

# Help Really Wanted: Firms Ease Hiring

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## FULL TEXT

U.S. companies are downsizing the hiring process.

Beauty product retailer The Body Shop is dropping educational requirements and background checks for job applicants. United Parcel Service Inc. is making some job offers in as little as 10 minutes. CVS Health Inc. no longer requires college graduates to submit their grades.

In a labor market where job openings outnumber applicants, companies are brainstorming how to get more candidates in the door and to the floor. The hiring overhaul signals a potentially broad rethink of job qualifications, a change that could help millions of people enter jobs previously out of reach, according to economists and workforce experts.

Employers added 531,000 jobs in October and the unemployment rate fell to 4.6% from 4.8%, the Labor Department reported Friday, indicating that companies are filling openings at a faster clip than in recent months.

A lot has changed since the aftermath of the 2008-09 recession, when high unemployment and a flood of applicants provided companies with their pick of candidates. Many employers raised job qualifications – for instance, asking for bachelor's degrees for IT help-desk jobs and construction supervisors, work historically held by high-school graduates. Some bumped up minimum work-experience requirements.

New data from labor-market analytics firm EMSI Burning Glass and the Conference Board, a private research group, suggest that 1.4 million jobs will open to people without college degrees in the next five years if employers continue to lower educational requirements at the current rate. In January 2019, 42% of employment ads for insurance sales agents called for a bachelor's degree, the data show. In September 2021, 26% did.

Loosening requirements opens opportunities to some of the nearly two-thirds of American adults who don't have bachelor's degrees but may have the skills or aptitude to perform many well-paying jobs.

The shift may already be narrowing the gap in unemployment rates between college graduates and those without degrees. In October, the jobless rate for workers with only a high-school diploma fell to 5.4% from 5.8% in September, according to the Labor Department. The rate for college graduates dropped to 2.4% in October from 2.5% a month earlier.

Employers and economists are divided over whether the changes are temporary. "When you have a labor market like this, it's not uncommon for employers to start relaxing hiring requirements," said Jason Tyszko, vice president of the U.S. Chamber of Commerce Foundation's Center for Education and Workforce. "When the market tightens up, and they can reintroduce some of those additional requirements, that tends to happen."

On the other hand, a shrinking American workforce could recast hiring practices. The U.S. labor force has declined by millions since the Covid-19 pandemic, and some economists say workforce participation rates will never return to pre-pandemic levels. At the same time, more employers have reconsidered the value of college-degree requirements, focusing instead on skill-based hiring.

One consequence of such a shift would be to draw formerly overlooked applicants into the workforce. "That's the silver lining in all this," Mr. Tyszko said.

Companies absorbing workers with little experience may have to spend more time on training. And some of the newly hired may find they don't like the work. Yet in the tight labor market, businesses already struggling with

employee turnover may have little choice.

In retail and fast-food industries, keeping employees for even 90 days is difficult, human-resources executives said, one reason some companies offer bonuses to workers who stay on the job that long.

In 2019, when the U.S. unemployment rate hovered around 3.6%, The Body Shop introduced a pilot program at a distribution center in Wake Forest, N.C., to remove nearly every hiring requirement, from drug tests and background checks to education and work experience.

The company said it was trying to address inequality by opening positions to workers seeking a second chance or needing extra support. It consulted with Greyston Bakery, a business in Yonkers, N.Y., that has used open hiring for decades. More than 200 seasonal employees came aboard.

Last year, The Body Shop expanded open hiring to all seasonal entry-level retail jobs. Since its launch, the rate of performance-related terminations of people hired in the pilot program has been about the same as the rate among people hired through the routine screening process, said Nicolas Debray, The Body Shop president for the Americas.

Open hiring became the model for all of the company's entry-level retail and warehouse hires this year. By mid-September, 733 employees had joined the company this way, and 80 joined the company's permanent staff. Under the system, recruiters ask candidates only if they are legally authorized to work in the U.S.; whether they can lift 25 pounds (50 pounds for distribution center work) and work an 8-hour shift. For retail jobs, applicants are asked why they want to work with customers.

The retailer, owned by Brazilian beauty conglomerate Natura &Co., recently held a holiday-jobs fair for the Wake Forest distribution center. A good turnout and speedy hiring allowed recruiters to close the fair early.

Companies often worry that loosening job requirements will create a perception among customers or employees that businesses are lowering standards, said Alicia Sasser Modestino, a labor economist at Northeastern University.

"The biggest challenge is that people second-guess a person's ability to do the job, and maybe they have some doubt or suspicion and biases also because we don't do the background check," The Body Shop's Mr. Debray said. Though some managers worried that instances of employee stealing or fighting would increase, he said, "We have not seen any pickup of incidents at all."

Joshua Taybron was arrested in 2019 and charged with the murder of a man in his hometown of Durham, N.C. Prosecutors dropped the charges, court records show, but Mr. Taybron worried his job prospects were ruined. Last year, he saw a billboard advertising openings at The Body Shop's Wake Forest distribution center. He applied and, despite his lack of work experience or high-school diploma, he was hired to pull items off shelves and prepare them for delivery. He was terminated soon after because of poor attendance.

A few months ago, his former supervisor called and asked him to reapply. He was rehired at \$16 an hour and promised to do better. Mr. Taybron, 33, said he hoped to be hired for a permanent position after the holidays.

"They take a chance on people," he said, "and it works out as long as you do your part."

City councils and state legislatures in the past few years have passed dozens of ban-the-box laws, eliminating a box to check on job applications for those with a criminal record. The laws are intended to let employers consider an applicant's qualifications before deciding if past convictions disqualify them. Employers can still make background checks before hiring anyone.

Staff shortages are hobbling growth at residential cleaning company Oo Clean Inc. in Tampa, Fla. The company is trying to increase its 21-person workforce by 50% and sign up new clients while demand for its services is soaring, Chief Executive Ole Bredberg said.

Yet the company won't compromise on a requirement that candidates have a year or more of professional cleaning experience, even though it could take as long as 18 months to hire 10 experienced cleaners.

"In the past we have tried to hire people who show a good attitude and good character when we interview them," Mr. Bredberg said. "Then they start working and completely underestimate how tough this job really is."

Mr. Bredberg is trying other hiring strategies: spending more on recruiting services, raising the average hourly rate

above \$14, adding paid vacation time and a bonus plan for cleaners. Meanwhile, his staff is working overtime. Job seekers still run up against requirements they say are unnecessary. Cara Stotler, 43, of Westminster, Colo., has more than a decade of experience selling telecommunications services to business clients. But when she returned to the job market in May, she saw that even entry-level sales jobs called for a college degree.

Ms. Stotler, who had attended community college but didn't finish, said she submitted many applications but was invited to only a few interviews. In August, she enrolled in an online bachelor's program in business administration. After adding that to her resume, she landed a sales position last month.

"Most of my career, they wanted experience," Ms. Stotler said. "They didn't focus on degrees, which is probably why I put off going to school for so long."

The move to ease education requirements dovetails with skill-based hiring, an employer strategy gaining momentum. It reduces reliance on degrees as a proxy for skills, and instead bases hiring decisions on demonstrable abilities.

Earlier this year, CVS scrapped requirements for a high-school diploma or the equivalent for most entry-level roles. The company also no longer requires grade-point averages when recruiting college students.

Jeff Lackey, a vice president of talent acquisition at CVS, likened the company's recruiting approach to that of a Nascar team, stripping out every unnecessary element that slows down a race car.

"If it's not needed," he said, "you cut it out."

The company found that a higher grade-point average didn't always equate to better job performance. "So why are we using it?" Mr. Lackey said.

CVS in recent years also expanded its use of virtual-job tryouts for customer-facing roles. The aim of the role-playing exercise is to give entry-level applicants a realistic view of the work, and to let hiring managers assess the aptitude and skills of applicants. That made it easier to cut the high-school education requirement.

"If you can pass the virtual job tryout . . . then why isn't that good enough?" Mr. Lackey said. "It is good enough."

Darden Restaurants Inc., the parent of Olive Garden, rolled out a new tool this year to allow people to apply for a job and schedule an interview at its restaurants within five minutes. Waste Management Inc. this year retooled job applications for truck drivers and others that takes three minutes to fill out instead of as long as an hour. The goal is to prevent potential hires from walking away.

"If an application gets complicated or complex, they drop it, they're not interested," said Shweta Kurvey-Mishra, vice president of organizational and talent development at Waste Management.

Southwest Airlines Co. is making some on-the-spot offers for ramp workers and other positions. Chief Executive Gary Kelly said on a call with analysts last month that the company had turned to new hiring techniques. Southwest aims to hire 5,300 people this fall and 8,000 next year.

At shipping giant UPS, human-resources executives realized months ago that the company would need to streamline hiring practices if it hoped to bring on 100,000 seasonal workers for the holidays. After study, UPS eliminated job-application questions and hiring steps unless they were required for payroll purposes and government audits, said Matt Lavery, the company's global director of sourcing and recruiting.

To broaden the applicant pool, the company eliminated extended questions about an applicant's employment history for the seasonal jobs. Human resources executives tallied the number of trips job seekers made to company buildings before landing an offer, seeking another way to lower hiring hurdles.

A two-week hiring process for seasonal UPS workers now takes less than 30 minutes, in certain cases. For some jobs, such as driver helper, there is no interview at all. Applicants answer online questions and can get a conditional job offer in as little as 10 minutes.

Successful applicants hear from a UPS employee after they pass the online screening. Then they are welcomed to UPS and told where to report for work.

"In the market that we're in, if you don't make a job offer to someone somewhat quickly, someone else will," Mr. Lavery said.

Credit: By Lauren Weber and Chip Cutter

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