearch.com](https://wfhresearch.com)

## 62% of job seekers nationwide say they want remote work

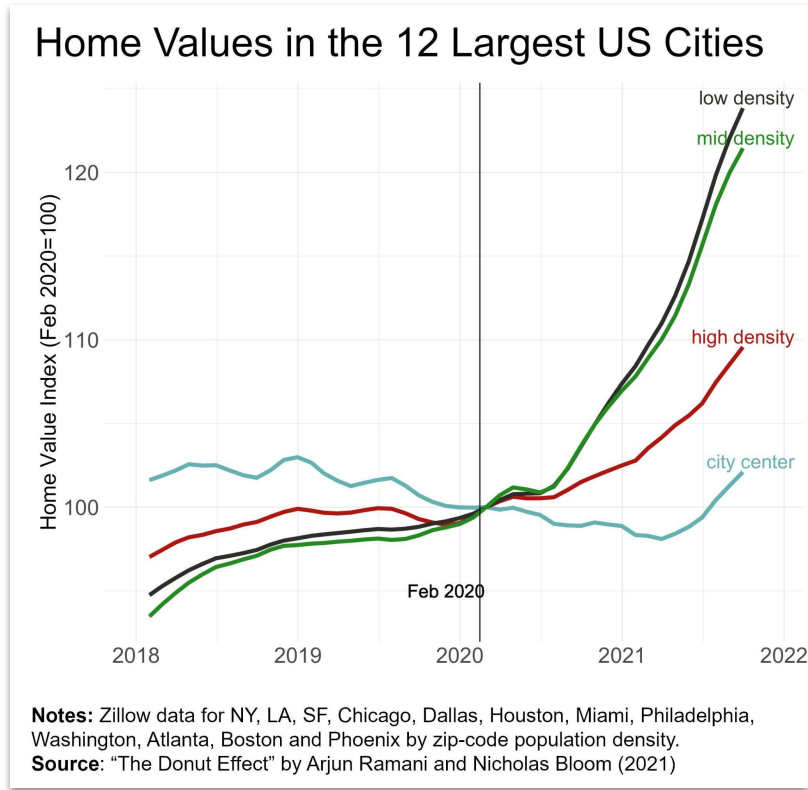
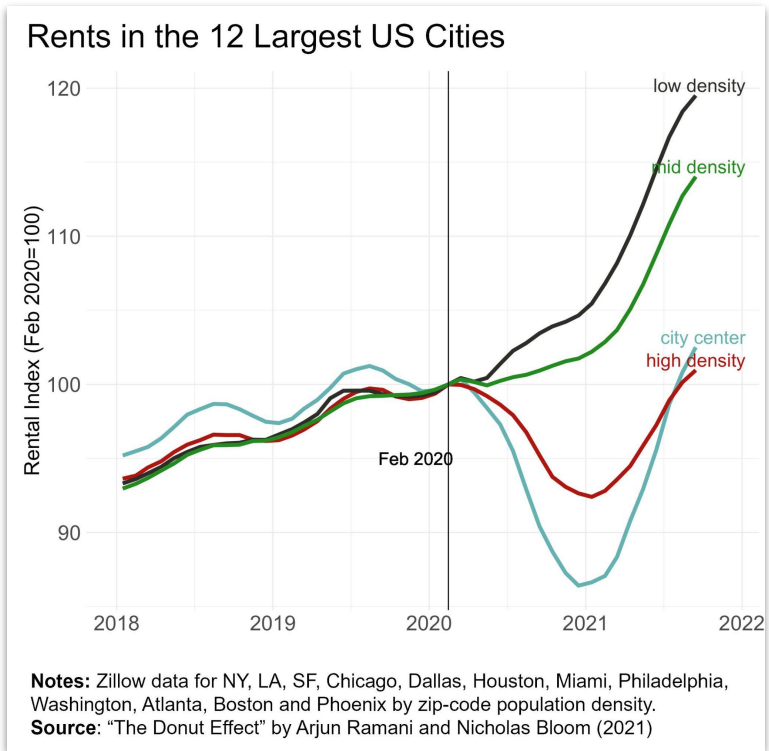
**42%** would prefer remote work

**20%** are **ONLY** are looking for remote work

**10%** of open jobs are offering remote work

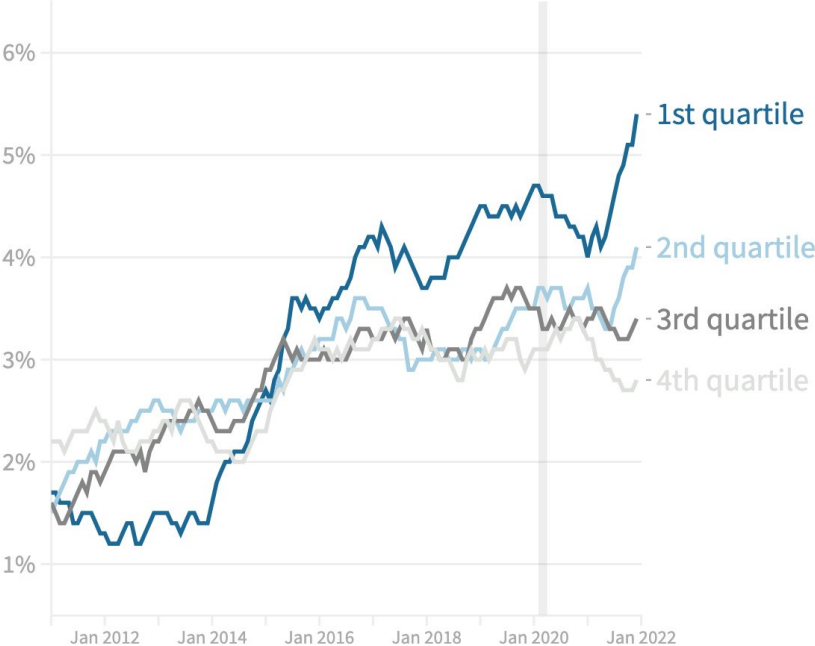
Source: ZipRecruiter monthly Job Seeker Confidence Survey based on an online sample administered by Qualtrics on behalf of ZipRecruiter to 1,500 job seekers between the 10th and 16th each month of 2022 and weighted to the U.S. Census Bureau's American Community Survey. Respondents may be employed, unemployed, or not currently in the labor force, but must reside in the United States and have indicated a desire to find a new job "in the next six months" in order to be included in the sample."

# Remote work has created a “donut effect,” shifting demand for goods, services, and labor from city centers to less dense surrounding areas



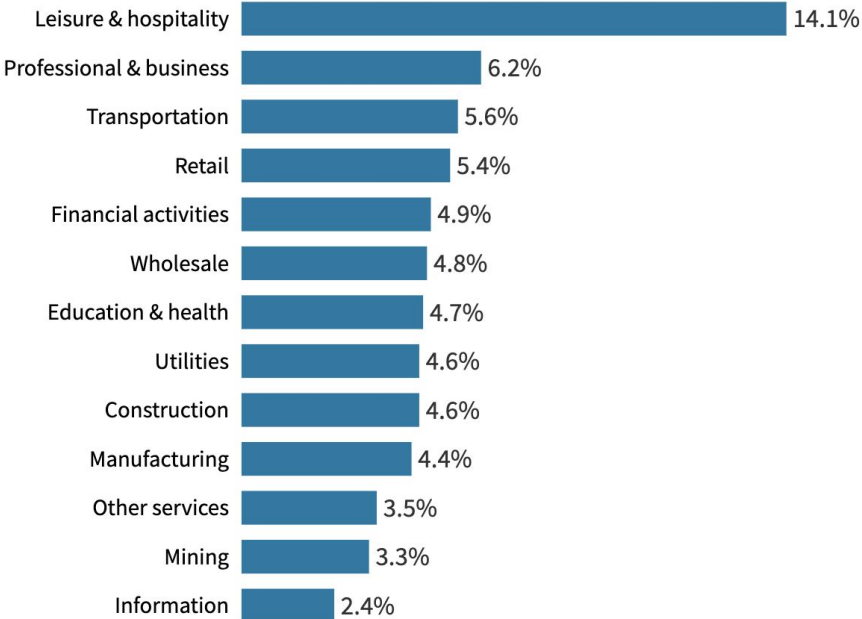
# Employers have raised wages to attract and retain talent, especially at the low end and in industries with a low share of remote opportunities

Wage Growth by Income Quartile



Source: Federal Reserve Board of Atlanta, Wage Growth Tracker, January, 2022

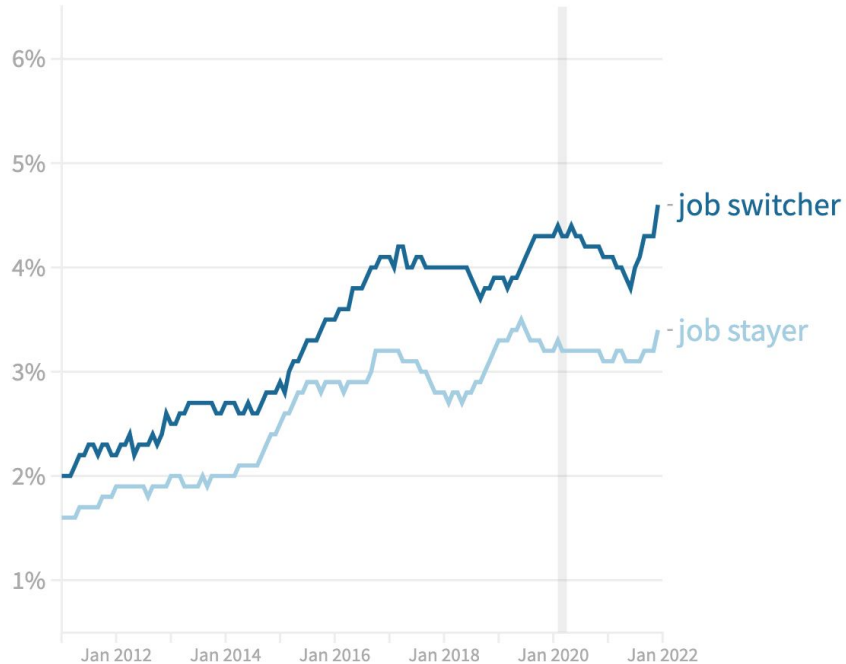
Year-over-year Wage Growth (Dec '21)



Source: U.S. Bureau of Labor Statistics, Current Employment Statistics, January, 2022

# Workers are leaving low-paying jobs for higher-paying jobs, with job switchers experiencing substantially faster wage growth than job stayers

Wage Growth for Job Switchers and Job Stayers



Source: Federal Reserve Board of Atlanta, Wage Growth Tracker, January, 2022

*“On average, since the Atlanta Fed started collecting the data in 1997, wage growth for job switchers has been 0.7 PPT higher than for job stayers. Now, it is 1.2 PPT higher for job switchers, because worker-starved businesses are having to offer particularly attractive offers to attract new hires.”*

*- Julia Pollak, ZipRecruiter Chief Economist*

# For many workers, pay increases were swallowed up by inflation

*“Rapid wage growth fueled substantial job-switching. But since inflation eroded pay gains for many workers, growth in real wages wasn’t sufficient to draw people who had exited the workforce due to the pandemic back in off the sidelines.”*

*- Julia Pollak, ZipRecruiter Chief Economist*

## Measures of Inflation

**Personal Consumption  
Expenditures Price Index**

**+6.1%**

Largest 12-month increase  
since March 1982

**Consumer Price Index**

**+8.5%**

Largest 12-month increase  
since June 1982

**Producer Price Index**

**+11.2%**

Largest calendar-year  
increase in series history

# The Year Ahead

# Five predictions for 2022

1

The Omicron surge will temporarily exacerbate labor shortages and inflation. 4 million workers will be absent from work due to illness at any point in January—4 times as many as in a typical winter month.

2

Inflation will moderate over the course of the year, but wage growth will remain high. Companies will continue to compete aggressively on pay and benefits.

3

Labor force participation will gradually increase but then plateau. The pandemic will have permanently shrunk the labor force due to excess deaths, long Covid, early retirements, reduced immigration, and a lower birth rate.

4

Labor shortages will prompt businesses to invest more heavily in worker training and in productivity-enhancing technologies.

5

Amid long-term labor shortages, businesses will have to offer more flexibility and permanently adopt a remote/hybrid model, as well as invest in improving management practices, to solve their recruitment and retention challenges.

# Eight recommendations for succeeding in a tight labor market

1

Optimize job postings by disclosing salary ranges, using easy-to-understand job titles, clearly describing job tasks, using gender-neutral language, and refraining from listing unimportant job requirements.

2

Instead of just posting jobs and waiting for candidates to appear, you may do better by using sourcing solutions like ZipRecruiter's Invite-to-Apply to find candidates before they apply for your role and proactively reach out to them.

3

Speed up time-to-hire by hiring/training effective and professional TA/HR teams and empowering them to make decisions and move quickly. Adopt best-in-class recruitment technologies to improve the candidate experience.

4

Survey employees to find out which operational changes would increase their job satisfaction, and respond accordingly. Do they want renovated bathrooms and break rooms, additional security guards, more comfortable chairs, more breaks throughout the day? Find the low-hanging fruit.

# Eight recommendations for succeeding in a tight labor market

5

Adopt financial wellness tools that allow workers to access their earned pay early; introduce scheduling solutions that allow employees to trade shifts and bid on hard-to-fill shifts.

6

Get the most out of remote work. Be a truly remote-friendly employer and ensure that there is no remote penalty in promotions. Foster online community and connection.

7

Develop your specific employer value proposition, whether it is access to educational opportunities, career growth, meaningful work with social impact, a diverse and inclusive environment,

8

The pandemic is not yet over. Adopt data-driven workplace health and safety protocols and effectively monitor their implementation. Provide employees with free N95/KN95 masks and rapid tests, improve ventilation, provide paid sick leave, and encourage vaccination.

## Next steps

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We hope you find this data useful and are able to quickly and successfully implement the eight steps in your organization.

At the time of writing, the world still faces uncertainties which could prolong challenges caused by the Great Resignation. Depending on your perspective, it's also possible to see some of these changes as long overdue.

As we all continue to adapt and adjust, speak to us today about how ZipRecruiter can help your organization thrive in a labor market like no other.

Visit: <https://www.ziprecruiter.com/enterprise-contact-us>

Thank You

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