

Laws of Attraction: Credit Union Recruitment in a Competitive Labor Market

Presented by

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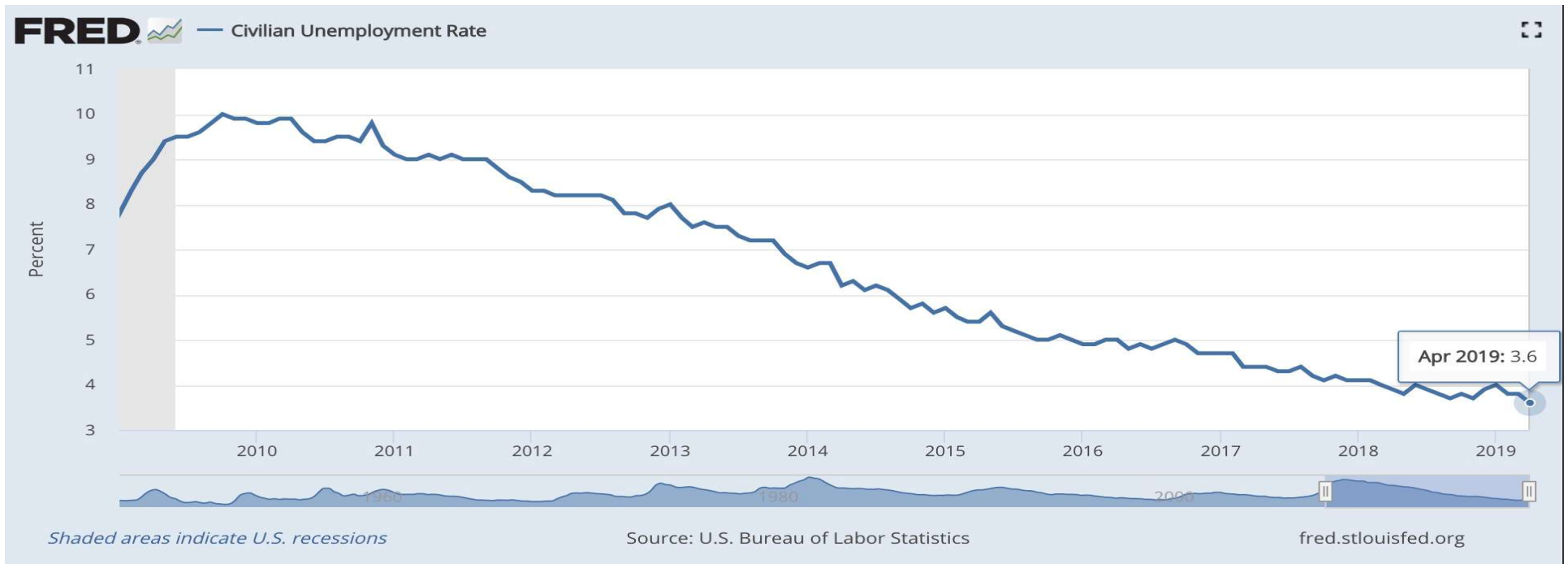
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The Precarious Future of Work

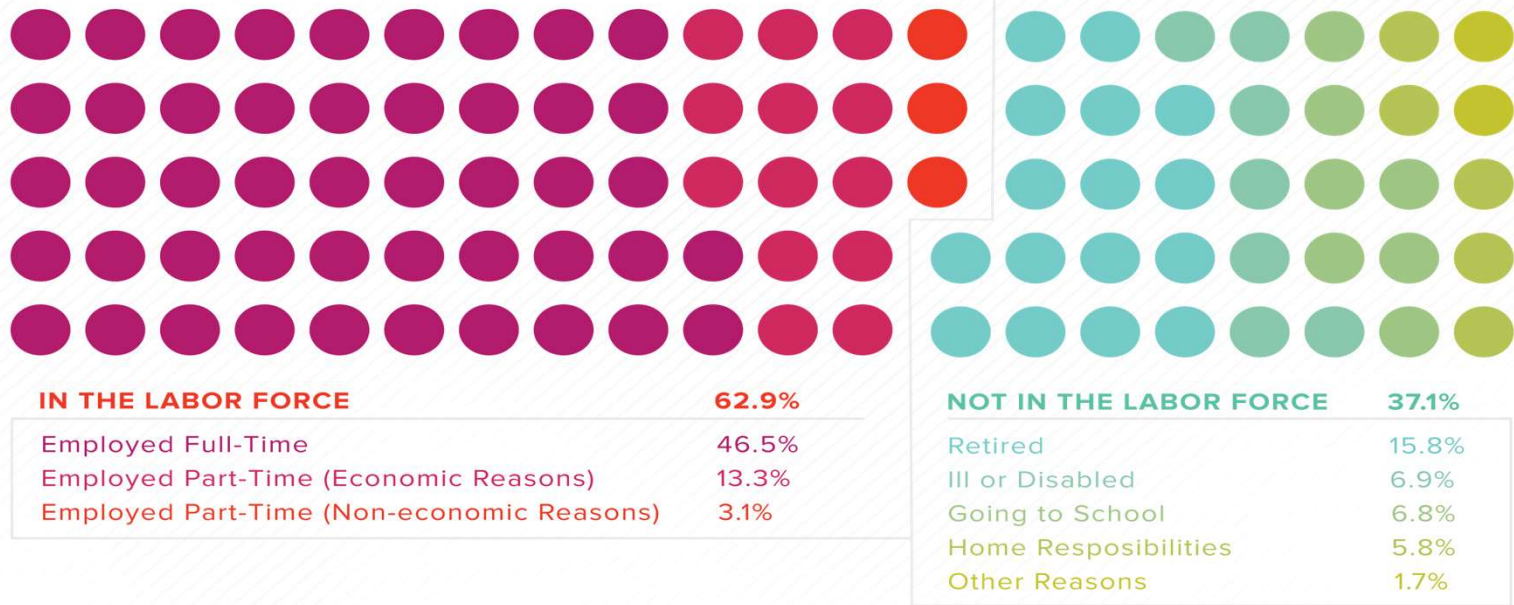


Sources: Bureau of Labor Statistics. March, 2019. [https://https://fred.stlouisfed.org/series/CAALAM1URN#0](https://fred.stlouisfed.org/series/CAALAM1URN#0)



The Precarious Future of Work

UNEMPLOYMENT VS WORKFORCE UNDER UTILIZATION



Unemployment rate (3.7% or 6M Americans, Dec. 2018) does not tell us the full story. Official underutilization calculations include: total unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons, as a percentage of the civilian labor force plus all persons marginally attached to the labor force. This calculation (known as U-6) is equivalent to 7.6% of the US population, or 19.6M people—equivalent to the total population of New York, the 4th largest US state.



The Precarious Future of Work

CHALLENGES OF TEMPORARY WORK

INDEPENDENT WORKERS:

- Tend to receive lower pay.
- Face fluctuating income and workload.
- Not entitled to unemployment insurance.
- Not likely to receive employer-provided benefits.
- Experience increased isolation and fewer channels for professional recognition.
- Find it costly to hire accounting, legal, and other administrative support services.
- Are less likely to receive access to direct deposit, scheduled bill pay, or payroll tax and social security deductions made through employers.

THE INDEPENDENT WORKFORCE IS LARGER THAN GOVERNMENT STATISTICS INDICATE

% of total working-age population; million



Source: "Independent Work: Choice, Necessity, and the Gig Economy." McKinsey Global Institute, 2018.



The Precarious Future of Work

Over 30% of the workforce is now comprised of IWs.



Projections indicate that **by 2027 more than half of the workforce will be IWs.**

Various reasons for this trend include:

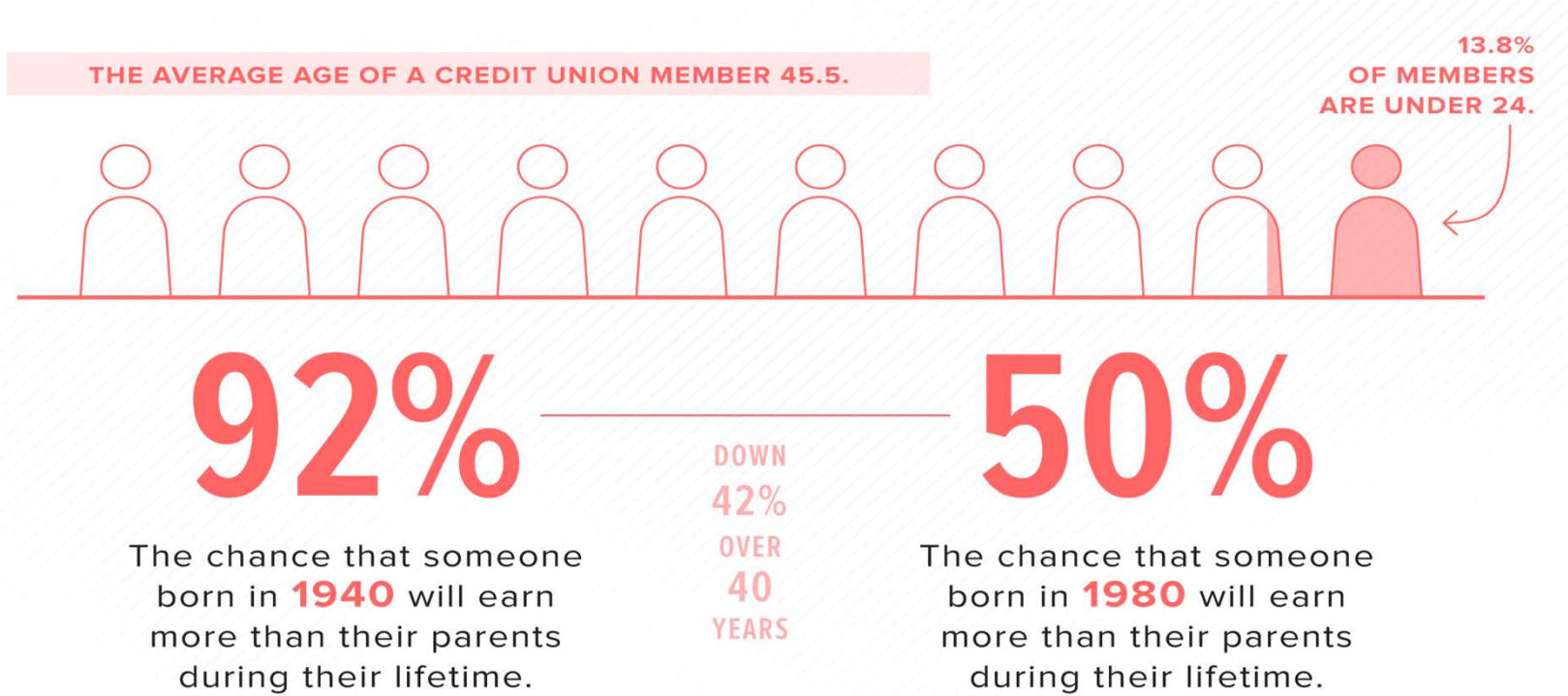
- **Increased demand** for contract labor
- **Digital connection** of workers with consumers (e.g., UBER)
- Attractiveness of **freedom and flexibility**



Lawrence F. Katz and Alan B. Krueger, "The Rise and Nature of Alternative Work Arrangements in the United States, 1995–2015," NBER Working Paper No. 22667, September 2016, www.nber.org/papers/w22667.

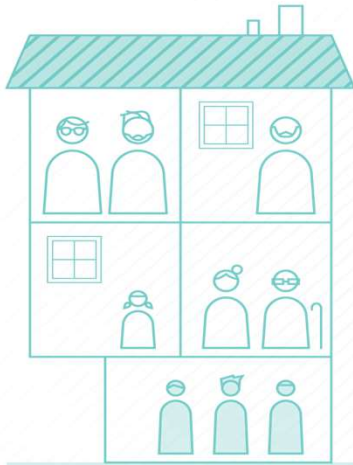
McKinsey (2015). "Independent Work: Choice, Necessity and the Gig Economy". December..

The Two Tails



Sources: R Chetty et al., "The Fading American Dream: Trends in Absolute Income Mobility Since 1940," The Equality of Opportunity Project, December 2016; internal calculations of credit union member ages.

The Disappearing Homeowner



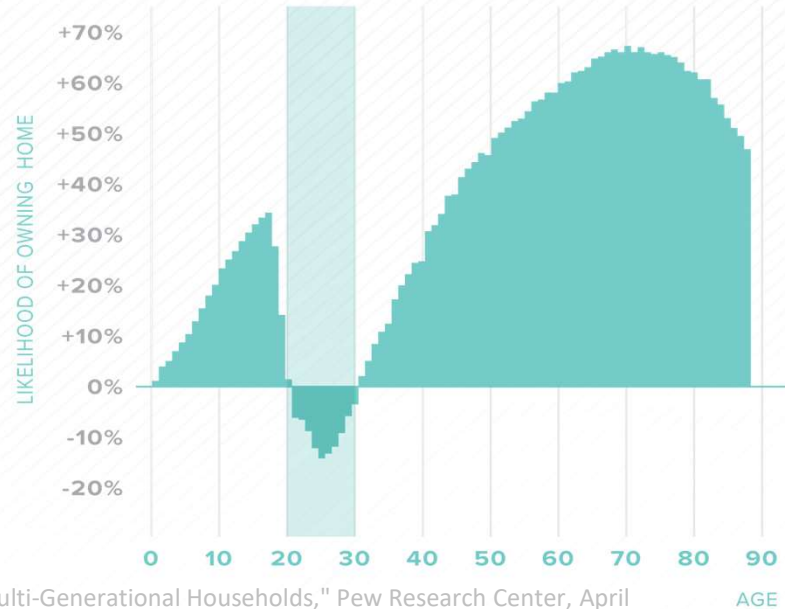
1/5

Americans live in a multi-generational household

33%

ARE MOST LIKELY YOUNG ADULTS (25-29YRS)

MORE AMERICANS OWN THAN RENT
Except 20-Somethings



Sources: D Cohn and J Passel, "A Record 64 Million Americans Live in Multi-Generational Households," Pew Research Center, April 2018; A Cilluffo et al., "More US Households are Renting Than at Any Point in 50 Years," Pew Research Center, July 2017; R Florida, "Is Housing Inequality the Main Driver of Economic Inequality," CityLab, 2018.



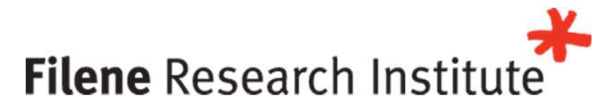
Socioeconomic Trends

- Millennials, especially women, are more likely than ever before to have earned a **Bachelor's degree**.
- The average Millennial worker held **7.8 jobs between the ages of 18 and 30**.
- But almost **three-quarters** report being **disengaged at work**.
- 60% say they are **open to new job opportunities**.
- **Only half plan to be with their current employer** in a year's time.
- High percentages of young workers, especially Millennial men, remain **outside the workforce**.





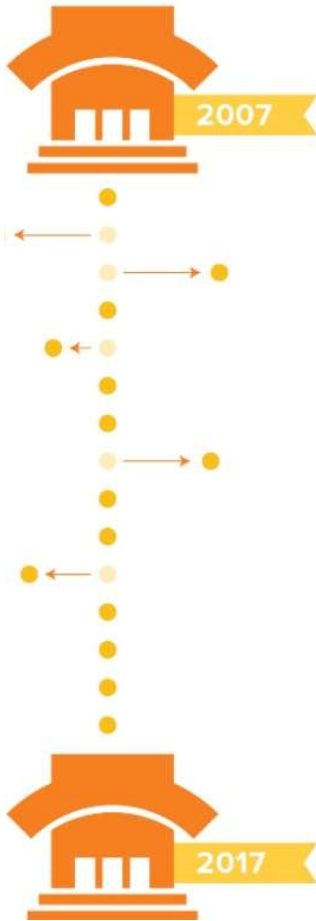
The focus of today's presentation





Findings from previous research on effective practices for generating high quality applicants, some findings include:

- **Larger applicant pools DO NOT guarantee high quality applicants;**
- Organizations competing from the same applicant pool showed that **the later an organization held interviews, the lower the quality of applicants yielded;**
- A high-quality applicant pool improves an organization's *chances* of hiring a talented applicant, but **recruiting success also depends on maintaining applicants' interest throughout the selection process.**



We analyzed 10 years of HR data from a \$1B credit union that included all employees hired and voluntary/involuntary termination information over that time period.

THREE KEY FINDINGS:

- 1 **Larger than average applicant pools** are associated with **increased turnover risk**.
- 2 In times **when applications are most competitive**, **employees selected are at a higher risk of turnover** than in times of applicant scarcity.
- 3 **The risk of voluntary departure is several multiples higher for employees hired between October and February** than the remaining months of the year.

Credit Union Considerations



- Focus on recruiting during periods when the *number of applications are lower than average*.
- Be more selective with hiring during time periods when it is *easiest* to fill a position.
- This credit union's data may not match to your realities; therefore, **know your own data** to determine which relationships hold true for your credit union.

Laws of Attraction

3 DOMINANT PREDICTORS OF APPLICANT ATTRACTION

Perceived
person-
organization fit

Job and
organization
characteristics

Recruiter
behavior

+

**CORPORATE SOCIAL PERFORMANCE
(CSP) AND ATTRACTION**



Laws of Attraction

- 1 | to experience **pride** by working for an organization with strong ties to the community
- 2 | to experience high level of fit between their personal **values** and the organization's values
- 3 | that organizations engaged in CSP will also **treat employees well**

KEEP IN MIND

- Applicants unfamiliar with an organization rate it as less attractive regardless of CSP
- Industry reputation plays a role in attraction



Laws of Attraction



Laws of Attraction

APPEALING to the YOUNGER GENERATION

(Millennials & Gen Z)

Outline projected career paths and opportunities for growth with each job opening

Highlight how work/life balance allows employees to pursue personal passions

Amplify specific details about **how** credit union work positively impacts the local community



Credit Union Considerations

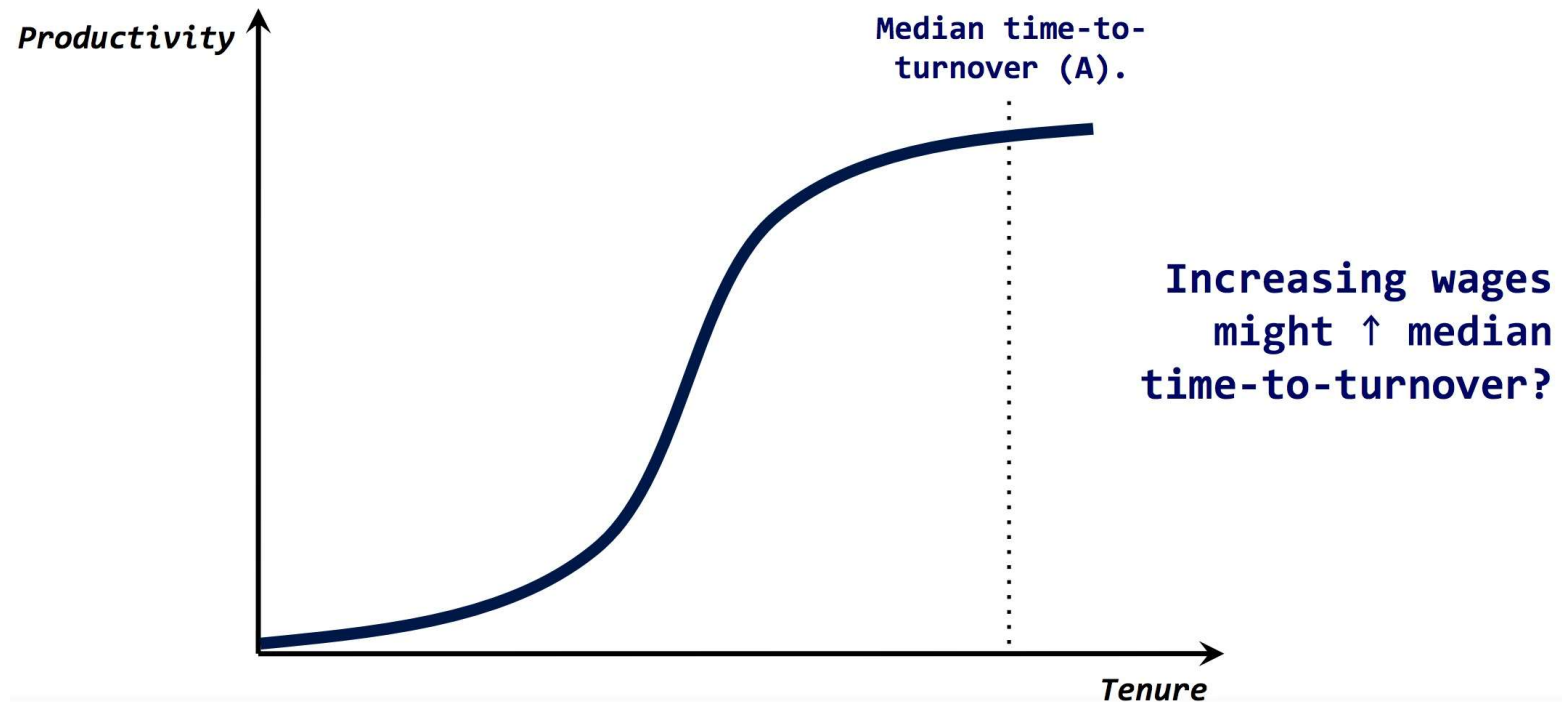
- Credit unions need a consistent communications strategy that not only works across all media and product target audiences, but also works with human resource objectives to attract talent.
- As younger generations become a larger part of the workforce, credit union communications must be evaluated for their effect on the perception of the credit union, from both consumer and employee perspectives, and in terms of how they attract talent.
- Credit unions can differentiate themselves by showcasing the collaborative nature of the movement, and by emphasizing that career advancements can occur within or across institutions.



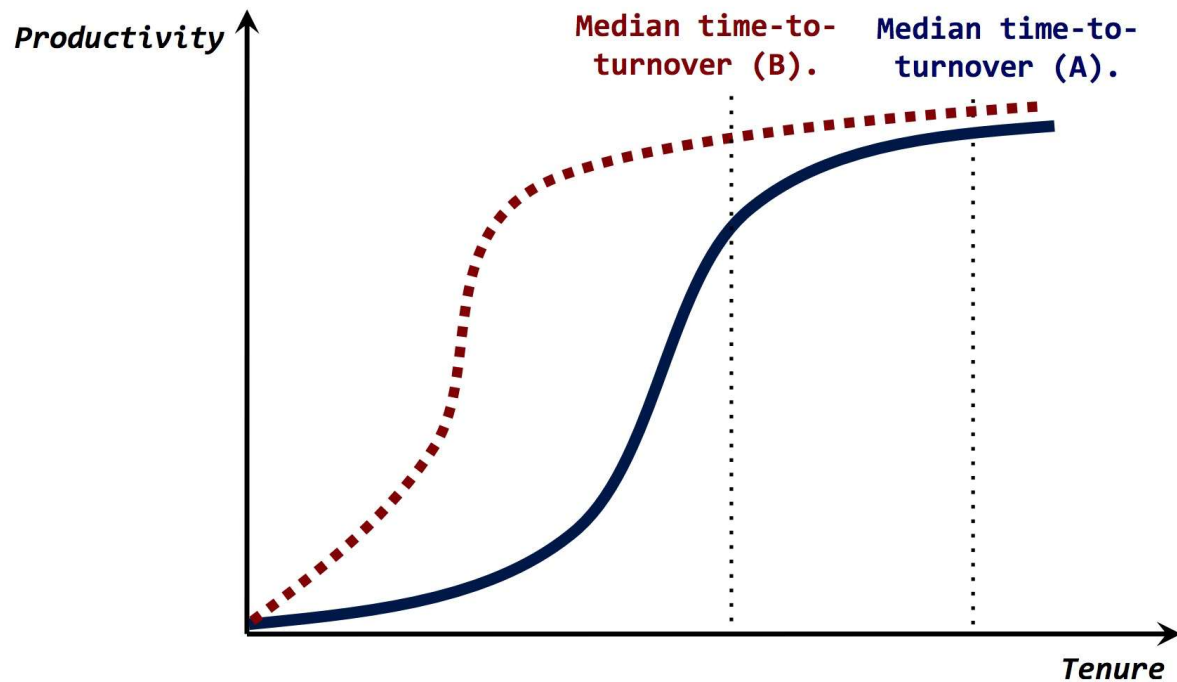
One Way of Increasing Attraction



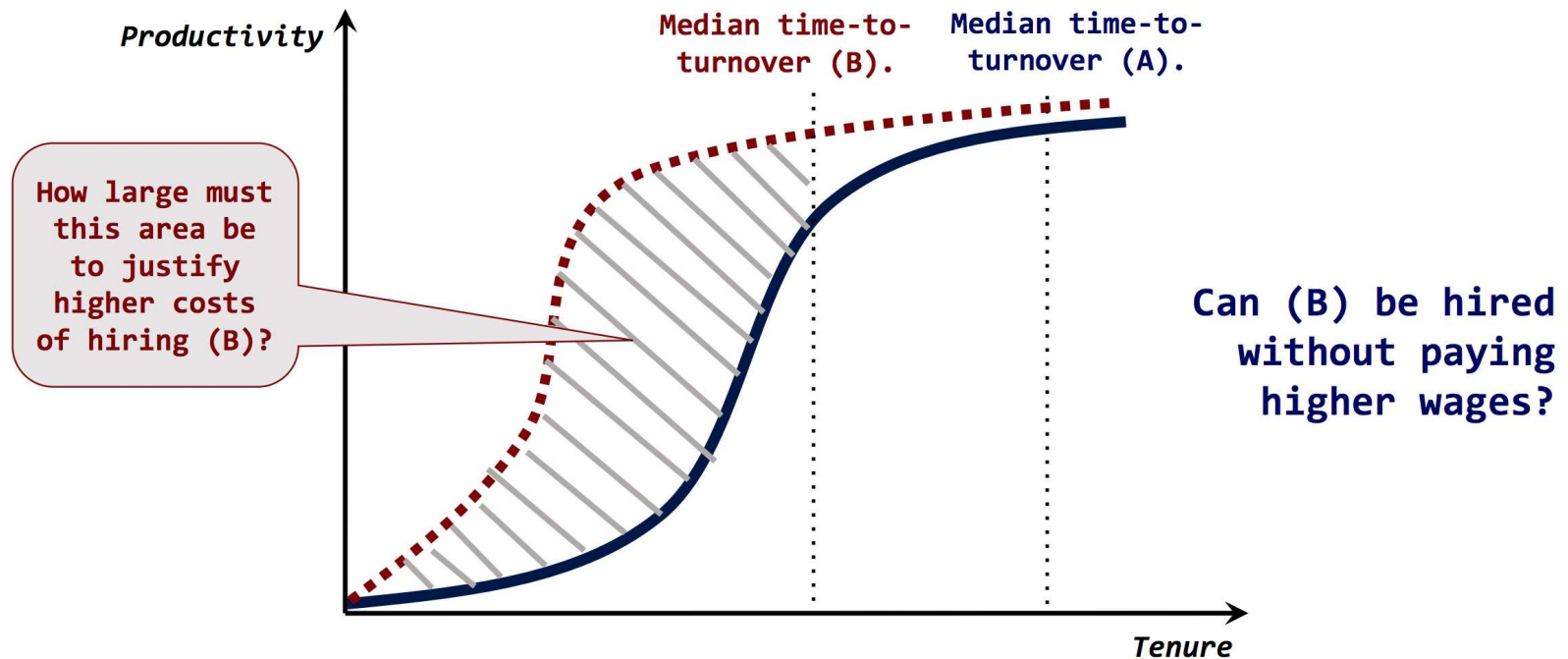
An Alternative to ↑ Wages?



(B) Learns Faster than (A). Also, Leaves Sooner

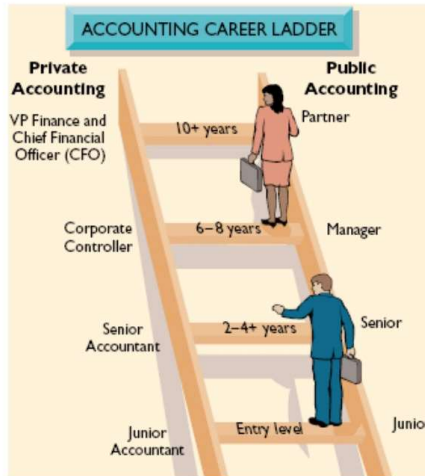


Total Productivity vs. Recruiting Costs?



Why Might (B) Prefer an Atypical Pitch?

Many prioritize *external* mobility opportunities (e.g., “exit options”) over *internal* advancement opportunities.



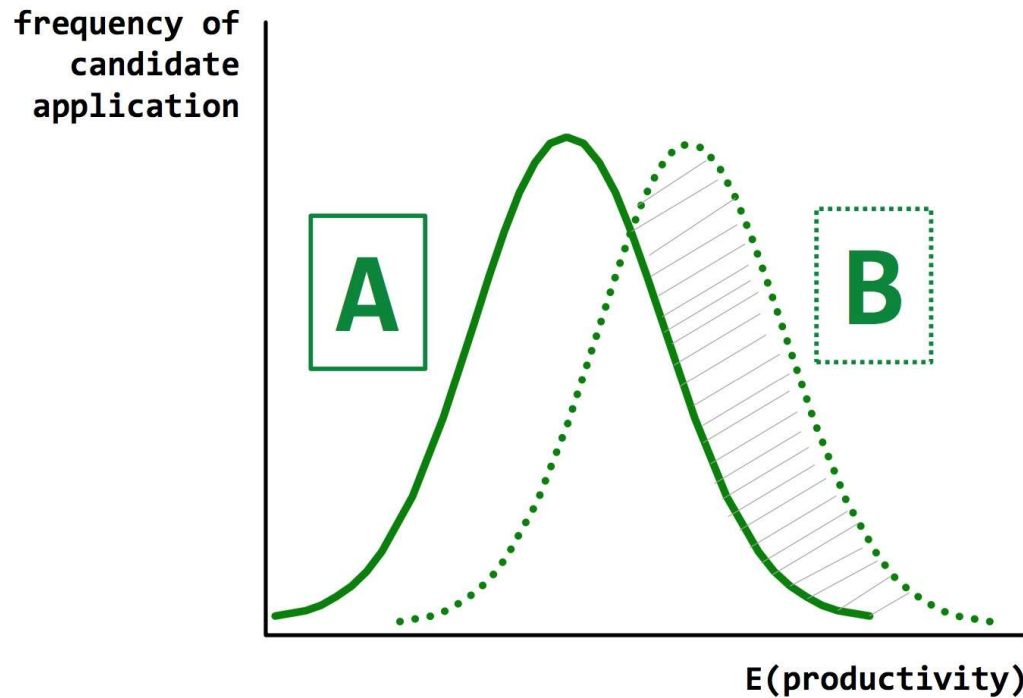
Old: Intra-firm career ladder.



New: Inter-firm career ladder.



Upcoming Filene Research



Will “exit options”
recruitment produce
distribution B?

- Simple website tweaks.
- Does not require hiring.
- Compare apps only.



Credit Union Considerations

How do job advertisements impact attraction of quality employees?

- Develop advertisements that highlight different salient characteristics of credit union
- Randomly assign these advertisements to digital recruiting channels
- Measure the quantity and quality of applicants that are attracted to different advertisements



Young CU Professionals

- 1 | Organizational support for innovation
- 2 | Relationships with immediate supervisors
- 3 | Attitude of senior leaders



Young CU Professionals

KEEP IN MIND

Compensation. 44% of credit union young professionals surveyed feel that their compensation is lower or significantly lower than their peers in other industries.



Key Takeaways

- Research suggests that there may be a benefit to interviewing applicants early in the recruiting cycle.
- Credit Unions should identify projected career paths and opportunities for growth with each job opening.
- Advertising “exit options” may attract high performers who can make an outsized impact in a short time period.
- Managers’ ability to set clear expectations, help prioritize, and maintain open and ongoing communication is crucially important to young workers.



Questions?

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