**Strategies for Recruiting in a Labor Shortage**

In my last blog, I discussed my post-pandemic [labor market predictions](https://www.avionte.com/2021/04/post-pandemic-labor-market-predictions/) and how major labor shortages in the US are being driven by critical socio-demographic trends and an aging U.S. workforce. Now, let’s examine strategies to overcome the labor shortage in the US that will challenge staffing firms in the coming years.

**Strategies for Staffing Companies to Deal with Labor Shortages**

Due to the US labor shortage, you should expect your recruiters will work harder to find fewer new candidates. Cutting-edge [ATS software](http://avionte.com/solutions) technology with sophisticated multichannel communications will be a fundamental requirement to operate a staffing firm, but even the best technology can’t find people who don’t exist. Here are strategies your firm can implement to overcome the labor shortage and win in a competitive market.

**Redefine the recruiting role**

Recruiters will become talent managers. Your best recruiters will cultivate an ongoing community of talent, even for hourly contingent work. Your most important asset is the database of talent you already have in your system today. The staffing companies that succeed in this rapidly changing labor environment will figure out how to engage, motivate, retain, and retrain the staff they manage today.

**Invest in Employee Development, Training and Retention**

If you have reliable employees, you can retrain them to handle a variety of assignments. This process will help you generate substantially more billings per employee. Not only will this investment benefit your business, but working to develop engaged workers will demonstrate your loyalty and improve retention. Investing in [employee incentive programs](https://www.avionte.com/2021/02/incentive-pay-programs/) will also allow you to retain your most dependable employees.

**Embrace Diversity and Cultivate Community**

Your talent community will rapidly become far more diverse than it is even today. Creating an inclusive and welcoming environment (physical or virtual) will be a core business requirement to assess, engage, and train candidates from a wide variety of backgrounds.

**Prepare for wage inflation**

With or without legislative intervention, the simple law of supply and demand will inexorably put pressure on wages. This is especially true for work that requires regular, defined work hours, on-site presence, and physical labor. You may have difficult discussions with your most price-sensitive clients as they grapple with the choice of higher hourly rates or doing without the labor they need. You may also need to find transportation and dependent care solutions that enable workers to actually show up.

**Redesign your business for speed**

Speed is everything. Your team and your technology will have to be laser-focused on cutting the transaction time from client requisition to on-site arrival of reliable workers. Over the next few years, staffing turnaround time will be measured in minutes and hours, not days and weeks. Audit and rethink your processes to be built based on short, rapid transactions. This will require you to rethink your technology, employment practices, workflow, and vendor relations to ensure your team is working as efficiently as possible.

**Conclusions**

The bottom line is that the value proposition for temporary and contingent staffing is changing. Wage arbitrage, the difference in cost between full time labor and contingent labor, will shrink. The real value will come from providing reliable temporary workers on demand, as part of an employer’s overall workforce strategy. Value creation comes from using labor hours exactly when and where they are most needed rather than because they are cheaper.

**About the Author**

*Christopher Ryan is Avionté’s Chief Strategy & Marketing Officer. Chris has more than three decades of experience of consulting, thought leadership, and corporate experience in Human Capital Management. Chris has extensive experience speaking on a broad range of HCM topics, including HR Strategy, Regulatory Risk, and HR Technology. His key areas of focus include U.S. Labor Trends, employment practices, and workforce management.  Chris has also written and spoken extensively about part-time and temporary workers, employee retention, gender pay equity, emerging trends in compensation, U.S. labor shortages, and the economic impact of the Affordable Care Act. He is a graduate of the University of Chicago with a B.A. in physics and holds an MBA in marketing and management policy from the Kellogg Graduate School of Management at Northwestern University.*