

# THE EXISTENTIAL PEOPLE CRISIS IS **THE** STRATEGIC BUSINESS PRIORITY

## WHITEPAPER



# TABLE OF CONTENTS

---

**03.** Executive Summary

---

**05.** Introduction

---

**06.** What is driving the People Crisis?

---

**10.** What will be the Impact on Business?

---

**14.** Implications

---

**15.** Examples of People Innovation

---

**19.** Conclusion

---

**20.** Sources

---



## **NADIM YACTEEN**

Nadim founded Recombinators after 25 years of senior industry and management consulting experience. Nadim developed a new approach to strategy and innovation, which he has lectured on at Columbia Business School and Stanford School of Business. Using these insights it has been applied to help solve critical business challenges for several global iconic brands.



## **HELEN ROBERTS**

After spending over 15 years in advertising, marketing, writing and education, Helen is passionate about the power of storytelling and content creation. She has lectured on writing at Caldwell University. Helen holds a BA in English Studies from The University of Nottingham and a Postgraduate degree in Education from University College London.

# EXECUTIVE SUMMARY

The existential people crisis is not a strategic business priority, but the business priority.

Insights from sociologists, economists and many industry experts confirm that the challenges are complex. Even before the pandemic, the labor market was stretched. Then COVID-19 reduced the workforce and accelerated a multitude of factors inside and outside the world of work. However, the shrinking labor force and inevitability of population decline are long-term trends that won't go away after the pandemic.

The labor scarcity we are experiencing is very real and worrying. But even a people crisis can be viewed as an opportunity for innovation. This existential people crisis is going to radically transform the whole future of work. This is a carpe diem moment and companies must seize it to reexamine their culture and create a working environment where its business and its people can really thrive.

Complex trends that contribute to the problem include:

- **Sociological factors** such as population decline combined with an evolving labor force composed of diverse generations with unique experiences and needs within and outside the workplace.
- **Technological changes:** rather than being replaced by computers, most workers will instead work alongside evolving machines. Having enough workers with the right skills will still be a business imperative.
- **Economic polarization:** generational divide in share of the wealth leaving younger generations trapped in debt, and geographical divide as changes in urban, suburban, and rural economies directly impacting businesses.
- **Environmental dynamics** such as resource consumption as well as supply chain challenges creating wide-scale shortages of critical materials used in key industries.
- **Political challenges** in a competitive global arena; other nations have tried to reverse these population patterns by changing their immigration policies, targeting top talent, and incentivizing foreign investment in realty and new businesses.



The Impact on Business involves the employer-employee compact continuing to change. Human resources and recruitment are adapting to a shifting landscape of negotiation power. The employee lifecycle is radically evolving as full-time workers change their job role or company more frequently and the entrepreneur and gig economy rapidly expands. The skills mismatch between businesses and employees is also threatened by the increase of global competition for top talent. Available talent also exists in underrepresented groups; women are disproportionately affected by childcare shortages. Childcare is a linchpin of our economy; parents cannot work without it. At the other end of the continuum the departure of baby boomers highlights how many companies have not strategically captured their intellectual capital before long-standing employees depart.



**People innovation must be the top priority as it will impact everything else. In every season your business will have to innovate.**

Companies who are already innovating are trialing new ways of working by rethinking apprenticeships in the corporate world, owning their education and training programs, implementing bold diversity and inclusion initiatives and piloting strategic ways to reinforce a culture of belonging and reputational success. However, these initiatives alone are not universal solutions; all businesses need bespoke innovation to identify, attract, develop, and retain their talent.

Long-term strategic innovative solutions are needed. Many of the top companies list innovation as a top priority in reimagining their products, business model and their digitization. But people innovation must be the top priority as it will impact everything else. In every season your business will have to innovate and adapt not only to the changing needs of your customers, but your people as well.



# INTRODUCTION

Why is this people crisis an existential problem? Because it is way bigger than you can imagine. Existential threats can disrupt your business model, value proposition and strategic direction. If you don't have enough people, or even the right people it will disrupt your whole business. However, when the going gets tough, your brand holds the potential for transformation. Being prepared allows your business to address threats and develop opportunities whatever industry you operate in.

The outbreak of a global pandemic has accelerated a host of problems that influence everyday life as we know it, but many of these issues already existed. And for every generation that makes up our current society the focus has shifted to a multitude of systemic risks across the social, technological, economic, environmental, and political spectrum. But this doesn't just affect the world outside your brand, it has a direct impact on your business. You can't escape from it - every day news stories report on the ever-increasing level of resignations and job openings, everyone has an opinion about this problem.

But it is not just *a* problem, it is *the* problem. And for many companies right now in hospitality, retail, and logistics such as Starbucks, Target and Amazon, they are dramatically changing their incentives and culture to hire and retain workers. They need to fill thousands of open positions as their customers continue to demand their business. And if this isn't affecting your business right now, it's going to be a problem soon. The shrinking and evolving labor force is a long-term trend that is not going to go away.

We will highlight some of the reasons this existential threat exists. But all these reasons are complex; they cannot be resolved individually because they are so interconnected. It is impossible just to focus on one issue, and they are all really difficult to address. So, you might be thinking we are the herald of doom, marching around the town square banging our drum! But we want to share our insights because we truly believe in the pressing need for corporate resilience and nimbleness in helping your business solve this most critical business challenge.

We know that innovation is important to you, and that you are trying to innovate your product, around your business model or bring digital innovation to your culture. But people innovation needs to be your number one strategic business priority.

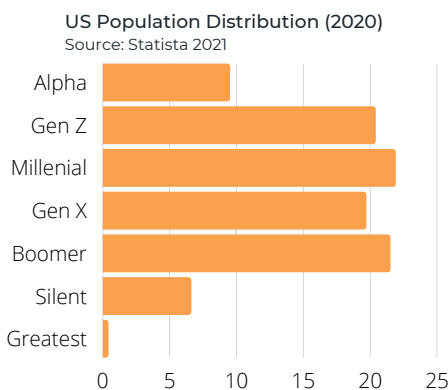
# KEY FINDINGS

## WHAT IS DRIVING THE PEOPLE CRISIS?

There is a myriad of factors that contribute to the people crisis, but we are going to focus on the five drivers which we believe are the most vital to understanding the changes that are occurring. The sociological, technological, economic, environmental, and political forces affecting the population. Though the pandemic has accelerated many discrepancies in the labor market, these trends were already predicted. Participation in the labor force has been falling on a downward trend for the past 30 to 40 years.

### SOCIOLOGICAL

Demographics are a key market driver; the population, especially in the Western world is in decline with falling birth rates and ageing societies continuing to grow. The knock-on effect sees the labor force shrinking. Even with the best recruitment strategy in the world, there physically aren't enough young or talented candidates available, nor will there be in the future. The current workforce is made up of different generations with unique experiences and needs. We evaluate some of the generational trends:



#### Gen Z (born 1997-2012)

Gen Z, many who are digital natives, appear to be more focused on building their own personal brand and multiple forms of self-expression. As Gen Z become part of the workforce their motivations are forcing companies to reevaluate how they attract and retain this new generation. They do not all necessarily desire to climb the traditional career ladder, learn to 'fit in', or even stick around for the next promotion. It is more important for a Gen Zer to choose a company to work for that aligns with their personal brand, not just their education and skill set.

#### Millennials (born 1981-1996)

In 2021, resignation rates were highest among 30 to 45-year-old employees. In the center of this cohort are 'geriatric millennials', known for acting as a generational bridge. Yes, the millennials that so many people have been complaining about for the last decade have finally grown up, and many are at pivotal points in their careers as middle managers. These millennials spent their college years in a world post 9/11 and graduated into an economy hit by the great recession of 2008, they have been defined by a culture of uncertainty, yet have the skills to be peacemakers and collaborators between Gen Z, Gen X, and the Boomer generation in the workplace.

#### Likelihood of Taking or Searching for a Different Job due to Burnout Source: Limeade 2020

**58%**

Gen Z will actively take a different job

**55%**

Millennials will actively take a different job

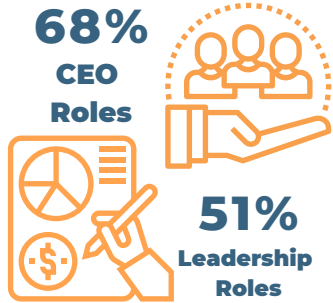
**94%**

Gen Z will search for a different job

**88%**

Millennials will search for a different job

**Gen X in Fortune 500 and  
Inc. 500 companies globally**



### Gen X (born 1965-1980)

They are known to be self-sufficient and resourceful; many have risen through the ranks because they are motivated, successful, and played the game. But life at the top in senior leadership is far from ideal. As Lisa Haisha says, "Great leaders don't set out to be a leader. They set out to make the difference. It is never about the role - always about the goal." But how many leaders really want to lead? One of the fundamental paradoxes of leadership is that a leader is expected to both be able to coach and develop their people, and at the same time to make tough decisions about their business, their talent, and upgrade when needed. C-Suite Executives are not immune from burn out or disillusionment. At a time where employee engagement and retention are at a historic low, leaders are pushed to the limit.

**In the third quarter of 2020, nearly  
30 million Baby Boomers left the job  
market and retired.**

**10,000  
AMERICANS  
turn 65  
every day  
By 2030  
all Boomers  
will be 65 or  
older**



### Boomers (born 1946-1964)

Even today this significant population group who have been defined by their careers are making life changing decisions about their future. Boomers are a talented generation retaining wisdom, extensive experience, and extraordinary work ethics having had to compete throughout their entire lives due to their large cohort in the work force. These are the people who as a demographic really shaped the labor market as we know it, and it will never be the same again.

### Alpha (born 2010-2024) The future workforce

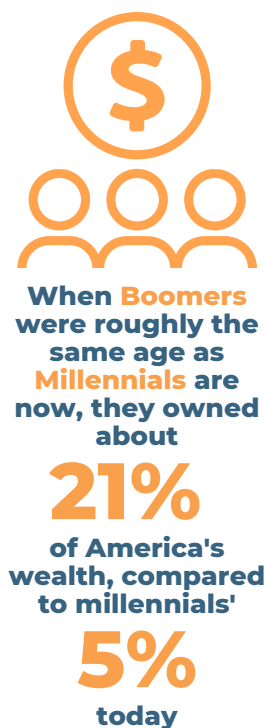
By the time Generation Alpha enters the workforce, they may be the most educated generation of all time due to the technology and immediate information that they have at their fingertips. However, they will perform jobs that don't yet exist. Their approach to work and problem solving will be different from their peers as education and life experiences continue to become more personalized to the individual. As digital natives, they are more likely to choose roles that center around technology rather than traditional vocations.



## TECHNOLOGICAL

Some commentators predict robotics and artificial intelligence (AI) could potentially replace a large proportion of existing human jobs in the future. However, advances in these technologies are not developing fast enough to meet the current demand; the current crisis of supply chains and infrastructure is a prime example. Nevertheless, it is useful to look at patterns of automation across different populaces. Robots are being more broadly adopted where populations are aging such as Japan, Germany, and South Korea. Within the U.S., the research shows the same pattern: Metro areas where the population is getting older at a faster rate are the places where industry invests more in robots. But though many are apprehensive, automation will potentially change the nature of work more than it displaces workers. Rather than being replaced by computers, most workers will instead work alongside evolving machines. Having enough workers with the right skills will still be a business imperative.

## ECONOMICAL



Population decline has many potential effects on individual and national economy. For many individuals it's a story of insecurity; college graduates are crippled with debt well into their working lives, many are unable to afford their own home, and as the cost of childcare and healthcare continues to rise the concept of starting a family is economically unsound. The Pandemic certainly accelerated state to state migration across the US as many sought to improve their cost of living and take advantage of the property market. Yet the data shows that these trends have been growing over the past 10 years. More than 331 million people now live in the U.S., and many Americans have flocked West and South since 2010, according to the 2020 census data. The economic landscape of urban and rural areas continues to change directly impacting businesses across many sectors.

Some economists advocate that a useful gauge of economic success is growth in GDP per capita. With potential decrease in individual output as the working population declines this may put increasing pressure on government spending for the growing retired workforce. However, GDP alone cannot be used to evaluate an economy because a lot of value is not captured in this measure. It doesn't account for how countries deliver better living standards and quality jobs for people or account for contributions of social capital. The impact of population aging is enormous and multifaceted, yet the economic implications do point to a declining fiscal balance, changes in patterns of saving and investment and a shortage in labor supply. A slower resurgence in workforce participation could sustain pressure on wages, potentially leading to a faster rise in inflation.



## ENVIRONMENTAL



**High income  
homes have  
21%  
larger carbon  
footprints  
than low-income  
households**

**In 2020 the U.S.  
birthrate fell by**

**4%**

**hitting a record  
low. People are  
having fewer  
children than the**

**2.1**

**needed to  
maintain a steady  
population**



Just as population decline and state to state migration affects the economy it also impacts the environment. As cities, towns and rural areas experience growth and decline, the sustainability of their infrastructure comes into question. Worker shortages are especially tough in the Northeast and Midwest, so companies will take their offices and factories and relocate to where they can recruit a wider pool of talent. Though wealthier populations are responsible for the greatest share of planet-warming emissions, they are less likely to suffer the consequences. Those in lower socio-economic groups are unequally affected by the dangers of the climate crisis, such as pollution, heat waves and chronic medical problems. These groups make up a large amount of the US population and often lack the resources to protect themselves. Many are essential workers that provide services vital to every fully functioning business and society as a whole.

We see the headlines every day in the news as companies and their suppliers continue to struggle with issues at every stage of the supply chain. Though wide-scale shortages of critical basic materials used in key industries is alarming, the environmental impact should be as well. Environmental damage from supply chains can include toxic waste, water pollution, loss of biodiversity, deforestation, long-term damage to ecosystems, hazardous air emissions as well as greenhouse gas emissions and energy use. All these factors have a direct effect on the health and growth of a population.

## POLITICAL

In the last decade the U.S. population grew at its slowest rate since the Great Depression and the nation's birthrate has declined for the sixth straight year. Fertility rates are now too depleted to keep the country's population growing by births alone. These statistics bring into sharper focus the long-term trends and challenges they present which are also political. Other nations in a similar predicament have tried to reverse these population patterns. Public policies could help, but they are no guarantee.

In the decades after World War II, bipartisan policymaking was more the norm as political parties united and pulled together for the good of the country. In the past there has been cross-party support for significant legislation especially in response to national calamities. Yet the existential people crisis is a national calamity. Does anyone have confidence that the US government will intervene? Other countries have changed their immigration policies to increase their workforce, they're targeting the right people to bring essential skills and talents into their borders. Across the world skilled workers are being incentivized to move to underpopulated communities to invest in property and set up new businesses. The question is, can America unite to do the same?

# WHAT IMPACT WILL THERE BE ON BUSINESSES?

## EMPLOYER-EMPLOYEE COMPACT IS CHANGING

What has been coined as The Great Resignation is more than workers quitting at unprecedented rates. More than 4.5 million Americans quit their jobs in November 2021. Resignations spiked in April and have continued to be extraordinarily high into 2022. Though commentators blame it on the Pandemic, the patterns of behavior in the labor market are more complex than what has occurred in the past two years. Though the pandemic has been a catalyst for us to rethink the quality of our lives, will the employer-employee compact ever return to the traditional model? What is most meaningful to us has come to the forefront of life decisions; changing jobs, moving homes, investing in our interpersonal relationships, and focusing on a life that isn't just defined by our employment status.

### Why Americans Quit Their Jobs

Source: Achievers Workforce Institute 2021

**35%**

left to get better  
compensation and  
benefits

**25%**

people quit to get  
better work-life  
balance

**16%**

felt current  
employer does not  
recognize them

**8%**

wanted to find an  
employer with better  
corporate culture

The employer-employee compact is changing with prospective and current employees demanding to renegotiate. What the US economy is now experiencing is not simply a labor shortage; it is a shortage of workers who are prepared to agree to the terms and conditions employers are accustomed to offering them. As job openings multiply and workers seem to be more secure in their options, this raises their 'reservation wage' - the minimum they will agree to for taking a new job pushing many companies to raise wages and improve their benefits packages.

## EMPLOYER MINDSET IS SHIFTING

We are entering a phase where the rules of attracting talent are changing. Businesses must seriously reassess workplace culture, productivity, and benefits to address the changing needs and expectations of their employees. Human resources and recruitment are adapting to a new employer mindset, a shifting landscape of negotiation power in their people process. The difference in how employers and employees view their organization and what they want out of it fundamentally affects the way they look at almost everything – but especially organizational change as employees leave the workforce and are replaced.

We have discussed the generational influences, but the social factors of diversity and inclusion are also key components. An inclusive, diverse workforce is not only essential for equity and equality to meet quotas; it is essential for survival. Without the ease of recruiting from conventional talent pools, companies must broaden their horizons in searching for the best talent. In the current job market and beyond wages alone will not capture and engage the best talent. Diversity and inclusion must also encapsulate a healthy work-life balance, flexibility, and choices around advancement; there isn't a 'one size fits all'.

**\$630  
BILLION**  
Overall cost  
of employee  
turnover  
in the U.S.



**33%**  
of an  
employees'  
annual salary  
The cost of  
replacing an  
employee  
who  
resigned



The average full-time worker changes their job role or company every **4.2 years**

#### Rise of Contingent Workers 2021

**17 million**

full time independent workers

**10.2 million**

part-time independent workers

**23.9 million**

occasional independent workers



## EMPLOYEE LIFECYCLE RADICALLY EVOLVING

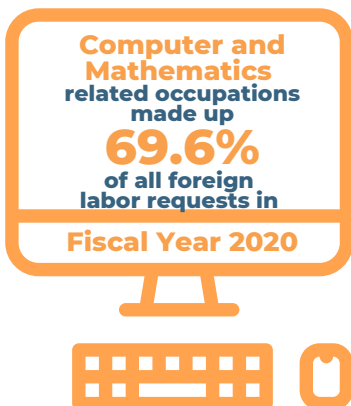
The employee life cycle is radically changing. The nature of work will become increasingly transient as businesses pivot to adapt to population change. Many people are not leaving one company for another, they are stepping out into entrepreneurship; 44% of people who resigned in 2021 say that have decided to start their own business. About 20% of U.S. small businesses fail within the first year; by the end of their fifth year, roughly 50% have faltered. After 10 years, only around a third of these businesses have survived. The failure rate of starting a new business is significantly high. These newly minted entrepreneurs are willing to take an incredibly high risk yet fail on their own terms. And for the workers who remain as employees, they are restless. More than half of Americans want their next job to be self-employed—some as entrepreneurs, others as freelancers in the gig economy.

A significant disruptor in the employee lifecycle is the rise of contingent workers. The gig economy will continue to drive the future of employment due to the power and innovation of platforms that allow remote management, communication, and collaboration. Some of the hottest talent will be fought over and divide their time between more than one company.

## EMPLOYEE SKILLS MISMATCH AND GLOBAL COMPETITION INCREASING

One of the driving factors for the labor shortage is a skills mismatch between businesses and employees. The swift change in worker demand by sector which has been accelerated by the pandemic could lead to lasting increases in unemployment. Many sectors were already predicted to have recruitment issues due to retirement cohorts and lack of vocational interest from younger generations. If businesses cannot find enough workers to fill technical and specialized roles that are vital to their growth and innovation, U.S. companies will be limited in their capacity to expand and operate efficiently; ultimately, they will lose their ability to stay competitive in a highly global climate where everyone is competing for top talent.

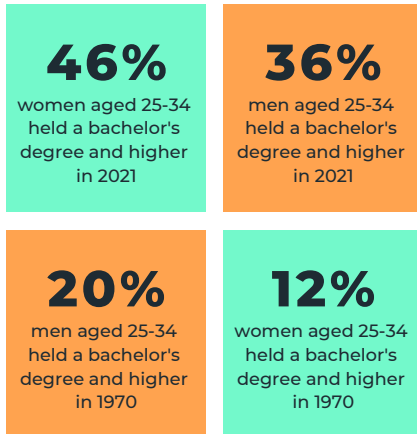
Massive shifts in educating the emerging labor force and upskilling the current workforce will be essential. However, finding skilled workers beyond US borders will be just as crucial. For Fiscal Year 2022, USCIS received over 300,000 H-1B registrations from businesses and academic institutions. Businesses must seriously rethink their capabilities and constraints as they compete to attract this talent from the rest of the world.



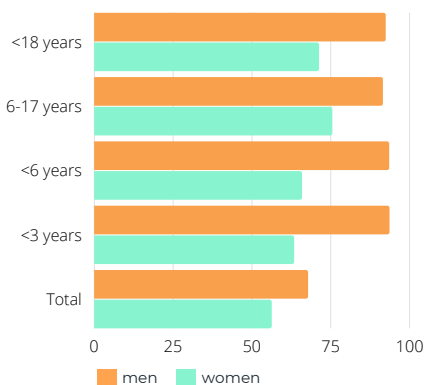
## THE UNDER-REPRESENTED LABOR FORCE

One of the most important groups that is underrepresented in the current labor force are women. Though female participation has been growing steadily since the 1950's, in 2000 only 60% of women were in work; at the height of the pandemic this dropped to 54.6%, and in September 2021 was 55.9%. There is still a significant number of women missing from the labor force and this has a disproportionate negative effect on women themselves as well as the future growth of a business. Women allocate a substantial amount of time to tasks that are not typically recorded as economic activities. Consequently, female participation in labor markets tends to increase when the time-cost of unpaid care work is reduced, shared equally with men, and/or made more compatible with market work.

But it is not for a lack of talent that this problem exists. American colleges and universities now enroll roughly six women for every four men. This is the largest female-male gender gap in the history of higher education, and it's getting wider. Nevertheless, women are still playing catch-up especially in leadership positions still dominated by men. A contributing factor is the working experience of women during their childbearing years and beyond – a significant time where many are in pivotal mid-level positions and pay an earnings penalty across many sectors for having children. Major change however is needed to keep all women in work.



Labor force participation rates (%) of men and women by presence and age of youngest child



Data: Bureau of Labor Statistics, Population Survey 2020

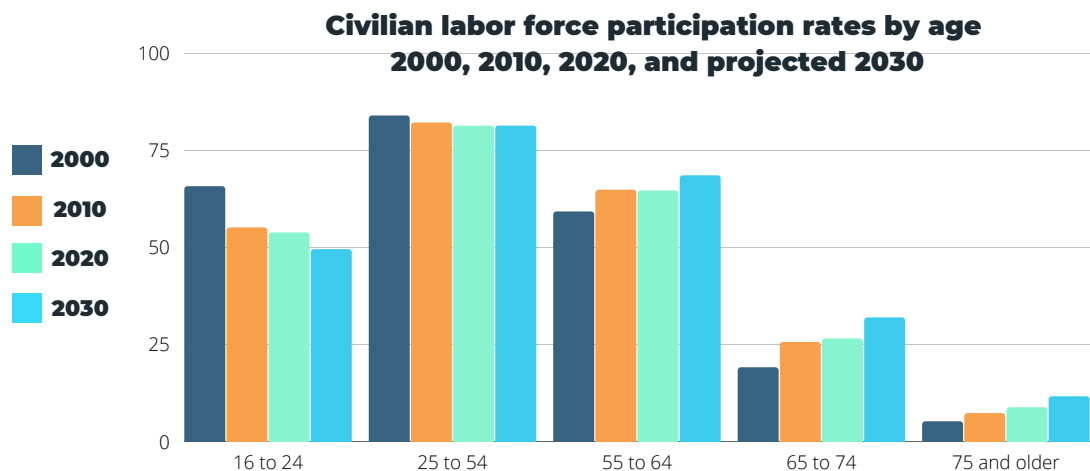
Childcare shortages disproportionately affect women. Yet challenges around childcare are not just economical, they are also political. Government intervention around the world in subsidizing the cost of childcare has increased women's labor force participation. In Europe, research shows, childcare has had a greater impact on keeping women in work compared to policies like paid parental leave. Typical 2-year-olds in Denmark attend childcare during the day, where they are guaranteed a spot, and their parents pay no more than 25% of the cost. That guaranteed spot will remain until the children are in after-school care at age 10. If their parents choose to stay home or hire a nanny, the government helps pay for that, too. Research in the US shows that early childhood education and care makes it easier for parents to take on employment and contribute to economic prosperity and growth. Dependent care flexible spending accounts, back-up childcare assistance and providing predictable scheduling are examples of the kinds of cost-efficient and effective benefits businesses must offer. Getting more women into the workforce is possible with the right policies, programs, and initiatives; investing in childcare and education is also a vital investment in the labor force of the future.

## DEPARTURE AND RETIREMENT

The Boomer generation has much knowledge and experience to offer and with early or unplanned retirement many companies will not have strategically captured this intellectual capital before these long-standing employees depart. Even asking established employees to stay one more year or longer with a strategic phased departure could make the world of difference in the new employee lifecycle. Past employees who have retired are an important and mainly untapped source of candidates to replenish the labor shortage. According to economic policy makers it isn't certain whether the most recent cohort of retirees will be lured back to the workplace by the promise of higher pay or the allure of nostalgia, and most importantly how many of them have left the labor force for good.

**With early or unplanned retirement many companies will not have strategically captured this intellectual capital before these long-standing employees depart.**

Nevertheless, even though they make up a smaller number of workers overall, the 65-to 74-year-old and 75-and-older age groups are projected to have faster rates of labor force growth annually than any other age groups. Executive-level retirees have always been sought after to boomerang back to former employers as troubleshooters. Yet, as the panorama of work evolves with multiple and diverse generations working alongside each other and the fast growth of digitization, bringing the retired back to the workforce will be more challenging for businesses than ever before.





# IMPLICATIONS

So, what can you and your business do?

The implications of population decline and its impact on the world of work are far reaching and complex. Even with the best recruitment strategy in the world, there physically aren't enough young or talented candidates available, nor will there be in the future. Many of the multi-faceted trends we have outlined are beyond the control of individual companies. But with the resources that are within your power, you must act now.

**Companies that pivot are best placed to prosper. Successful people innovation requires a focused approach.**

What will happen if you don't take action?

This existential people crisis threatens the effectiveness and sustainability of not only your company but regional, national, and global businesses. There will be winners and losers. Some of the largest public companies are going to be left behind. Many will no longer be able to remain competitive or even be able to function.

Strategic innovative solutions are needed now more than ever.

Many of the most successful companies list innovation as a top priority in reimagining their products, business model and their digitization. But people innovation must be the top priority as it will impact everything else.



# EXAMPLES OF PEOPLE INNOVATION

Despite the current climate in the labor market, companies are innovating around their people in different ways by finding, attracting, developing, and retaining their talent. We have outlined some examples from United Airlines, Multiverse and Airbnb.

## Owning Education and Training

The key takeaway from United Airline's response to their pilot shortage is for innovative companies to start recruiting early through directly investing in or owning education and training. Just as Premier League soccer teams have their own academies with students as young as nine years old, they are passionate about training and retaining talent from a young age. There are other jobs which require a mandatory retirement age where the role determines a high level of physical or intellectual skill that will naturally decline with age. Despite the rise of automation and AI, many jobs will still require highly skilled people.

## Rethinking Apprenticeships

Multiverse taps into an important life stage, going to college takes four years of someone's life on average; time where it is difficult to continue earning while studying. The one-size-fits-all approach to college and careers doesn't work for all, and as the cost of college education continues to increase, it prohibits many from attending. College students with strong networks have a high advantage in securing internships compared to first-generation college students. Apprenticeships have been traditionally associated with trade industries, but not in the tech and business sector.

## Diversity and Inclusion

Both United Airlines and Multiverse have bold ambitions at implementing diversity and inclusion strategies which are vital to training new generations of the workforce. The most innovative companies will grow if they are dedicated to applying this growth mindset. However, recruiting candidates early and adopting a major diversity and inclusion strategy is complex and requires significant management and implementation.

## Company Culture – The Importance of Belonging

One of the key insights from Airbnb is how they reinforced their company culture through the handling of employee layoffs. Airbnb's practices not only helped departing employees find a new job, but reinforced their culture of belonging. If other companies modeled this strategy, it would allow them to have a 'bank' of staff to bring back to their workforce as market conditions evolve. In terms of reputational success, their past employees will always return as customers. Nevertheless, managing such a strategy entails innovation in activating staff to new roles and responsibilities. It requires grit to implement the power of 'no' and 'pausing' – being the company that strategically stops doing something to transform and innovate in a new direction.



# EXAMPLES OF PEOPLE INNOVATION

## ATTRACTING PEOPLE



### Background

United Airlines, Inc. is a major American airline. Measured by fleet size and the number of routes, it is the third-largest airline in the world.



### Insights

#### *Retirement and Recruitment Drive*

The U.S. enforces a mandatory retirement age of 65 for commercial airline pilots. Due to demographic factors and U.S. airline industry's growth, a huge number of pilots will turn 65 during the 2020s. The industry needs to recruit lots of new pilots even before making any allowances for growth.



#### *Training Academy In-House*

The airline bought a flight-training academy last year. United plans to train 5,000 pilots in its flight academy by 2030. Students can apply for United's Aviate recruiting program, which extends conditional job offers to candidates as they build up experience during training and working at smaller carriers.



### Outcomes

The airline plans to hire 10,000 pilots by 2030 to account for growth and a wave of retirements. United pledges for half of their students to be women or people of color which will widen the strength and diversity of their people.

# EXAMPLES OF PEOPLE INNOVATION

## DEVELOPING PEOPLE



### Background

Multiverse is an edtech startup that is focused on high-quality education and training through a unique apprenticeship model. They match talented individuals with careers and deliver world-class training in a wide range of qualifications in leadership, digital, and technology.



### Insights

#### *Creating equal opportunity in leadership*

Multiverse's mission is to create a diverse group of future leaders. They provide high-quality professional apprenticeship programs that combine work, training, and community.



### *Skills of the future*

Focusing on the skills of the future, their programs range from business operations to data science and software engineering. The company focuses on three primary areas: measuring potential beyond academics, delivering job-focused training via applied learning programs, and helping diverse groups of young people build social capital and strong networks.



### Outcomes

Since 2016, they have trained over 5,000 professional apprentices in partnership with more than 200 of the world's best employers. Apprentices benefit from one-to-one coaching with an industry expert and are supported by a thriving community with events, socials, mentoring, and leadership programs while working on the job. 95% of apprentices who completed Multiverse programs landed a job in their field within 90 days.

# EXAMPLES OF PEOPLE INNOVATION

## TRANSITIONING PEOPLE



### Background

Airbnb, Inc. is an American company that operates an online marketplace for homestays for vacation rentals, and tourism activities. In May 2020, they laid 25% of their staff due to the pandemic. Airbnb needed to let go around 1,900 of their staff, whilst remaining true to their core mission - belonging.



### Insights

#### *Business strategy with human dignity*

Airbnb carefully mapped all reductions to their future business strategy and the capabilities they would need, however they did as much as they could to help those who were impacted. They offered good severance pay, everyone departing became a shareholder, and health insurance covered for 12 months.



### *Collaboration and Partnership*

They launched an Alumni Talent website and pivoted some of their recruitment team to become a dedicated Alumni Placement Team to support departing employees. Airbnb also partnered with RiseSmart to provide 4 months of career services. They encouraged all remaining employees to opt-in to a program to assist departing teammates find their next role and allowed everyone to keep their company laptop.



### Outcomes

Airbnb has grown to 4 million host properties in almost every country across the globe. They treated their staff like customers providing the best service possible and were transparent in communication during a highly emotive period. The company ensured goodwill and loyalty of the redundant staff by asserting them as shareholders. Their people remain invested in them, just as much as they are invested in their people.



# CONCLUSION

## WHAT ARE THE KEY TAKEAWAYS?

If you think we can solve this crisis of the world of work conventionally - think again! You need to prepare for the road ahead now. It is time to reevaluate your people strategy and invest in your people more than ever. There are more skilled, experienced people leaving than there are young people to make up for these departures. You cannot simply dismiss employee turnover and take the traditional route of going to the market to replace them. You must find innovative ways to retain your most experienced people and upskill and reskill those that must step into new roles. At the same time, you need to identify and attracting new talent. Departures of staff whether planned or unplanned need to be strategically managed to capture intellectual capital especially amongst those who are retiring. This is one big juggling act! Recrafting a recruitment and retention program is far from easy. Many different generations and populations give rise to a new kind of employee lifecycle that has never been seen before.

Innovative companies will consist of different groups of people who demand different benefits, different working conditions and pay, different hours and options of different career paths. And as an employer you will need to accommodate every one of them. In every season your business will have to innovate and adapt not only to the changing needs of your customers, but your people as well.

---

## QUESTIONS TO CONSIDER:

- What qualifications are truly essential to your business?
- How early are you going to identify candidates and how will you attract them to your people brand?
- How are you going to manage the diverse generations and groups within your workforce?
- What level of people investment is needed now and, in the future, to ensure your business has longevity?
- What attributes of your business model are you willing to compromise on what is nonnegotiable?



## SOURCES

- Acemoglu, Daron & Restrepo Pascual, Demographics and Automation, The Review of Economic Studies, 2021; rdab031, <https://doi.org/10.1093/restud/rdab031>
- Caselman, Ben (2021, Nov 12). The number of U.S. workers quitting their jobs in September was the highest on record. The New York Times <https://www.nytimes.com/2021/11/12/business/economy/jobs-labor-openings-quit.html?referrer=masthead>
- Cave, Damien & Bubola, Emma & Sang-Hun, Choe (2021, May 22). Long Slide Looms for World Population, With Sweeping Ramifications. [online] Available at: <https://www.nytimes.com/2021/05/22/world/global-population-shrinking.html?searchResultPosition=5> [Accessed 22 November 2021].
- Fred.stlouisfed.org. 2021. Labor Force Participation Rate - Women. [online] Available at: <https://fred.stlouisfed.org/series/LNS11300002> [Accessed 22 November 2021].
- Fry, Richard "The Pace of Boomer Retirements Has Accelerated in the Past Year." Pew Research Center, Pew Research Center, 10 Nov. 2020, <https://www.pewresearch.org/fact-tank/2020/11/09/the-pace-of-boomer-retirements-has-accelerated-in-the-past-year/>
- Gallup, I., 2021. 7 Things We Learned About U.S. and Canadian Employees in 2020. [online] Gallup.com. Available at: <https://www.gallup.com/workplace/350123/united-states-canada-workplace-trends.aspx> [Accessed 22 November 2021].
- Goodhart, Charles & Pradhan, Manoj (2020). "The Great Demographic Reversal," Economic Affairs, Wiley Blackwell
- Harvard Business Review. 2021. Who Is Driving the Great Resignation?. [online] Available at: <https://hbr.org/2021/09/who-is-driving-the-great-resignation> [Accessed 22 November 2021].
- Johnston, W.B. The coming labor shortage. Journal of Labor Research 13, 5-10 (1992). <https://doi.org/10.1007/BF02685444>
- Linkedin.com. 2021. How the pandemic changed us: Our fastest rising priority is job flexibility. [online] Available at: <https://www.linkedin.com/pulse/how-pandemic-changed-us-our-fastest-rising-priority-job-george-anders/> [Accessed 22 November 2021].
- Marketplace. 2021. U.S. census shows slow population growth, constraining economy. [online] Available at: <https://www.marketplace.org/2021/04/27/slow-u-s-population-growth-stiffens-economic-headwinds/> [Accessed 22 November 2021].
- Miller, Claire Cain (2018, July 5) Americans Are Having Fewer Babies. They Told Us Why. The New York Times (Published 2018). [online] Available at: <https://www.nytimes.com/2018/07/05/upshot/americans-are-having-fewer-babies-they-told-us-why.html> [Accessed 22 November 2021].
- Omeokwe, Amara (2021, Oct 31) Covid-19 Pushed Many Americans to Retire. The Economy Needs Them Back. The Wall Street Journal <https://www.wsj.com/articles/covid-19-pushed-many-americans-to-retire-the-economy-needs-them-back-11635691340>
- Parikh, A., 2021. Airbnb's Layoff Process Shows You The Right Way To Do It - GREY Journal. [online] GREY Journal. Available at: <https://greyjournal.net/hustle/inspire/airbnbs-layoff-process-shows-you-the-right-way-to-do-it/> [Accessed 22 November 2021].
- Pew Research Center. 2021. 6 facts about U.S. moms. [online] Available at: <https://www.pewresearch.org/fact-tank/2019/05/08/facts-about-u-s-mothers/> [Accessed 22 November 2021].
- Segal, E., 2021. New Report Says 'Demographic Drought' Will Worsen Labor Shortage Crisis. [online] Forbes. Available at: <https://www.forbes.com/sites/edwardsegal/2021/06/03/new-report-says-demographic-drought-will-worsen-labor-shortage-crisis/?sh=2d718b846863> [Accessed 22 November 2021].
- Statista. 2021. U.S. population share by generation 2020 | Statista. [online] Available at: <https://www.statista.com/statistics/296974/us-population-share-by-generation/> [Accessed 22 November 2021]
- Strauss, William & Howe, Neil (1997). The fourth turning: an American prophecy. New York: Broadway Books.
- Toossi, Mitra & Torpey, Elka (2017) Older workers: Labor force trends and career options US Bureau of Labor Statistics <https://www.bls.gov/careeroutlook/2017/article/older-workers.htm>
- US Bureau of Labor Statistics 2021. Older workers: Labor force trends and career options. Available at: <https://www.bls.gov/careeroutlook/2017/article/older-workers.htm> [Accessed 22 November 2021].
- US Bureau of Labor Statistics 2021. Women in the labor force: a databook. [online] Available at: <https://www.bls.gov/opub/reports/womens-databook/2018/home.htm> [Accessed 22 November 2021].
- World Economic Forum. 2021. The Future of Jobs Report 2020. [online] Available at: <https://www.weforum.org/reports/the-future-of-jobs-report-2020> [Accessed 22 November 2021].
- Zheng, Hui PhD, A New Look at Cohort Trend and Underlying Mechanisms in Cognitive Functioning, The Journals of Gerontology: Series B, Volume 76, Issue 8, October 2021, Pages 1652-1663, <https://doi.org/10.1093/geronb/gbaa107>

## **Contact:**

Recombinators

16 Wing Drive, Cedar Knolls, NJ 07927 USA

+1 917-536-0669

[recombinators.com](http://recombinators.com)

[nyacteen@recombinators.com](mailto:nyacteen@recombinators.com)

