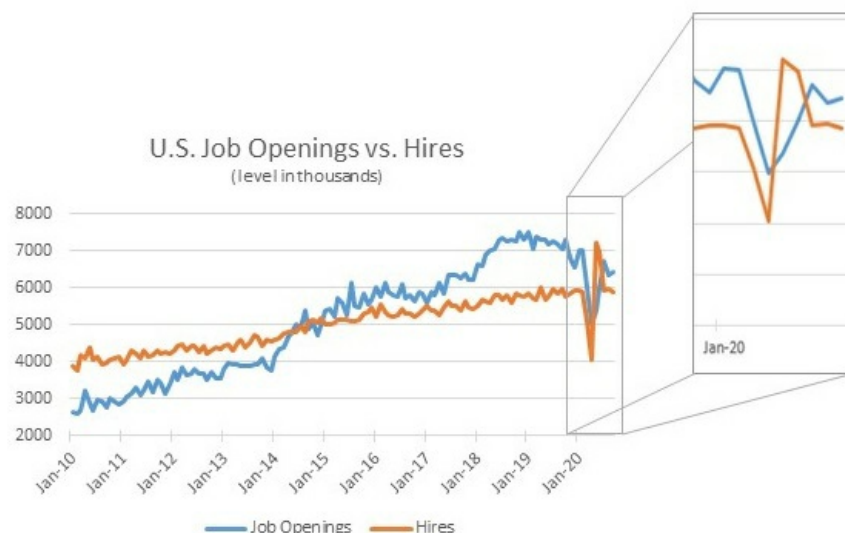


The Workforce Evolution Will Continue Into 2021

At the start of 2020, talent shortages, high turnover rates, and low unemployment rates were critical topics of conversations among talent acquisition teams everywhere. After many years of strong employment growth rates, January 2020 [labor data](#) showed the significant gap between workers needed and workers hired, with a national fill rate of 84% - meaning for every 100 job openings, only 84 hires were made. Contributing to the talent shortages were declining labor force participation rates and the large number of workers from the Baby Boomer generation retiring daily.

Voluntary turnover plagued organizations, as social media and the continual access to job opportunities allowed quick and plentiful options for new employment. Despite the challenges, wage growth in January was [2.4%](#), a dip from 2019 figures as high as [3.9%](#). In order to remain competitive, employer brand and employer value proposition (EVP) were in the forefront of talent acquisition and retention strategies.



SOURCE: ADP RESEARCH INSTITUTE, graph by Ellen Gregory

In March 2020, the unprecedented employment growth record finally ended [after 113 months](#) as the effects of the COVID-19 global health event abruptly weakened the labor market and affected many organizations' ability to operate. By April, the US had [lost a record 20.8M jobs](#) due to the widespread shut down – the largest single month loss of jobs in history. Of this decline, the ADP Research Institute® (ADPRI) found 10-11 million of these workers were temporarily laid off. This recession job loss anomaly was not the only unique labor market impact due to the pandemic. ADPRI Head of Labor Market Research, Ahu Yildirmaz, noted, "From industry distribution to business size to worker demographics, this downturn is different than any other in modern U.S. history."

Workers earning less than \$15/hour saw the largest employment decline at 35%, compared to 9% decline amongst those earning more than \$32/hour. Unique to this recession as well, women, younger workers (21 to 30 years), and workers over 60 saw [greater rates of employment decline](#) than their respective counterparts.

In response to this unprecedented time, Congress introduced and passed the CARES Act to address the widespread consequences of the COVID-19, including federal unemployment assistance and stimulus checks. Despite the extensive job losses at the beginning of Q2, wage growth skyrocketed to [7.3% in May](#). The circumstances created by the pandemic affected employees' willingness to return to work, and put pressure on employers to entice workers through wages. Labor force participation rates

had dropped to 60.2% in April – [the lowest seen since 1973](#).



SOURCE: DOL BUREAU OF LABOR STATISTICS, graphic by Ellen Gregory

The hesitations or unwillingness to return to work continued into Q3 of 2020, with Department of Labor surveys in September demonstrating three out of 10 workers believed that they would be offered their former jobs back, [keeping them from actively searching](#) for new job opportunities.

A myriad of other factors also reduced the quantity of active job seekers: virtual schooling and family reasons, fear of lack of COVID-19 safety in the workplace, and unemployment compensation in many states that were greater than average wages.

By September the national fill rate, which had ballooned up to 134% in May, [was back to 91%](#) — only 91 workers hired for every 100 job openings.

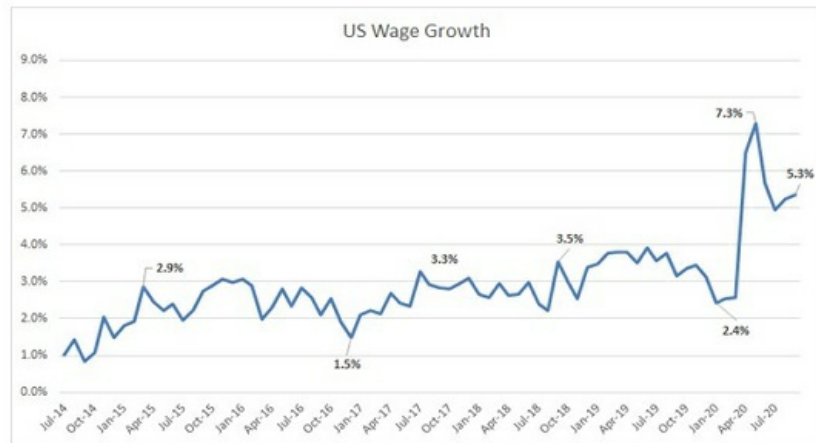
These 2020 talent trends will continue

This talent shortage amidst a pandemic has challenged employers to address new worker demands, in addition to previously desired organizational qualities pre-pandemic. Employees are now also in search of:

- A safe workplace,
- culturally supported and technologically enable remote work options,
- competitive wages,
- flexible schedules to handle newer personal responsibilities, as well as
- clear communications of these offerings

... all before even considering a new job.

The end of 2020 continues to propel the trends seen developing from hiring during a pandemic, and these trends are expected to continue throughout 2021 and beyond. Remote work, or some combination of office based and virtual work, will be expected by employees. Good news though – ADPRI demonstrated that during COVID-19, [20% of virtual workers are fully engaged](#) compared only 10% of office-based workers. Wage growth will continue, and any additional federal stimulus or unemployment assistance should be monitored for further potential impacts.



SOURCE: ADP RESEARCH INSTITUTE, GLOBAL WORKPLACE STUDY 2020

Engaging workers in this new normal will require companies to grow their presence and culture outside of a physical office setting. ADPRI shows that that trust in leaders is key for engaging employees. In fact, those who trust their leaders are [14 times more likely to be fully engaged](#). Additionally, employees want to feel a part of a team, those who do are [2.6 times more likely to be fully engaged](#).

The challenges of hiring shortages before COVID-19 have started to re-emerge, only now they have been compounded by pandemic-related factors. 2021 talent strategies will have to encompass all of these considerations.

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