

HIRING AND RECRUITING INSIGHTS

Inflation, Increased Demand, and Supply Disruptions

How Building a Strong Workforce Can Help
Your Company Survive Economic Shifts



The global economy is always in a state of fluctuation, and there are many factors—some expected, some unprecedented—that play a role in the overall health of the market.

All businesses try to track the ebb and flow of the economy, but if the past two years have taught us anything, it's that such efforts are often made in vain.

Unforeseen global shifts, like a pandemic, can wreak havoc on a thriving economy. There is little that business owners can do to prepare for something so unexpected. That said, there are ways in which entrepreneurs can pivot alongside the economy once it's already shifting, and use the changing landscape to their advantage.

We're going to explore a few of those strategies here. But first, let's break down the current state of the economy and take a closer look at the three issues that are slowing down growth of the market right now.

Listen Up Hiring Managers! It's time to Win the Talent War— Hiring managers in particular have a lot of pivoting power right now, and are being presented with the opportunity to make a difference in the economy by shifting certain aspects of the hiring process and offering better pay/benefits.

The State of the Economy

The year is not yet over, and the last dismal predictions made back in October regarding the state of the economy have proved overly optimistic.

The World Economic Outlook, a survey conducted and distributed by the IMF multiple times a year, **predicted** last October that the new year would bring high levels of inflation, rising energy costs, and further disruptions to supply chains. The global economy has not only hit all these unfortunate economic markers, it has surpassed them, and this trend of economic downturn does not seem to be slowing down any time soon.

In April, the IMF produced a revised **report**, which estimates that economic growth in the next two years will be almost half of what it was in 2021.

As business owners across the world are likely already aware, the economy is struggling. If companies, especially young ones, don't adapt to this period of decline, they may not make it through to the other side.

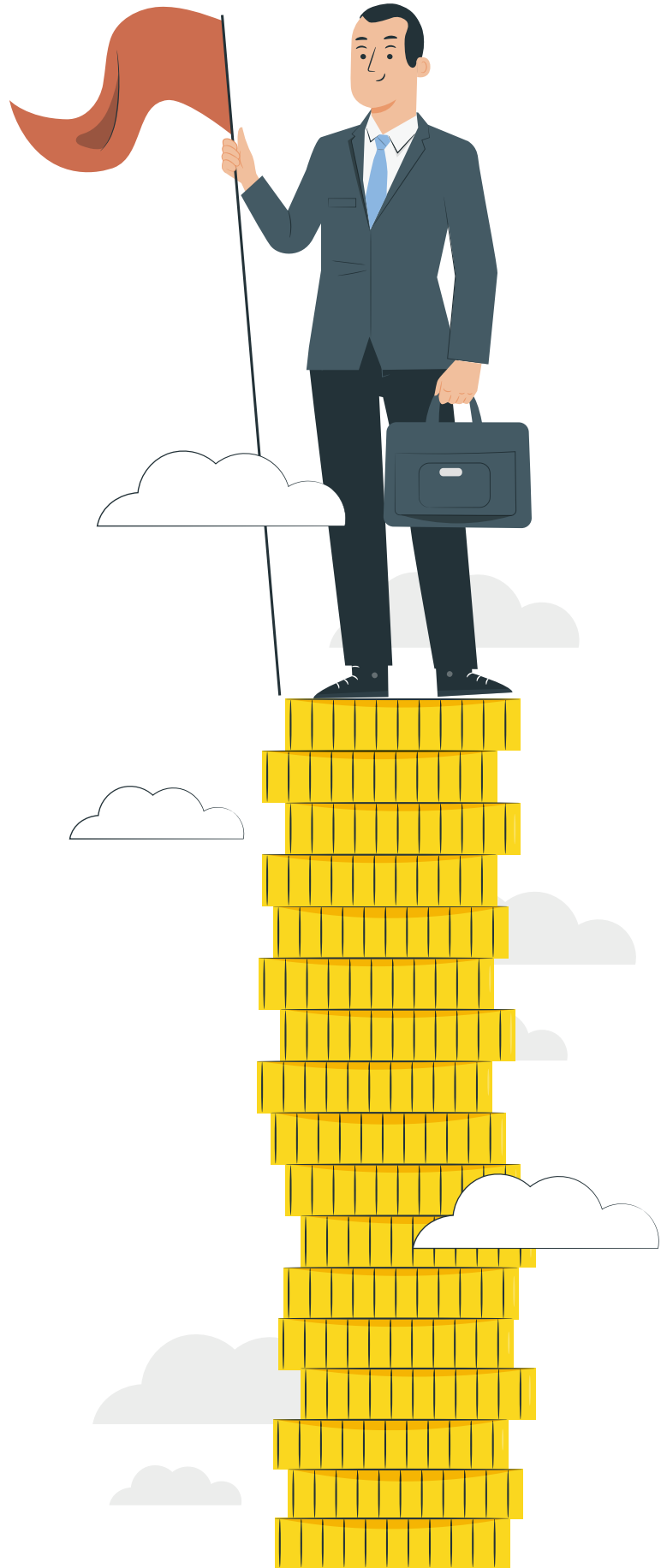


The Three Major Economic Issues of 2022

Inflation

Inflation in the US is currently higher than it has been in forty years. The prices of consumer necessities such as fuel, shelter, and food are seeing the highest increases. Meanwhile, wages across the majority of sectors are not going up—at least, not fast enough. Why is this such a problem for businesses? There are three reasons.

1. Increase in prices for goods/ services that your company relies on — According to a March **report** from the U.S. Chamber of Commerce, three out of four small businesses are having a difficult time managing inflation-driven higher costs. 74% also stated that rising prices have had a ‘significant impact’ on their business over the last year.
2. Lowered Retention Levels – When wages stay the same but the price of goods increase, workers are forced to look for higher paying jobs in order to provide for themselves and their families, which means an increase in employee turnover.
3. Less Spending Power – When consumers have less spending money, they do just that—spend less money. If your company sells anything other than the essentials, that means your profits are reliant on global consumers having more spending power, and spending power is influenced by inflation.



Increased Demand for Products and Services

Even in times of economic decline, demand for certain products and services can increase.

For instance, at the beginning of the COVID-19 pandemic, E-commerce skyrocketed and shortage of everyday household items such as toilet paper and cleaning supplies caused the demand for such products to go through the roof. The trend of online spending has continued over the last two years, with Reuters [reporting](#) that US e-commerce spending is expected to beat previous records this year, hitting an estimated \$1 trillion.

Another factor that drives consumer demand is shortages. Due to widespread supply chain disruptions, American consumers are having a hard time getting their hands on everything from baby formula to used cars.

According to Datatsembly and [CBS News](#), over 30% of grocery products that consumers searched for were out of stock as of the first week in April. That's a shortage increase of 11% since November of last year. In some states, CBS reported that shortages surpassed 40% of products.

Did you know?

"Only 6% of companies report full visibility on their supply chain. 69% of companies do not have total visibility." - [Zippia](#)

Supply Chain Disruptions

Supply chain disruptions, experts say, are only getting worse.

The pandemic slowed down the supply of goods for a lot of industries, but earlier this year, companies were announcing bold supply promises. This was an indication that they thought the worst was behind us. However, Russia's invasion of Ukraine, and the subsequent economic sanctions, have once again led to major breaks in global supply chains.



What can be done?

Budgeting, renegotiating, and downsizing are three ways that entrepreneurs may try to ‘recession-proof’ their businesses. While the first two options are always worth exploring, there are some things business owners might want to consider before they start laying people off in the name of cutting costs.

Maintain a Strong, Loyal Workforce

A strong workforce could very well be your best weapon in the fight to keep your business afloat during hard times. Here’s why:

1. Retention is always cheaper than hiring new people, so hiring managers should be very cautious about letting talented employees go if they believe the now-empty position will need to be filled again any time soon.
 - ♦ Fortune Magazine **reported** last year that more than a third of American workers were no longer working for their pre-pandemic employers and nearly 26% of workers reported moving on to a different job.

The Average Cost to Replace Employees (As Reported by PeopleKeep)

- \$1,500 for hourly employees
- 100 to 200% of an employee’s salary for technical positions
- Up to 213% of an employee’s salary for C-suite position

2. Employees with higher wages and more job security experience less financial anxiety and therefore have more spending power, which is a net-good for the economy.

- ♦ A 2021 literature review **published** in the scientific journal *Frontiers in Psychology* had this to say in regards to the relationship between job security and financial anxiety: “At present, many individuals experience job insecurity due to the COVID-19 pandemic’s negative consequences. They report financial anxiety and concern about finances too... The previous literature suggests that job insecurity and financial anxiety are significantly linked.”

3. Finally, employees who feel their job is secure, and that they play a significant role in the company, work harder than those who constantly fear being laid off.

- ♦ “Having job insecurity is linked with inefficient wage models. Employees have more chance of being dismissed in insecure jobs. Consequently, they are less motivated in their work, and their work-related flow decreases. The literature suggests that insecure employees regard their jobs as less productive than secure employees.” – *Frontiers in Psychology* 2021 **Report**



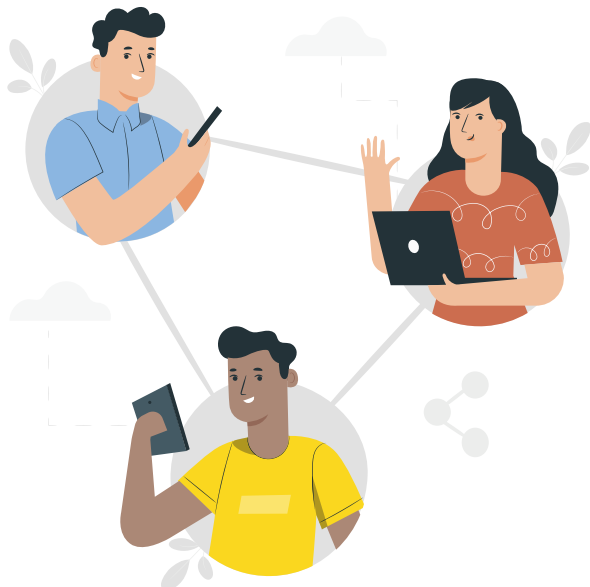
Expand and Diversify Your Workforce in Order to Adapt

Instead of downsizing out of fear, perhaps you should see this current economic downturn as an opportunity to expand and diversify your workforce. With the help of recruitment firms like IsoTalent, companies can take this moment of uncertainty and use it as a chance to grow and change with the times.

If you already have a strong workforce, hold onto it, and be ready to add new key players into the mix. And if you don't have a strong workforce, it's time to find one.

Here's where we at IsoTalent suggest you start:

- Establish new positions, made to meet the specific needs of the economy today. For instance, many companies have put more time and energy into hiring for the now crucial c-level position of Chief Supply Chain Officer.
- Bring in new people from varied backgrounds, who will promote innovation at a time when the "same-old, same-old" just won't cut it.
- Take advantage of the prominence of at-home and hybrid work by casting a wider net of applicants, potentially even hiring internationally.



"57% of companies believe that supply chain management gives them a competitive edge." - Zippia

Create a Global Workforce

When product shortages meet a more demanding market, it can be difficult for new business owners to provide their customers with what they need. But one way that companies can gain an edge in the fight against shortages and supply chain disruptions is to explore the option of having a more global workforce.

How?

Consider this hypothetical:

You're a small business owner located in the U.S. and you are having a supply chain issue with products that are shipped to you from overseas. You are trying to talk, often through a translator, to an employee of the company you work with in another country. The conversations are stunted, confusing, and time-consuming.

Now, imagine you had an employee who worked for you remotely, but who was located in the area where you purchased your goods. This employee would be fluent in the local language, and would have the option to visit your business partners in person, to speak on your behalf.

This is just one of the many ways international hiring could be beneficial to your company. But regardless of whether or not you want to search for local talent, or expand your team across the world, IsoTalent is here to help with our IsoGlobal EOR.

The Future of Work

Consumers and business owners alike are crossing their fingers in hopes that the economy will start to recover soon. Hopefully inflation rates will slow down, supply-chain disruptions will be dealt with, and the high demand for certain products will ease.

But when the economy bounces back, there are some pandemic related changes to the working world that some experts agree are here to stay. Embracing these changes is the one of the simplest ways companies can ensure their workforce remains strong going forward, which will give them that much of a leg-up in the talent war.

Work Trends That Are Here to Stay

- Working from home — Work-from-home and hybrid positions are some of the most sought after working arrangements of today. Not only does providing your employees with an at-home working option allow you to source talent from all over the world, but it's also been **proven** to increase productivity and lower the stress levels of workers.
 - ◇ Another thing to consider is the fact that working from home means employees don't have to commute to the office every day, meaning they won't have to buy as much gas, the price of which continues to rise across the nation.
- An Increased Need and Focus on Diversity — Today, it is expected that companies do what they can to move towards the establishment of a more diverse and equitable workplace. Not

only does a commitment to DEI in the office increase innovation and profits, but a **2021** report from BoardReady found a link between diversity and how well companies performed during the pandemic.

- ◇ “Boards with multi-dimensional diversity experienced less downside and even revenue growth throughout the pandemic.”
– BoardReady
- Adaptability and Willingness to Pivot — Finally, the last thing that business owners should both strive for themselves, as well as look for in future talent, is adaptability and a willingness to make bold changes when necessary.
 - ◇ Of the small and budding businesses that weathered the COVID-19 pandemic, the ones that survived were those run by people who weren't afraid to adapt. Some businesses, in fact, adapted in such a way that increased profits overall, and many businesses would be wise to keep efficient COVID-related adaptations going long after the pandemic is over.



Recruiting Reimagined

IsoTalent is a job recruitment firm based in the Silicon Slopes area of Lehi, Utah. We help high-growth startups, executive teams, hiring managers, and HR professionals find the talent they need at flexible and affordable pricing. Our low-cost hourly model saves organizations thousands of dollars compared to traditional hiring agencies. Our recruiting services help clients save an average of 40% to 70% to place high-volume, standard, technical, and executive roles.

Hourly-Rate Recruiting

Standard Role

\$110/hr

Technologist Role

\$125/hr

Executive Role

\$200/hr

International Role

\$75-\$100/hr

High-volume placements are billed at the standard rate and typically fill 10x faster than standard averages.



Contact

Talk to an expert recruiter

IsoTalent

sales-marketing@isotalent.com

(877) 619-3486

www.isotalent.com

Lehi, Utah

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