



Transatlantic balancing act

Doing business in the US

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On April 6 2022, 14 leaders of fastest growing, and dynamic staffing and solutions firms, along with representatives from TALiNT Partners and MyBasePay, participated in a roundtable discussion focused on emerging opportunities in the US market. The conversation ranged from global economic trends to state employment regulations. So if you're looking for growth in the US, you'll need to balance healthy levels of optimism with an ability to manage complexity.

Although the potential for staffing firms to expand in the US is positive overall, the war in Ukraine, economic upheaval and a new sense of confidence within the workforce suggest that growth can't be taken for granted anywhere in the world.

The upside is that clients are open to working more collaboratively with staffing firms, according to Pete Taylor, Managing Director, Encore Personnel. "In the past, our relationships with clients were very transactional. Now that the labor market is tight and both wages and turnover are growing, they are more interested in what we have to say and how we solve problems."

ECONOMIC OUTLOOK

The economic forecast is uneven across the United States, Europe and the UK, with obvious implications for international staffing initiatives.

Ken Brotherston, Chief Executive, TALiNT Partners notes, "Economists' prognosis is that Continental Europe is heading toward a deep recession. The UK economy is flattening, but not experiencing as much of an impact, while the United States is currently relatively unaffected and able to power ahead."

At the same time, the latest Manpower Employment Outlook report predicts some flattening of demand for recruitment in the UK in the near future.

Taken together, these trends point to significant near-term potential in the United States. However, caution is warranted.

THE STATE OF THE STATES

"The United States is an enormous market and currently strong, but it needs to be approached with care, caution and commitment," according to Angela Alberty, CBO, MyBasePay. "It is far from homogenous and highly complex. Talent is getting harder to find and clients are open to unconventional means of supply. One in three employees work on a temporary or contingent



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basis. In the future, half of the US workforce will be in that sector," she noted.

"Red' states tend to be more employer-friendly while 'blue' states have more employment complexity, including worker rights, compliance and regulations," Alberty adds. "They can be more costly and your team needs to understand details such as how to do a W2 properly."

"The TriState area, Texas and Florida are the fastest growing regions, especially from an IT perspective," Jimenez notes, "Healthcare is explosive. Many who work in NYC don't live there, creating tax complications and administrative headaches that staffing companies can alleviate."

Staffing is highly regulated in the United States, meaning that companies should create a team capable of anticipating and resolving HR, tax and legal issues before they become problems for the enterprise, according to Alberty. "Look at the complexity of compliance – that can put you and your client at risk. Develop your U.S. teams slowly and grow them at a steady pace."

Pete Sheppard, Managing Director, DeverellSmith said, "There is a huge inflation in pay rates. McDonald's is paying \$18 per hour in some markets, making it hard for industry to compete."

Specifically, Brotherston notes, "Employers in all over the US recognize that they are often hiring average talent at premium prices which has an impact on the morale of internal employees."

EMPLOYERS RELAXING REQUIREMENTS

"Employers today are more open to unconventional hiring models and to taking on employees or contractors who may not meet all their initial requirements." Ross Eades, CEO, Red Global notes, "They will go to a 90% fit rather than a 100% fit."

Brotherston points to a dramatic example. "A supermarket client had to hire 4,000 people in



just two weeks. That wouldn't have been possible using the standard process. They gave everyone applied were given at least one shift, a significant number of whom they would have passed over if the situation had been typical. A more open attitude and rapid training for the relatively low-skilled jobs made the approach a game-changer."

Taylor adds, "An imperfect candidate that can start tomorrow is better than a perfect candidate who may take months to find."

"If you're looking to recruit at scale, US staffing and solutions providers tend to be the most sophisticated market but if a client's hiring needs are complex, UK providers can often be a better choice," according to Brotherston.

"Near shoring" is another important trending to watch. For example, Cesar Jimenez, CEO of MyBasePay explains, "Costa Rica and Columbia are a good cultural fit for businesses in Florida."

GROWING CONFIDENCE WITHIN THE WORKFORCE

"People are now referring to the 'Great Resignation' as the 'Great Reawakening,'" according to Alberty. "Workers are in control. They are more confident and want more flexibility. They are more likely to shop around for the right situation. They are also more likely start their own company.

"There's an enormous amount of attrition. Professionals are getting elaborate benefits," she adds. "However, if the economy softens, we may see more loyalty and retention."

WHAT ABOUT REMOTE STRATEGIES?

The benefits of recruiting, staffing and working remotely can be dramatic. But there are downsides.

On recruiting, Paul Wilson, CEO at Nigel Wright reports, "Although I love face-to-face meetings, we have placed people in more than 15 countries over the past two years. Damascus in the middle of a civil war. Kinshasa during violent unrest. That would

not have been possible with the old model." Jimenez adds, "The industrial worker community may also need a higher touch. They may not use technology as well as professionals."

When it comes to staff, whether remote work improves efficiency and satisfaction depends on the employee and the nature of their work, according to Brendan Flood, CEO at Staffing 360. "Some people work more effectively around people. Companies that close all their offices are not fair to those people who need the office interaction."

Brotherston concurs. "One size does not fit all. You can have two people doing the same job with different views and needs of how much time they want to spend in the office."

Jimenez notes, "Remote can be great, but you are in danger of losing balance. Make sure you have the right KPIs. Consider bringing people in quarterly so they can get to know each other on a different level."

Brotherston argues that employers have not communicated convincingly when trying to get workers back in the office. "Telling employees to return because we bought the real estate doesn't resonate. You have to tell them why they should want to do it. Collaboration, creativity and being part of a group are hugely important. Employers need to articulate that for their organizations."

"You can provide remote staffing all over the universe, including Planet Zog, but at some point, people benefit from in-person direction."

Brendan Flood, Chief Executive Officer,
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