# Staffing & Recruiting Challenges Report 2020

**AVIONTÉ**
Staffing & Recruiting Software

# Report Overview

The staffing industry provides career opportunities for over 16 million employees each year. Staffing gives companies a competitive edge by supporting them through busy seasons, business growth, and large projects. This agility is vital to businesses and compelling to employees looking for more flexible work.
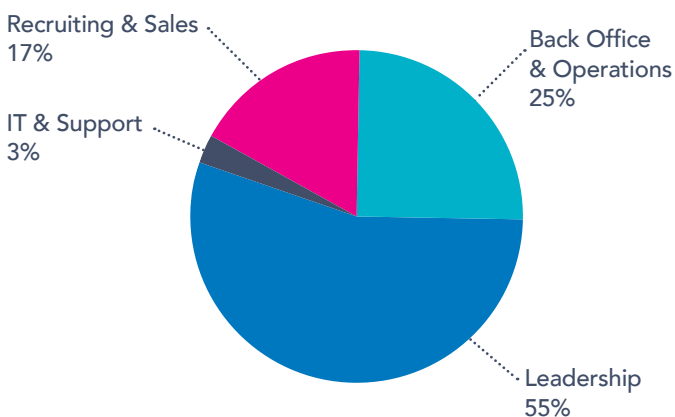
The staffing and recruiting trade also comes with many challenges. Succeeding in staffing takes hard work, endless energy, and a willingness to overcome the frequent obstacles hurdled at the industry. Between shifting regulations, economic fluctuations, and ever-evolving technological advancements, change seems to be the only constant.

2020 was arguably the most challenging year in recent history. The economy came to a screeching halt due to global pandemic lockdowns, returning to work became a political and public health issue, and the unemployed talent pool had many reasons to remain at home rather than seeking work. Staffing firms were forced to pivot every aspect of their businesses to keep up with the ever-changing times.

Because 2020 felt like an endless uphill battle, the goal of this report is to provide insight into the challenges the industry is facing, to validate your concerns, and make you feel less alone in a year where loneliness became the new norm. Avionté released a 2019 version of this report, and we now provide the 2020 update to allow for year-over-year comparison. The 2020 Staffing and Recruiting Challenges Report was built based on a survey of more than 1,200 staffing professionals from various locations and verticals to uncover precisely the challenges they are facing in their businesses today. This report will unveil what staffing professionals are struggling with most and what they foresee as major opportunities as we enter 2021.

Survey respondents ranged in roles, segments, and sizes across the staffing industry. We uncovered a long list of challenges facing staffing professionals today, including two clear front-runners that nearly every firm cited as a leading challenge for their organization in 2020.

## Respondents by Staffing Segment

| 66% | 26% | 8% |
|---|---|---|
| Clerical/ Light Industrial | IT/ Professional | Healthcare/ Other |

## Roles of Participants

Recruiting & Sales
17%

IT & Support
3%

Back Office & Operations
25%

Leadership
55%

**#1  Finding Talent**

**#2  Streamlining & Driving Efficiency**

**#3  Acquiring New Business**

**#4  Adopting New Technologies**

# #1 Finding Talent (46%)

A staggering 46% of survey respondents cited finding qualified talent as their number one challenge in 2020. Discovering qualified talent to fill open positions has continuously been the central obstacle of staffing firms over the last five years, due in large part to very low unemployment rates. It seems counterintuitive that firms continue to struggle with recruiting quality talent when the unemployment rate has changed so drastically since the onset of the COVID-19 pandemic in March 2020. With many Americans out of work, it seems surprising that the issue persists. However, with factors such as health concerns, new workplace safety protocols, school and childcare issues, and enhanced government unemployment benefits, the unemployment pool remains difficult to recruit.

**"We know that, right now, there are too many strong factors that are keeping the unemployed from taking our jobs, and we need to get away from that,"** said Tom Erb, one of the staffing industry's top subject matter experts, in a recent presentation at Avionté CONNECT. **"Instead we must ask, 'How do I get people from the other 80% of the talent pool to come and work for us and for our clients?'"** This kind of creative thinking and refocused recruiting will be the key to overcoming the challenge of finding quality talent.

Of the respondents who mentioned finding talent as their greatest challenge in 2020, 31% feel streamlining operations is their biggest opportunity for growth in 2021.

**46%** of respondents stated finding talent as their greatest challenge.
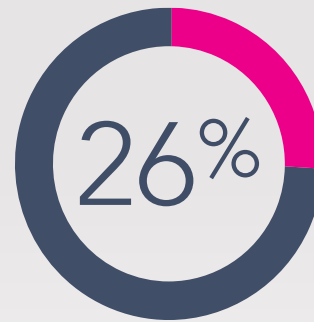
# #2 Streamlining & Driving Efficiency (26%)

According to our survey of over 1,200 staffing professionals, 26% of responders indicated that streamlining and driving efficiencies was their biggest challenge. Manual or outdated technologies continue to plague staffing and recruiting organizations, costing precious time and resources. Streamlining and optimizing processes was even more challenging this year when firms and employers were faced with sudden changes, such as moving to remote work or new workplace protocols. Many organizations were forced to reimagine processes and adopt new technology in a rapid way, often causing disruptions and frustration.

Most staffing firms interested in growth are constantly researching and implementing new ways to automate processes, increase efficiency, and streamline operations. According to StaffingHub's 2020 State of Staffing Industry Growth report, "fast-growing firms prioritize automation and candidate engagement software, [whereas] **nearly 65% of no-growth firms still do not use marketing and sales automation tools."** This statistic illustrates how adopting technology to streamline and automate wherever possible remains a top priority for firms in today's climate.

**26%**

**26% of responders say streamlining and driving efficiencies was their biggest challenge in 2020**

### Size of Firms Surveyed (in Users/Employees)

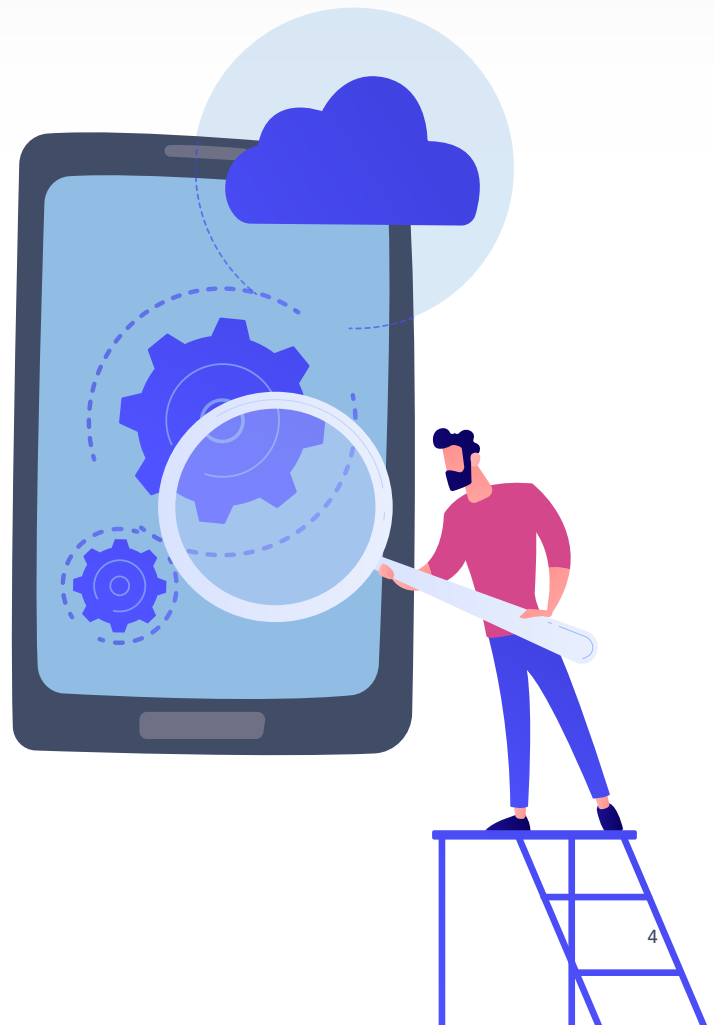| <10 (19%) | 11-30 (24%) | 31-50 (17%) | 51-99 (19%) | 100+ (21%) |
|---|---|---|---|---|

**RESPONDENTS SAY:**

*"We need to leverage technology with automated functions and efficiency features to its full capacity to create less manual work for our staff."*

# #3 Acquiring New Business (13%)

At a time when client acquisition is more important than ever, it is also more difficult. It is no surprise that acquiring new business was noted as a top challenge for 2020. Staffing firms' businesses are struggling, and many are hiring less. Hiring freezes made client acquisition especially difficult. In 2019, acquiring new business was very low on survey participants' list of challenges, perhaps due to a strong economy and record-low unemployment.

**Many responders expressed concern over acquiring new business into 2021 due to the uncertainty around the timeline of the pandemic and the full re-opening of many businesses.** Additionally, many firms may be looking to source new positions internally. Do not be discouraged though! Now is not the time to stop selling. Instead, leverage your CRM to reach out to your existing contacts and assess their needs. Use communication tools like video meetings and text messaging to connect with contacts in safe and easy ways.

# #4 Adopting New Technologies (8%)

In 2020, 8% of firms cited adopting new technology as their primary obstacle. This is down from the 13% of staffing firms who noted this as their biggest challenge in 2019. During the COVID-19 global pandemic, many firms find themselves relying on technology more than ever before. The drop in responses about this obstacle could be attributed to the fact that many organizations were forced to adopt technology quickly in order to survive and thrive in our new, socially distanced world. While adopting technologies during an already-hectic year may seem overwhelming, adapting processes and moving operations virtual is more important than ever. Use the momentum you have established in transitioning to virtual work to propel your team onto even more technology tools that fuel growth.

"**Early adoption is important. In our organization, the topic of IT is a constant focus. Being proactive is the only way to keep on top of things so we can be more in the know about how [technology] can solve our short-comings.**"

- Nikki Palmer, David Aplin Group

## OTHER CHALLENGES

## Changes due to COVID-19 (more talent than jobs, restrictions & compliance)

Many survey participants also noted general challenges with the ever-changing situation surrounding the COVID-19 pandemic. The pandemic has come with an onslaught of legislative changes, new guidelines, and government initiatives that make the jobs of staffing and recruiting firms even more complex. One survey responder noted their biggest challenge of 2020 to be "adapting to [the] strange business and operations environment" along with business closings and roll backs and limited face-to-face contact with colleagues, talent, and prospects.

This global crisis has created immense uncertainty, and the future remains unpredictable.

Now is the time to lean on your providers for resources and assistance. The American Staffing Association, Staffing Industry Analysts and Avionté have all published COVID-19 resource pages to provide recruiting and staffing firms with the help they need during this time. Leverage these resources from your industry and technology partners to keep you informed of compliance changes and stay ahead of the curve.

## Talent Retention

Many survey responders expressed frustrations about not only finding quality talent but keeping the associates they currently have. It costs $4,129 to onboard a new employee, according to the Society for Human Resource Management's (SHRM's) new Human Capital Benchmarking Report. Therefore, redeploying and retaining talent you already have makes filling orders faster and more economical.

Now, more than ever, is the time to turn to technology to assist with employee retention. Building an incentives program or using automated communications are great ways to improve your talent experience and keep them coming back to work for you.

"Whether temporary or full-time, our turnover has been higher than we want. [We] want to look at partners or opportunities to keep our talent engaged, motivated, and growing."

- Kari Misterek, Laborworks Industrial Staffing

## Opportunities for 2021

Though 2020 was filled with uncertainty and hardship, there is a consensus in the industry that the worst is behind us. As part of our survey, we also asked responders to look ahead into 2021 and share their greatest opportunities for growth in the coming year. Almost 39% of participants mentioned streamlining operations and driving efficiency as their predicted method of growth for 2021. This implies that many firms see more benefit in optimizing their processes and working more efficiently with their current resources than expanding into new verticals or locations. However, 35% of responders mentioned they would like to diversify into new verticals to grow their businesses and offerings and 19% said their biggest growth opportunity was in organic geographic expansion. Regardless of how firms believe they will

grow their businesses in the years ahead, it seems that most believe growth is achievable and are leaning on technology to help them get there.

Streamline operations:
**39%**

Diversify into new verticals:
**35%**

Organic geographic expansion:
**19%**

Acquisition:
**7.5%**

# Conclusions

**It is no surprise that the COVID-19 global pandemic has changed every aspect of our lives, and the workplace looks completely different for most industries. Despite feeling like everything has changed, the top two challenges staffing firms face in 2020 are the same as 2019 but with additional complexities.**

While finding quality talent and driving efficiency remain the top obstacles over 2019 and 2020, **the reasons behind the challenges are drastically different than they were one year ago.** Finding talent is no longer difficult because unemployment is low; it is now challenging because employees are nervous about going to work or are content to remain unemployed due to enhanced benefits. Streamlining and driving efficiency will always be front-of-mind for firms, but it is even more challenging when staff are now working from a distance or previous processes have become more cumbersome due to changes in protocols or operations.

It is apparent in this year's world of physical distancing and remote work that staffing firms need to turn to technology to solve their business needs. Whether it's video interviewing, paperless mobile onboarding, or automated communication and text messaging, adopting technology tools are more relevant than ever. The firms who adopt technologies and adapt processes heading in to 2021 will create a seamless talent and customer experience and set themselves up for success.
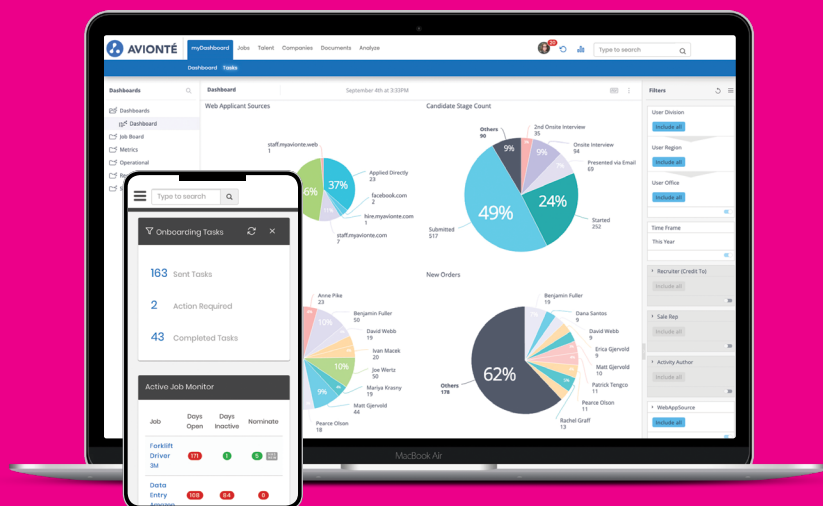
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