THE POST-PANDEMIC CHANGES

Impacting Hiring and Retaining Tech Talent

Talent Activated.

About the Report.

The talent landscape has changed drastically over the past year, and even more changes may be on the horizon.

The pandemic ensued the redistribution of talent from the coasts. Legacy tech hubs like San Francisco and New York saw droves of tech talent leave, meanwhile cities such as Houston, Dallas and Denver emerged.

Due to the recent migration of tech talent, the future of the office is called into question. Tech workers have proven they can successfully work anywhere. However, some leaders have been outspoken about bringing employees back to the office. Lack of flexibility can put companies at risk for high turnover and missing out on top candidates in this ultra-competitive landscape.

This report will breakdown the trends we're seeing in tech talent migration, the future of the office, compensation in a remote landscape, and talent shopper behavior. We'll share what it will take to win over and retain talent in the coming months.

Let's get started.

Please note this report was published on August 12, 2021. The situation with COVID-19 is unprecedented and things in the report are subject to change.

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SECTION I

Tech Talent Migration

Millions of Americans relocated over the past year. San Francisco and San Jose, once meccas for tech, saw droves of tech talent leave. Meanwhile, cities like Miami, Houston and Dallas emerged as new tech hubs. Let’s dive into where talent moved and how companies can reach them.

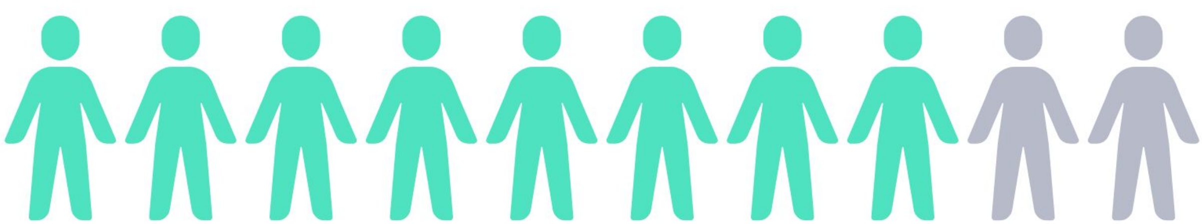
SECTION I

Talent Didn't Move Far

The pandemic spawned moves for millions of Americans. Across the nation, moves were up 3 percent between March 2020 and February 2021. Rates jump to double digits when zooming in on large, more expensive metros. For example, San Francisco and New York saw migration rates of 23 percent.

While there were numerous moves out of larger cities, people didn't go far. 84 percent of Americans headed toward suburbs and smaller cities adjacent to the larger metros they were already a part of.

8 Out Of 10 Americans Moved To A Smaller City Adjacent To Their Larger Metro



Redistribution of the Legacy Tech Hubs

The pandemic ensued the redistribution of talent from the coasts. Legacy tech hubs like The Bay Area and New York saw droves of tech talent leave, while cities such as Houston, Dallas and Denver grew. Talent from the east and west coast relocated more evenly across the states in search of affordability, space and proximity to family and friends.

A byproduct of talent shuffling is a more diverse talent pool. According to the US Census Bureau, 13.4 percent of the population is black. In legacy tech hubs like San Jose and San Francisco, 2.5 percent and 6 percent of tech workers are black. Meanwhile, in the emerging tech hub, Atlanta, about one in four tech workers are black. Distributed, remote work could help tech companies find more diverse talent.

Diversity in Tech Hubs

25%

OF ATLANTA TECH EMPLOYEES ARE BLACK

&

6%

OF SAN FRANCISCO TECH EMPLOYEES ARE BLACK

SECTION I

Emerging Tech Hubs

1. Miami
2. Houston
3. Dallas
4. Philadelphia
5. Los Angeles
6. Atlanta
7. Denver

CITATION | Axios. COVID-19 scatters tech hubs for young talent. May 10, 2021.

SECTION I

Declining Tech Hubs

1. San Francisco
2. New York
3. Seattle
4. Boston
5. DC
6. Austin
7. Chicago

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CITATION | Axios. COVID-19 scatters tech hubs for young talent. May 10, 2021.

SECTION I

What This Means For Recruiters

Amid these relocation numbers, employers will need to meet talent where it is. As normalcy restores, Americans' desire to return to office spaces will not.

To win top tech talent, companies need to adapt to newfound lifestyles by offering remote and hybrid work options. With tech hubs like San Francisco and New York decentralizing, consider focusing your efforts on building an employer brand presence in the emerging tech hubs like Miami, Atlanta and Philadelphia.

SECTION II

The Future of The Office

Tech workers have proven they can work anywhere with a wifi connection — even if that means from a van. As the world returns to a new normal, some leaders are gung-ho about bringing employees back to the office. But the feeling is not mutual. Keep reading to understand employees' remote preferences and how you can meet them where they are.

Is Remote Here to Stay?

According to a recent survey from Built In, almost half of companies (49 percent) indicated that a candidate's location won't matter when it comes to hiring post-pandemic.

There are indications that remote and hybrid working models are the new normal. Within 10 years, Facebook expects 50 percent of its 48,000 employees to work remotely. Other tech companies like Twitter and Square announced employees can work from home indefinitely.

49%

OF COMPANIES INDICATED THAT A CANDIDATE'S LOCATION WON'T MATTER WHEN IT COMES TO HIRING POST-PANDEMIC

However, the hybrid model is surfacing new challenges because of a potential divide between employees in the office and at home. Cal Henderson, Slack's co-founder and CTO, said that before the pandemic it was easy for remote employees to "feel like second-class citizens when they're dialed in on video while everybody else was in a conference room. It's easy to get disconnected from the group discussion or to be spoken over."

For some, the hybrid approach can create a sense of inequity and it will require effort to even the playing field. Increased communication and technical solutions will be required to make remote employees feel aligned and heard. **It might not be enough to simply offer remote work options — employers will need to do remote well.**

How The Tech Titans Are Responding

Leaders in the tech industry like Facebook, Apple, Amazon, Netflix, and Google (FAANG) have been gearing up to go back to the office. The consensus among the tech titans (except Netflix, which is hesitant about remote work) is a hybrid approach — 3 days a week in the office and the option to work remotely the remainder of the week.

Company	Policy
Apple	3 Days a Week In Office 2 Remote Weeks per Year
Amazon	3 Days a Week In Office
Google	3 Days A Week In Office or Permanent Work From Home, 4 Remote Weeks per Year
Facebook	50 percent In Office
Netflix	Unclear on WFH Flexibility

SECTION II

Listening to Employees

In many cases, companies are not listening to employees. There's a gap between what employees want and what employers are comfortable with. **The majority of FAANG (60 percent) were met with uproar from their employees about the lack of flexibility of their initial return-to-work policies.**

On March 31, Amazon released a statement stating it hoped to "return to an office-centric culture as our baseline," signaling they wouldn't be allowing remote or hybrid work. Later, the company loosened its policy and gave employees the flexibility to work remotely two days a week. Similarly, Apple and Google both experienced pushback from talent on their initial policies and quickly pivoted to a hybrid approach.

While these companies loosened their policies on remote work, adjustments came too late for some professionals. CNET interviewed Laura de Vesine, a senior site reliability engineer, who grew so frustrated with Google's "inflexible policies" that she decided to resign. "This feeling that I can't realistically leave the Bay Area and work for Google is enough for me to have decided to leave," de Vesine told CNET. "It's the fact that Google doesn't prioritize the needs of human beings. The fact that we have lives outside of work, that people actually have families."

Morgan Stanley CEO James Gorman made headlines with a mandate for his employees to return to the office. Gorman stated "If you can go into a restaurant in New York City, you can come into the office. By Labor Day, I'll be very disappointed if people haven't found their way into the office and then we'll have a different kind of conversation."

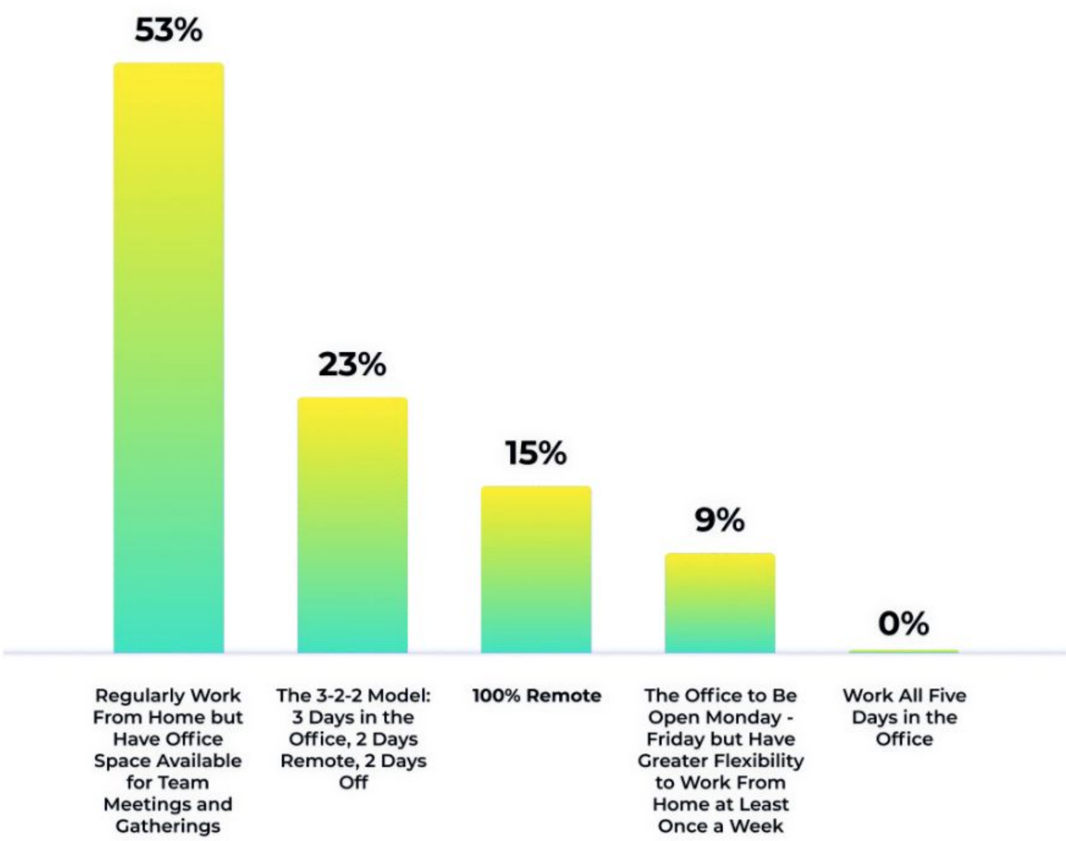
This feeling that I can't realistically leave the Bay Area and work for Google is enough for me to have decided to leave. It's the fact that Google ***doesn't prioritize the needs of human beings.*** *The fact that we have lives outside of work, that people actually have families."*

LAURE DE VESINE
FORMER GOOGLE EMPLOYEE

Overall, employees want flexibility. They've grown accustomed to the perks of remote work and many aren't itching to get back in office. As shown in the graph below, over half of employees (53 percent) want to work remote regularly but have office space available for team meetings and gatherings.

Remote work is also becoming a competitive advantage for smaller employers who may have struggled to get talent prior to the pandemic. These companies now have greater opportunities to attract remote-first talent from across the world while using the money they're saving on real estate to pay employees more or offer greater benefits.

Employees' Ideal Work Environment Post-COVID



SECTION II

What This Means For Recruiters

Hybrid is the new standard for the workplace but providing flexibility with additional options could be beneficial to retaining and attracting talent. Startups and smaller companies that are willing to listen and offer additional options could attract unhappy talent from the tech titans. Beyond offering remote options, businesses will need to combat the tendency for remote employees to become "second class."

IMAGE SOURCE | Google, Campfire Hybrid Room.

SECTION III

Compensation Is On The Rise

Market compensation rates are continuing to rise. As the competition for tech talent heats up, slow-to-move companies are at risk for increased turnover and challenges with recruitment if they aren't meeting candidate expectations. Keep reading to learn how companies can avoid missing out on talent due to misaligned compensation expectations.

SECTION III

Salaries Are Increasing, Everywhere.

Relocation-based salary adjustment was a hot-button issue for many tech companies. A number of businesses and leaders made headlines in the last year because of their choices around whether to pay employees working from major markets the same as those in smaller cities . For instance, along with his initial support of remote work, Mark Zuckerberg also announced that Facebook would adjust each employee's pay based on their geographic location. Stripe said it would pay employees $20,000 to relocate outside of NYC and SF, but that a 10 percent salary reduction was part of the stipend deal. Conversely, Reddit and Zillow said they would not adjust an employee's pay based on their city of choice if they relocate.

3.6%

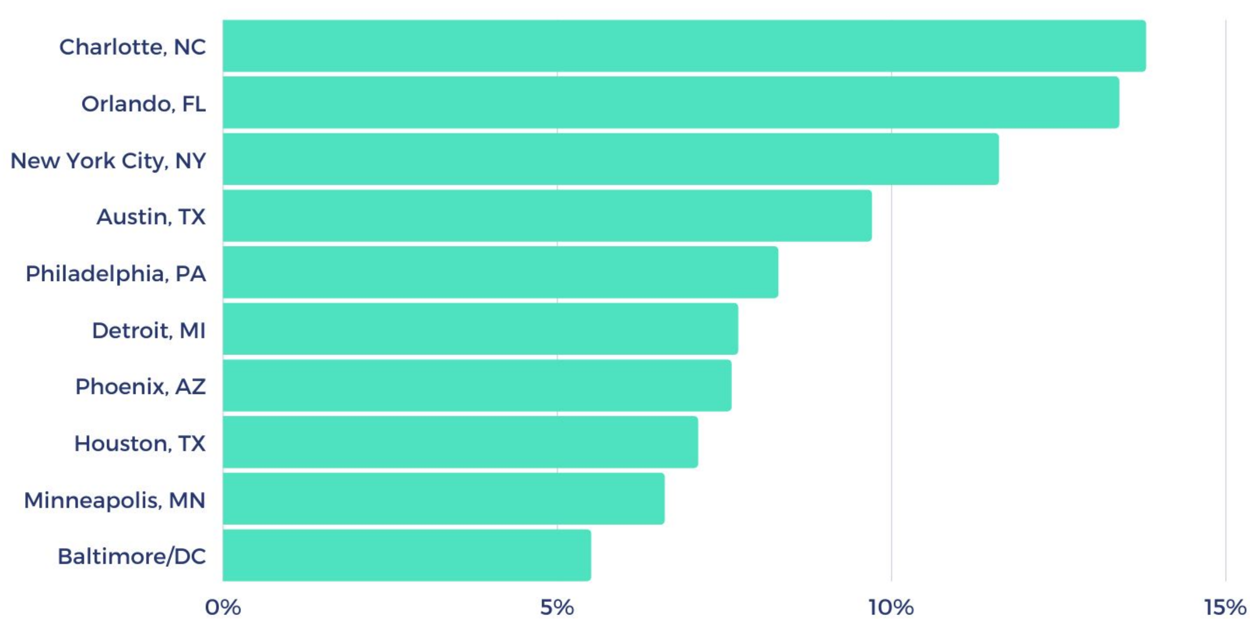
INCREASE IN NATIONWIDE TECH SALARIES IN 2020.

Despite the pandemic and the layoffs it forced, tech salaries nationwide rose by 3.6 percent in 2020. However, higher wages only went to 52 percent of professionals overall and there was variation among which tech hubs saw the greatest increases (or decreases) in salaries.

Salaries in some well-known tech hubs like Silicon Valley, Boston and Denver increased in line with the national average. The greatest pay increases went to Charlotte, NC and Orlando, FL whose tech salaries rose over 13 percent to $99,691 and $88,598 respectively. Austin and New York jumped an average of 10 percent to $104,344 and $114,274 each.

Some pay scales in large markets went down. For instance, Seattle, WA's salaries dropped by 2.6 percent to $106,723, Chicago, IL's dipped 0.1 percent to $94,581 and Portland, OR's fell by 4.6 percent to $98,028.

Fastest Growing Tech Salaries 2019-2020



CITATION | Chart adapted from Computerworld, Tech salaries rose in 2020 — despite COVID-19. February 17, 2021.

SECTION III

What This Means For Recruiters

Between rising competition and low unemployment rates, companies and recruiters within them should carefully consider their pay adjustment plans. In many cases, they should be prepared to award the same amount to employees whether they're in San Francisco or Cleveland. **Top tech talent now expects their salaries to be competitive no matter their location, similar to the way they require remote work to be more than just a nice-to-have perk.**

You should also consider reviewing your existing talent using a variety of tools and sources to benchmark pay for comparable roles. Proactively addressing compensation, including a review of 'total compensation plus benefits' will be critical in avoiding the "Great Resignation" that has been predicted by several analysts.

SECTION IV

The Waiting Game

There are more job openings than ever but talent is not applying. Companies are seeing candidate traffic but not many are the application conversions they're used to. Let's dive into the contributing factors and how companies can prepare for the months to come.

SECTION IV

The Emergence of Shopper Behavior

As the economy begins what appears to be a hockey-stick shaped recovery, tech roles are in abundance. April was 9.3 million new job openings across all sectors — the most ever recorded by the Bureau of Labor Statistics. Unemployment for tech roles specifically is around 2.4 percent, about half of the national average. There are more job opportunities than ever, but candidates are hesitant to apply. In fact, despite a record number of job openings added in April, and 74.9% percent of tech candidates surveyed indicating they would likely apply to a new role within the next 12 months in a third-party study with Brandata. In April of this year, 2.7 percent of U.S. workers left their jobs — the highest monthly figure in over 20 years. However, application rates right now are sluggish, likely due to several factors.

75%

OF TECH CANDIDATES SURVEYED INDICATED THEY WOULD LIKELY APPLY TO A NEW ROLE WITHIN THE NEXT 12 MONTHS

SECTION IV

Shrinking Talent Pool

It's no secret that women were disproportionately affected by the pandemic with many forced to juggle the priorities like virtual schooling for children and caring for elderly loved ones. Of the 1.1 million people who exited the workforce in September 2020, 80 percent were women. So it's difficult to expect women in the workforce to return fully until vaccination rates improve and schools are reopened.

There's also been a rise in freelancing and entrepreneurship. More than 2 million new business applications filed were filed as of May 2021 — more than half of what was filed in all of 2020. Additionally, the percentage of full-time freelancers in the US workforce increased from 17 to 28 percent between 2014 and 2019. Employees' demand for choice has inspired a growing roster of companies to allow in-demand workers the flexibility they seek and many freelancers may choose to keep their flexible lifestyle even after the pandemic subsides. Upwork reports that "60 percent of those who turned to self-employment during the pandemic have no appetite for full-time employment."

Preoccupied With Life

Lastly, with travel and social events rebounding after roughly 15 months of inactivity, the third trend hindering applications is rebound living. For instance, **54 percent of all Americans have already booked or are planning to book travel in 2021**, including 57 percent of 18- to 29-year-olds, and 60 percent of 30- to 49-year-olds. And the Wall Street Journal reported that during the week of March 3, spending on flights, lodging and online travel platforms like Airbnb and VRBO reached the highest levels since the pandemic began.

Concern over COVID-19 variants and vaccine effectiveness against them has accelerated the idea of the "YOLO Summer" for many in the talent pool. The stress of the past 15 months has created a delay in making life-affecting decisions like changing jobs, at least until after tech candidates have soaked in a return to normalcy. Our hypothesis is that people will start seriously looking and applying for roles after Labor Day, when summer subsides and children return to school. Candidates will have more time and energy to find work and companies that resonates with them, as 79 percent of adults across U.S., U.K, France and Germany said they would consider a company's mission and purpose before applying.

"Job seekers want to be paid fairly but they too want to work for a company whose values align with their own and whose mission they can fully get behind," said Christian Sutherland-Wong, Glassdoor President and COO.

How You Can Prepare

Employers and recruitment teams only have a few months to get onto candidates' radar. 41 percent of the global workforce would consider leaving their current employer within the next year. Investing in employer branding now means setting the stage to be top of mind and an employer of choice for tech talent when the time comes.

Lead With Your Mission

Be sure your company's mission is clearly articulated in your social media profiles and careers page, as well as talent acquisition and engagement sites.

Be Bold

If DEI is a pillar of your company's acquisition mission, state that. Be upfront about what matters to the company.

Define Your Return To Work Policy

Survey employees and listen to them. If you're reopening the office, ask about the conditions employees would feel safe returning under. 76 percent of employees in tech and business believe vaccines should be mandatory for staff returning to the office. Are your employees and candidates among this group?

Rethink Your Benefits

Free snacks hardly have the same appeal if candidates really want to work remotely more often. The coronavirus has changed how we think about what matters to us. Make sure your employer value proposition reflects what matters to your team.

United We Tech.

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Let's work together.

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