The High Volume Workforce and Professional Workforce:
How Employers Can Succeed in a Labor-Short Economy by Using the Right Automated Solution to Recruit Efficiently from These Two Workforces

An ADP White Paper

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Introduction

This white paper has several purposes: 1) to introduce employers to a basic understanding of the *high volume* workforce and the *professional* workforce; 2) to illustrate the differences between the two; and 3) to show how understanding those differences can enable employers to select a comprehensive automated recruiting solution to help them compete more effectively for the best labor assets in a highly competitive job market.

- *Why does an employer need to understand the differences between the high volume workforce and the professional workforce?*
  Failing to understand the key differences places many employers at a competitive disadvantage. High-volume (hourly) workers – such as retail, manufacturing, and call center employees – are subject to cyclical business currents, must meet a more basic pre-employment screening threshold, and have a shorter time-to-hire. On the other hand, *professional* workforce (typically salaried) employees are headcount-driven, requiring significant scrutiny and the special talents of *professional* recruiters.

The fact is many companies need to hire people from both workforces to succeed. Additionally, the efficiency of hiring practices is sure to become a more crucial business differentiator, going forward. Employment trends show that an increasing number of employers will be competing for all levels of talent. The U.S. Bureau of Labor Statistics estimates the U.S. economy is facing a shortfall of about 10 million workers by 2010.[1]

- *Can an employer save money by utilizing the same strategies to recruit high volume workforce candidates and professional candidates?*
  In a majority of cases, the answer is – no. Most companies "which typically have a single strategy and a consistent approach that is applied across all business units...fail to identify the special needs of each unit of the business."[2] A "vanilla" recruitment system that purports to be a satisfactory solution for acquiring *high volume* and *professional* talent can easily fall short of expectations in a number of ways – such as introducing manual steps into the overall acquisition process that can actually drive up hiring costs and increase hiring time. (A quantifying note: according to the Institute for Retail Excellence, the average hiring cost in the retail sector per new hire is almost $2,700.)

- *Can the use of automated recruiting tools safely streamline the recruitment process?*
  The answer here is – yes. Automated recruiting solutions are helping to attract and on-board employees faster and more efficiently than ever before by improving time-to-hire, cost-to-hire, and consistent quality-of-hire.

However, before you can understand how much you can efficiently leverage automation in your recruiting and hiring process, you first need to have a basic understanding of the two different workforces that make up the U.S. economy.

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[1] "The Next Big Thing in Online Recruiting," Peter Weddle, www.weddles.com, February 2, 2006.
[2] "Best Recruiting Practices…," Dr. John Sullivan, Electronic Recruiting Exchange, October 3, 2005.

The High Volume Workforce

According to the U.S. Census Bureau, the total work-force in the United States over 16 years of age approx-imates 153 million people,[3] with about 60% of them paid on an hourly basis.[4] Most of U.S. hourly workers are part of the *high volume* workforce.[5]

In addition to compensation rates for most, based upon hourly pay scales, *high volume* workforce mem-bers share other common characteristics:

1.) They are nonexempt employees (subject to overtime payments under the Fair Labor Standards Act – FLSA),
2.) Location-driven (usually work a short distance from home), and
3.) Have no formal resume or, perhaps, limited or no work history at all.

Average turnover in the *hourly* sector easily approaches 60-70% annually.[6] The average call center has an annual turnover rate of 25-30%[7]; in manufac-turing, estimated turnover is between 14-35%[8]; for restaurants, the average is over 100%[9]; and the lodging industry routinely deals with turnover rates that can exceed 150%.[10] Facing situations where an employee can quit on the spot or simply never show up the next day, business owners, location managers, or production managers need to fill a *high volume* position within days or weeks, instead of months. To have this capability, *high volume* employers ideally try to build a waiting list of candidates that can begin work on short notice – from almost immedi-ately to about 10 working days.

Because employers of many *high volume* workers are, on average, replacing many workers annually – for example, the hospitality industry turnover is approaching 100%[11] – the *high volume* replacement process has become "commoditized." Therefore, the main objective of *high volume* recruiting efforts is to attract and quickly identify workers that you can easily access from a "pool" of candidates who meet the threshold of basic pre-employment requisites, get them trained, and into the open position.

The Professional Workforce

Members of the *professional* workforce share certain attributes:

1.) Pay basis is generally salaried,
2.) Employment status under FLSA is usually "exempt," and
3.) Requisitions are headcount-driven.

A few examples of *professional* workforce members include a staff physician at a medical center, in-house accountants and legal counsel, sales managers…and human resource executives. Annualized average turnover rates for *professional* employees are much lower than corresponding rates for workers in the *high volume* segment, typically in the 10-25% range.[12]

Conversely, the average hiring cycle for *professional* workforce candidates is significantly longer than that for *high volume* workers. Time-to-hire for profes-sionals, such as engineers, can average between 50 and 75 days.[13] One of the primary reasons for the lengthy hiring cycle is that more people are involved in making the decision to hire workers with complex skills and multi-faceted responsibilities.

Picture a pyramid whose individual blocks represent *high volume* and *professional* workers. Those at the base of the pyramid are more numerous than those at the very top, and have "commoditized" skills – such as the ability to conduct a retail transaction,

[3]"U.S. Census Bureau Facts…Labor Day 2007," PRNewswire, July 9, 2007.
[4]"Estimating the Distribution of U.S. Hourly Wage Earners," Political Calculations, January 16, 2007.
[5]"Hourly Hiring Management Systems…" Aberdeen Group, June 2002.
[6]"Hourly Hiring Management Systems…" Aberdeen Group, June 2002.
[7]"Meeting…to Vote on Authorization of Funds for Pilot National Contact Center," Stuart J. Ishimaru, Commissioner, U.S. EEOC, September 17, 2004.
[8]"Use Your Best Assets to Reduce Turnover," Sue Everett Bingham, www.manufacturing .net, June 15, 2007.
[9]"People Report: Worker turnover rate continues to climb," Nation's Restaurant News, Dina Berta, November 2006.
[10]"Keeping hotel workers: it takes more than money to retain lower-paid employees," HR Magazine, Andrea C. Poe, February 2003.
[11]"Employee engagement is good for the bottom line," Karen Renk, HR Management, 2007.
[12]"Hourly Hiring Management Systems…" Aberdeen Group, June 2002.
[13]"Time to Hire – How does it impact your bottom line?" Jessica Higgins, HROA, August 13, 2007.

High Volume and
Professional Workforce

Specialized
Skills

Commoditized
Skills
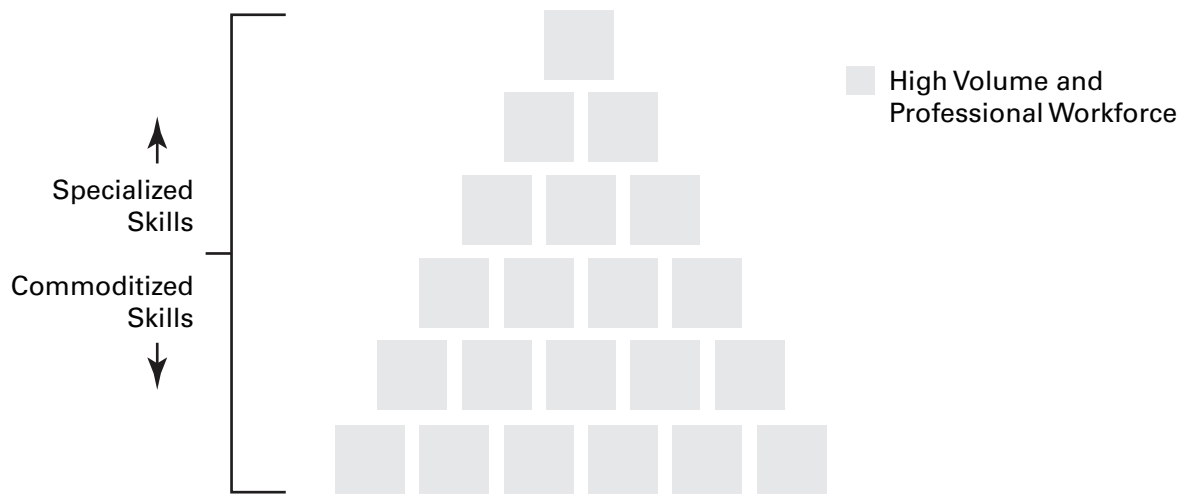
count money, etc. As the pyramid narrows, we begin to see workers with skills that are increasingly specialized, developed through advanced education and training – for example medical or law school. Workers with skills and talents that are not commoditized – *professional* workforce members – are not as numerous as *high volume* candidates are, but cost more to employ and have a longer, more complex recruiting and applicant management process.

Automated Hiring Technology Works

According to one report, "…the days of trolling for qualified job applicants through newspaper ads and job fairs are over. Companies can no longer wait for responses to old-fashioned, haphazard systems that rely on job seekers coming to them."[14] Automated tools – enabled by the speed of the Internet – are helping employers to accelerate the time-to-hire cycle by powering highly targeted and proactive recruitment efforts.

Automation makes possible online applications and assessments to feed pipelines in a *high volume* employment environment; and powers the enterprise-wide, paperless solution that moves candidate applications toward decisions in the more complex *professional* workforce arena.

On the *high volume* side, for instance, instead of collecting and filing paper application forms, local hiring managers with access to automated recruiting tools can log in to the application and, as an example, can review current candidates who live within one, five,

or ten miles of the employment location. The manager calls in applicants for interviews and can begin candidate selection the moment he or she needs to hire a replacement worker. Some larger chains employ kiosks or on-site access for job applicants in their stores to gather applications through online systems.

- **With automated recruiting solutions, productivity increases.** Recruiting managers have more time to fill more positions, and can help to fill open positions faster. Hiring managers have more time to dedicate to core business matters, such as serving customers and retaining valued existing employees.

- **Automated processes are more consistent, efficient, and reliable** than manual selection and hiring. Employers see decreased costs related to finding, acquiring, and maintaining talent assets.

- **An automated solution helps to lower hiring costs** by enabling employers to systematically screen for federal tax credit eligibility as part of the process of interviewing all candidates.

- **Automation helps to lower turnover costs** and hiring risks by applying tested models to measure for "best fit" and "best qualified" candidates prior to hiring.

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[14] "Hire Power: Top Recruiting Tips," Fred Bayles, RCPmag.com, April 1, 2006.

While the posting capabilities and on-boarding processes for *high volume* and *professional* recruiting may be similar for both workforces, the most effective automated solution for recruiters and hiring managers is one that takes into account the differences between the two workforces, and can provide the most efficient tools to deal with those dichotomies.

Differences Drive the Need for Two Distinct Workforce Solutions

To be efficient and effective, an automated recruitment strategy should be supported by an integrated tool that has the capability to deal with the dichotomy between recruiting for *high volume* and *professional* employees. This demands dual electronic pathways that maximize best practices to find and flow the most-qualified candidates into the on-boarding process with due-diligence and rapidity.

To support the logic for a dual set of management tools, consider this comparative chart, which highlights some of the key functional differences that any such solution needs to address:

	High Volume	Professional
Purpose	Build a pipeline of candidates for high-turnover positions	Manage a slate of candidates for exempt, lower-turnover positions
Jobs	Position- and location-based jobs with rigidly defined requirements	Skill/experience-based jobs; managed through requisitions
Assessments	Up-front assessments allow for highly effective automated screening	Up-front assessments provide additional data points to support manual screening
Career Center	Job seekers express interest in positions and locations	Job seekers express interest in a specific job
Candidate Mgt	Assessment scores allow for automated statusing and notification	Job seekers are attached to requisitions for manual statusing and notification
Profile	Mimics employment application to support background check and full set of required data	Resume-based, capturing less fielded information for quicker submittal

Accessing automated tools that focus on the different needs and strategies to recruit from each workforce is clearly the best way to streamline and manage a capable and productive recruiting strategy. So is it time to rush out and buy two sets of software to support that decision?

Selecting a High Value Provider

The most important decision an employer can make is to select a provider that has a good reputation for service and products that meet their expectations.

ADP is one of the market's major providers of integrated applicant management services (including recruitment, background checking and assessments, and pre-employment verification services). It offers a market-leading recruiting solution for mid-size to global employers.

The solution features easy integrations to pre-employment screening tools and payroll/HR systems, and the combined *high volume* and *professional* recruiting systems operate on a single-code platform with a proven implementation methodology.

The automated recruiting management solution offered by ADP helps employers with a product specifically designed for recruiting and hiring managers. Using electronic job application data – normally at the prospective work location for most *high volume* candidates and through online transmittal of resumes and applications for *professional* workforce candidates – the ADP solution enables an efficient, 21st century hiring process. Online flow of information positions employers to compete for the best available talent through not only the swiftness of the process, but also quick access to data for informed decision-making.

As its clients select applicants for employment, ADP helps employers to then seamlessly on-board new hires into payroll and HRIS solutions.

Conclusion and Take-Home Points

Here is a brief recap of important points that you should take away from reading this white paper:

A) To recruit more effectively in a labor-short environment, employers must develop a clear understanding of the economy's two work-forces: *high volume* and *professional*.

B) *High volume* workforce employees generally receive pay at hourly rates, are nonexempt, and are usually hired to fill a position in a minimum time-to-hire at a specific location (e.g., retail establishment).

C) *Professional* workforce members are generally salaried, exempt employees.

D) Automated recruiting and applicant management tools can help employers streamline the methods and processes that efficiently drive the capability to hire *high volume* and *professional* workforce candidates.

E) Automated solutions provide employers with a real-time view of applicants and candidates, promote efficiency within the recruiting process, and help to lower the risk of making bad hires.

F) The differences between *high volume* and *professional* recruiting strategies are what drive the requirement for a dual-path, automated solution that benefits employers with faster time-to-hire, lower cost-to-hire, and consistent quality-of-hire for both workforce types.

G) Integrated solutions, such as those offered by ADP, enable employers to access high-value, automated solutions that support *high volume* and *professional* workforce hiring.

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