

Recruiting Resilience: Embracing a Scalable Recruiting Function for 2023 & Beyond

Employ Quarterly Insights Report | Q4 2022



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Executive Summary

For companies of all sizes, navigating the current hiring environment requires nothing less than resilience, determination, and adaptability. Businesses have never faced a more challenging labor market, with historically low unemployment, record-level turnover, job openings above 10 million, and monthly job growth averaging more than 400,000 new hires across 2022.

Yet uncertainty with inflation, drastic interest rate increases, high-profile drops in company valuations, and massive rounds of layoffs dominating headlines have many companies looking to reduce operating costs and tightening spending as they move into 2023. The labor market is seeing pullback relative to early 2022 historical highs. Employ data shows new job listings per month are decreasing across organizations of every size, while the number of average applications submitted per job are increasing. And while 77% of organizations have not reduced hiring plans or implemented hiring freezes in 2022, 51% of HR decision makers are worried that layoffs may hit their organization.

The unpredictability that exists as a result of these conditions makes it difficult for employers to know how they should respond in this difficult talent landscape. With economic uncertainty and labor scarcity, companies must simultaneously focus on recession-proofing their business and navigating the tight labor market. Preparing for turbulence of this magnitude requires companies to embrace headwinds by creating a more scalable recruiting function. This means accepting the uncertainty of the labor market and looking for ways to become more agile and flexible within the talent acquisition function. With current levels of inflation, some companies may see their bottom line compressed and look for ways to save; however, at the same time, they must also look to fill high-impact roles that continue to grow their top line.

From SMBs to large enterprise, companies of every size and recruiting complexity must stay the course and remain resilient as they plan for 2023 and beyond. Navigating the paradox of both a softening hiring environment and historically tight labor market makes it difficult for companies to prepare for the coming year. This Q4 Employ Quarterly Insights Report explores how employers can do this, offering insights and actionable takeaways to increase adaptability and scalability.



Recruiting Resilience: Embracing a Scalable Recruiting Function for 2023 & Beyond leverages Employ's proprietary recruiting data from its 18,000 customers and findings from a survey of more than 1,200 HR decision makers conducted by Zogby Analytics in November 2022.

Key Data At-A-Glance



77%

of organizations have not reduced hiring plans or implemented a hiring freeze in 2022, despite talks of a recession and worries about layoffs.



72%

of recruiters currently use an applicant tracking system (ATS) and 82% have an in-house recruiting team.



61%

of HR decision makers indicate their top priority in the coming year is improving quality of candidate.



60%

of HR decision makers are taking more chances on different kinds of candidates. This is down 11 percentage points since June 2022.



60%

of HR decision makers anticipate making more hires in the next 12 months. Only 8% believe they will make fewer hires in the next 12 months.



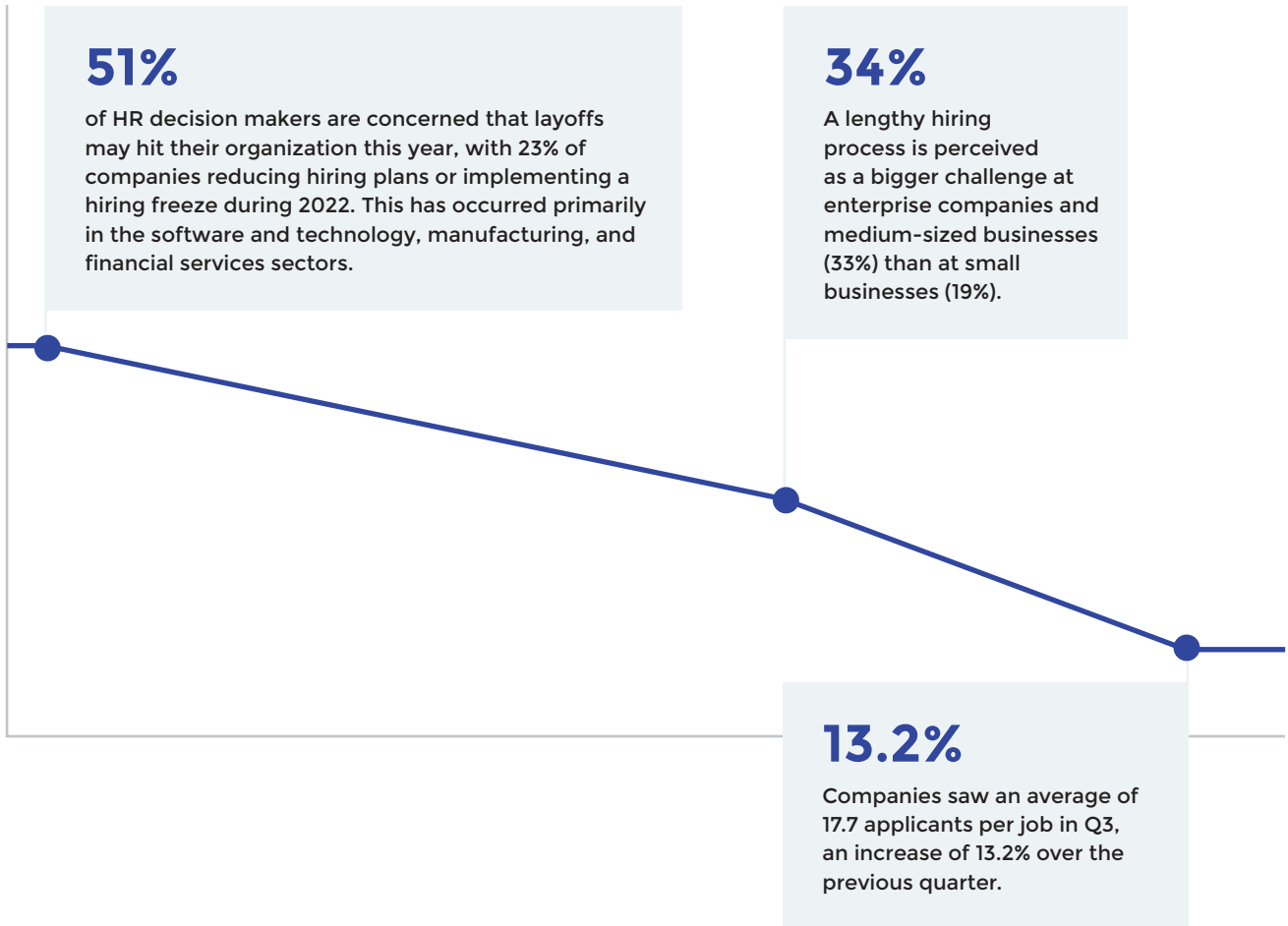
59%

of HR decision makers plan to increase spending on applicant tracking systems, up 17 percentage points since June, and 50% are seeking to spend more on candidate relationship management (CRM) systems.



What to Take Away from This Data: Quality of candidate remains an important priority for many organizations. And in the face of economic turbulence, employers are doubling down on their investments in applicant tracking and candidate relationship management systems to automate tasks, increase efficiencies, and more effectively connect with job seekers.

The Latest Employ Data Indicates:



12.3%

Information technology had one of the biggest decreases in total new open jobs between Q2 and Q3, decreasing by 12.3%.

10.4%

Employers saw a 10.4% decrease in new job listings between Q2 and Q3 2022. Between Q1 and Q2, the decrease in new job listings was 4.7%.

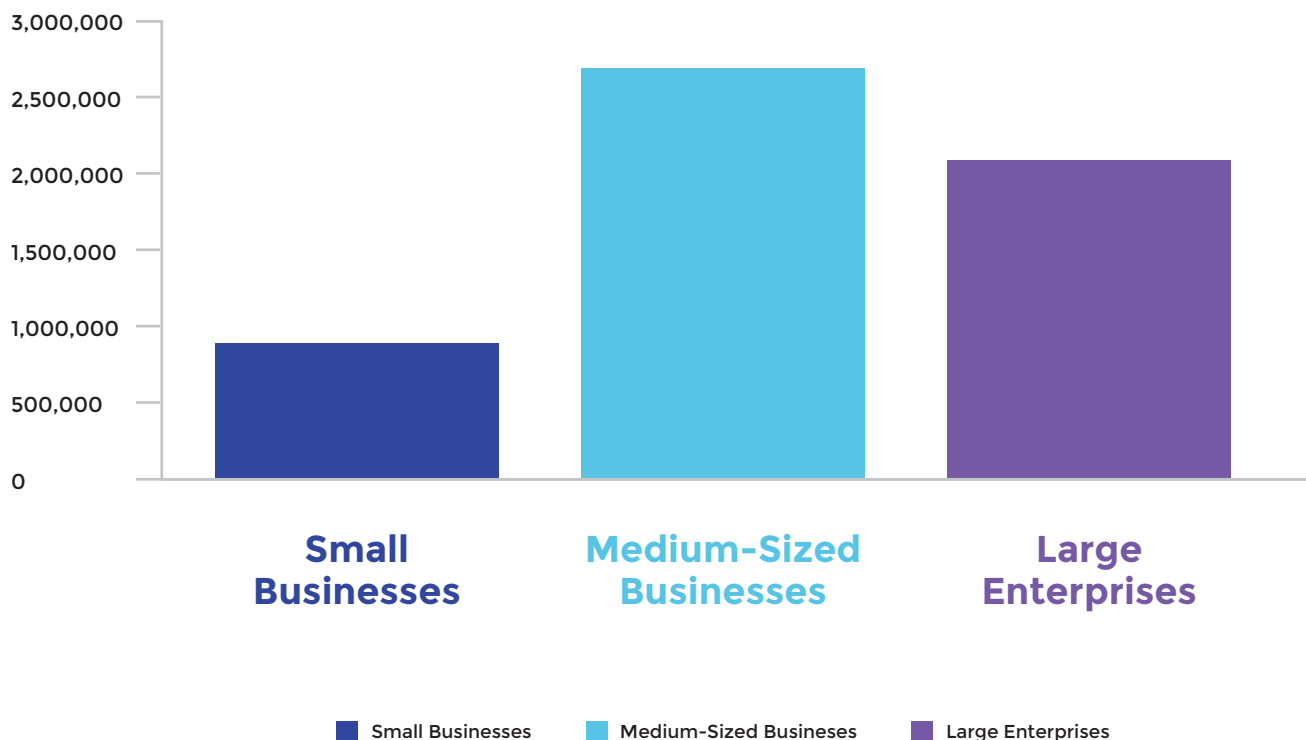
8.7%

New applications submitted in the first 30 days for open roles increased for organizations by 8.7% from Q2 to Q3 2022.

Recruiting Reality: Examining Current Hiring Trends, Challenges, & Priorities

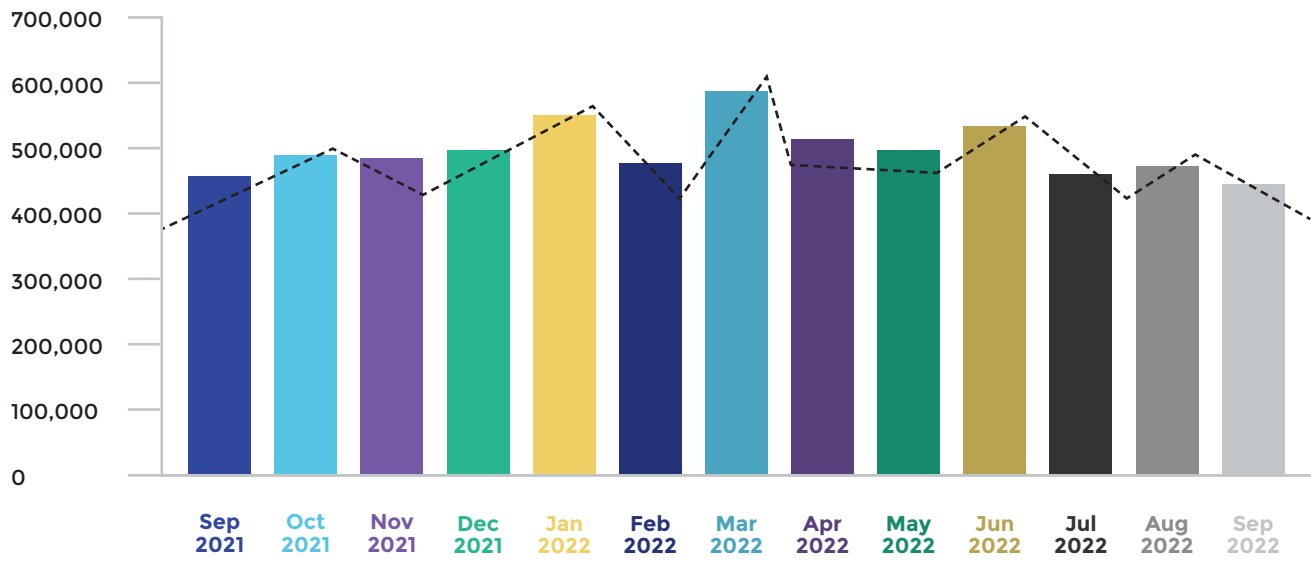
Hiring Trends

At the end of the third quarter in 2022, Employ data from its 18,000 customers revealed that over the last 13 months, companies of all sizes saw a total of new jobs posted at nearly 6.5 million. The highest number of those new jobs opened was for medium-sized businesses (between 1 - 1,000 employees) at 40%, followed by 32% of large enterprises (1,000 - 10,000 employees) and 28% of small businesses (up to 500 employees). **This is the total jobs opened by company size:**



New Job Listings by Month

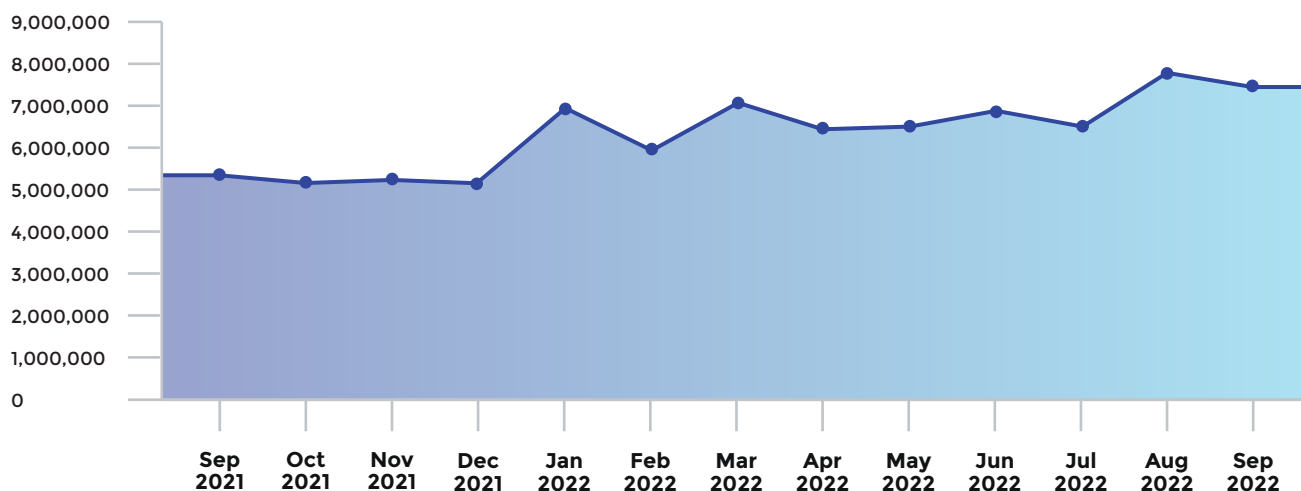
While a majority of companies report their current volume of hiring is at least somewhat greater compared to 2021, which is supported by the latest Bureau of Labor Statistics JOLTS report, Employ data reveals that new job listings have decreased by 10.4% between Q2 and Q3 2022. This represents a pullback from historic highs seen in early Q2. **Below is the new job listings by month:**



Employ data reveals that new job listings have decreased by 10.4% between Q2 and Q3 2022. This follows a decrease of 4.7% between Q1 and Q2.

Applicant Flow

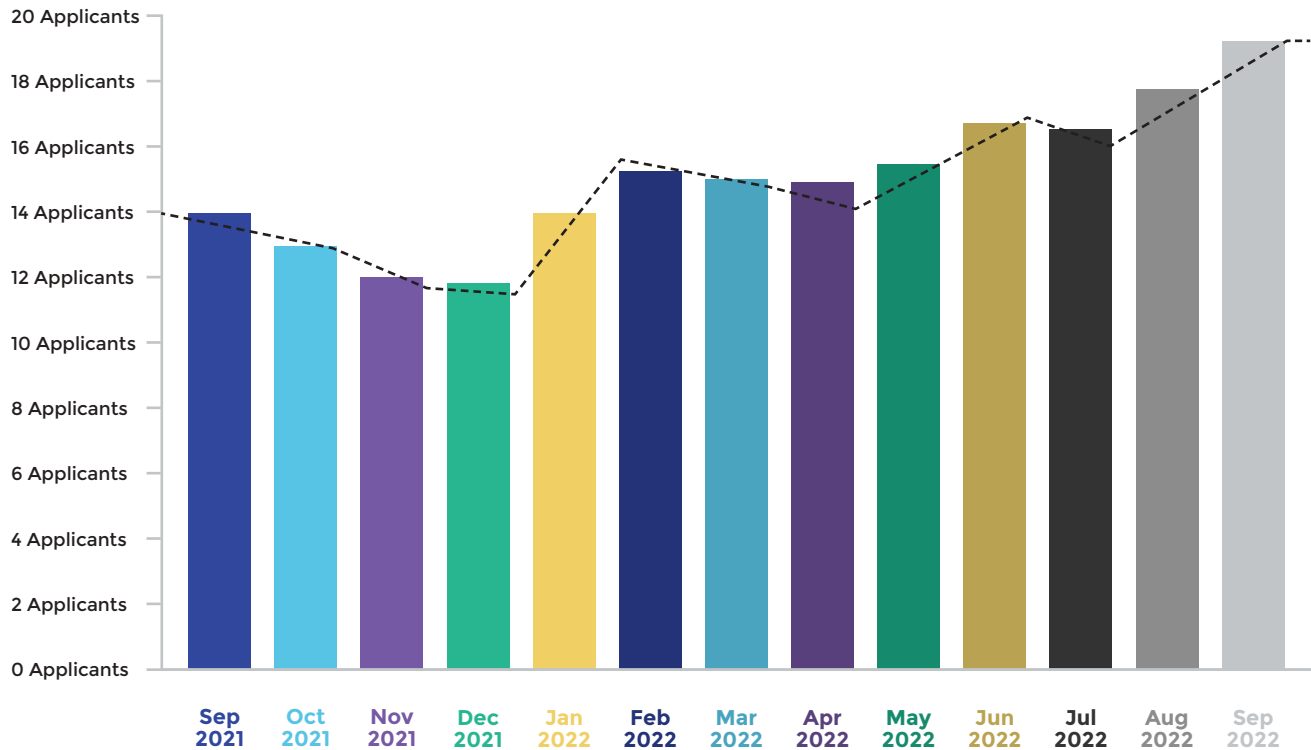
As the labor market continues to see more than 10 million open jobs, according to the Bureau of Labor Statistics, the volume of applications employers have seen increased in the last 13 months overall, based on Employ data. Between Q2 and Q3 2022, companies of all sizes saw an 8.7% increase in the total number of applications per month, with spikes earlier in the year. With new open jobs trending downward, companies will likely experience a continued increase in the total number of applications going forward. **This is the total number of applications submitted by month:**



Between Q2 and Q3 2022, companies of all sizes saw an 8.7% increase in the total number of applications per month, with spikes seen earlier in the year.

Total Average Applicants Per Job

Similarly, the total average number of applicants per job is also increasing across companies of every size. The average number of applicants per role in Q3 was 17, which is a 13% increase compared to 15 applicants per role in Q2. **This is the total average applicants per job:**

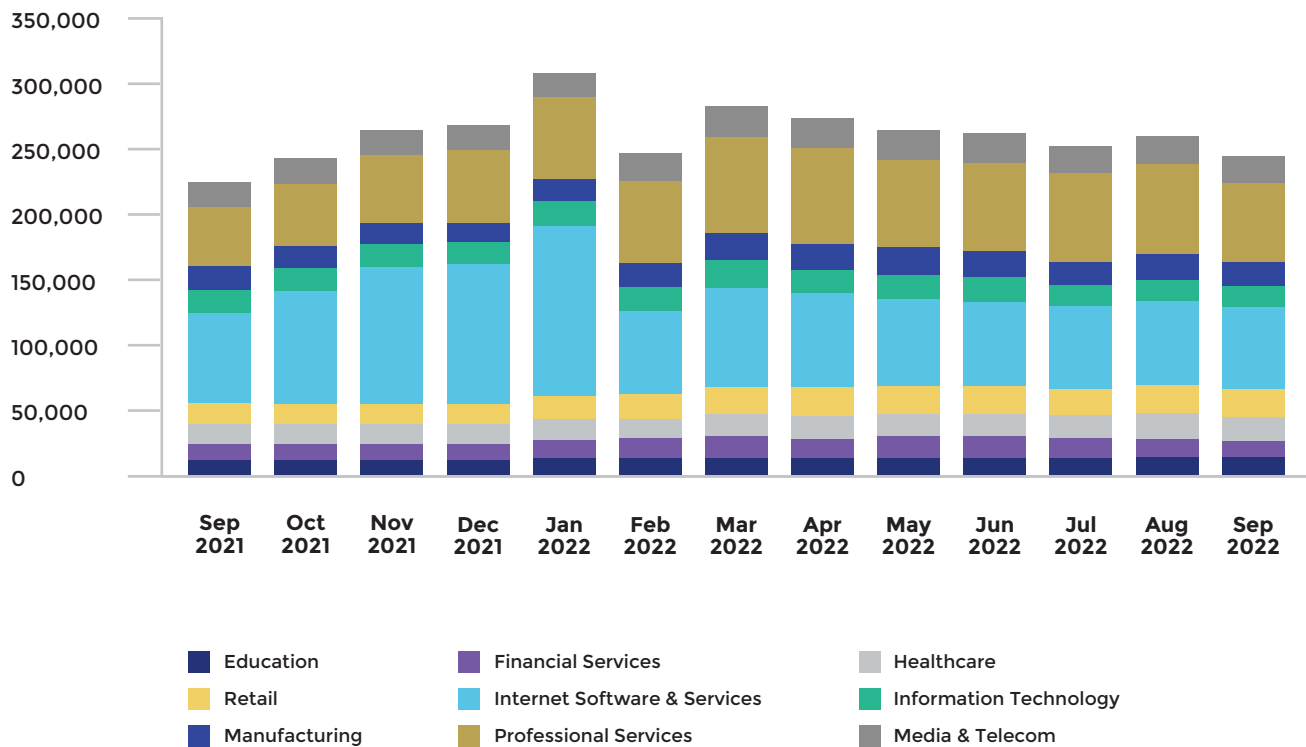


Based on the latest Employ survey data of HR decision makers, 26% of respondents receive between 4 and 10 applicants per role, 24% receive between 11 and 20, and 17% receive between 21 and 50 applicants. In addition, 41% of recruiters interview more than half of the applicants for a job. Nearly half (46%) of respondents have seen an increase in candidates applying for open roles relative to last year, most often for entry-level jobs (55%), but also high-volume jobs (47%) and specialized/technical jobs (43%).

Medium-sized businesses were most likely to see increases in application volume (59%), while 49% of enterprise companies and 32% of small businesses saw increased applicant flow, respectively. The increase in overall applicant flow and average number of applicants per job supports that the labor market is softening, which companies should take note of as they prepare for hiring in 2023.

Industry Trends

From an industry perspective, Employ data reveals several sectors saw gains in total jobs open between the second and third quarter, while others saw notable losses. Total jobs open in healthcare grew by 5.2% between Q2 and Q3. Professional services also saw an increase of 5.6%. However, Internet software and services decreased by 7.6%, financial services decreased by 10.5%, and information technology saw a significant loss of new jobs open by 12.3%. These data mirror gains reported by the Bureau of Labor Statistics in healthcare and professional services, and indicate that software and IT may experience greater slowdowns currently than other sectors. [Here is the total number of open jobs by industry:](#)



Current Technology Use & Recruiting Team Structure

When it comes to using basic recruiting technology, nearly three-quarters (72%) of HR decision makers currently use an applicant tracking system (ATS) within their organization to track and manage applicants through the hiring process. This number is higher among enterprise and medium-sized businesses (85% and 87%, respectively). But for small businesses, this number decreases to just 50%. While an ATS is considered fundamental to hiring in most companies, it does appear that smaller organizations are lagging in this area.

From a recruiting team perspective, 82% of HR decision makers report they have an in-house recruiting team; 27% of companies have 1 - 3 people, 37% of businesses have 4 - 6, 26% have 7 - 10, and 10% have more than 10 people. However, as hiring needs change, improving scalability of recruiters is essential and is an opportunity for companies to look to additional sourcing support, recruitment technology to streamline hiring activities, or recruitment process outsourcing (RPO) to alleviate the burden placed on recruiters.

Perceptions of Candidate Motivations

Understanding job seeker motivations is critical for companies today. As recruiters regularly interact with candidates, they experience first-hand what drives candidates to look for new roles. According to HR decision makers and recruiters, the top motivation for employees leaving a job is pursuing more money or seeking a more flexible work arrangement.

Unemployment or fear of becoming unemployed was rated by 1 in 10 employees as a top motivator for moving jobs. As talks of recession continue to dominate the hiring landscape, it will remain to be seen whether more employees leave their positions in search of something more stable or stay put in their roles longer than they would have based on economic headwinds.



The top motivations for job seekers in finding a new job today include:

- ✓ Getting more money: **34%**
- ✓ Ability to work remotely: **21%**
- ✓ Career advancement: **13%**
- ✓ Unemployment or fear of becoming unemployed: **10%**
- ✓ Leaving a bad manager or bad company culture: **9%**



Hiring Challenges & Priorities

The biggest recruiting challenges HR decision makers are facing now in attracting and hiring quality talent are:

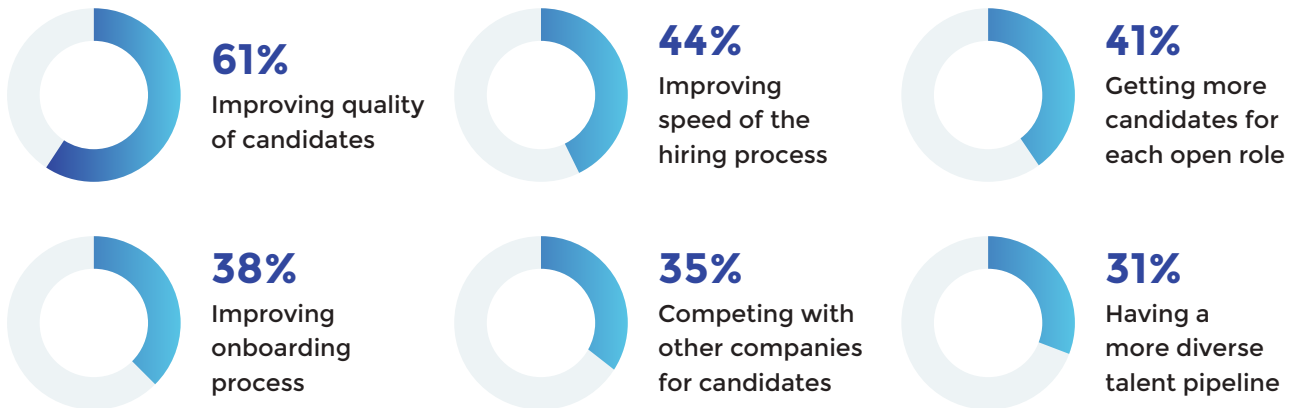
- Not enough talent to fill positions: **56%**
- Competition from other employers: **54%**
- Inability to compete with salary requirements: **33%**
- Poor communication from candidates in the hiring process: **29%**
- The hiring process takes too long: **28%**
- Not able to work from home: **27%**
- Too small to compete with larger organizations: **20%**
- Managing a high volume of candidates: **18%**

Employers continue to face significant challenges within the current labor market. A majority of HR decision makers perceive an insufficient number of people to fill open positions (56%) and competition from other employers (54%) as the biggest challenges their businesses face in recruiting.

Not being able to compete on salary requirements (33%), poor communication from candidates in the hiring process (29%), hiring processes that take too long (28%), and not being able to offer remote or hybrid work (27%) are also seen as top challenges in attracting and hiring quality talent.

A hiring process that takes too long is seen as a challenge more often at large enterprise and medium-sized companies at 34% and 33%, respectively, than at small businesses at 19%. Perceived competition from other employers was up six points from June 2022 (54% versus 48%); inability to compete with salary requirements was also up six points (33% versus 27%); managing a high volume of candidates was down 11 points (18% versus 29%) from June.

According to recruiters and HR decision makers, the top recruiting priorities are improving the quality of candidates, improving speed of the hiring process, getting more candidates for each open role, and improving the onboarding process. Improving the speed of the hiring process is a higher priority at medium-sized companies (53%) and enterprise businesses (50%) than at small businesses (31%). **The top recruiting priorities HR decision makers want to focus on are:**



Recruiting Stress

More than 65% of HR decision makers feel that recruiting is more stressful today than it was a year ago, most often because there are not enough qualified candidates (59%), there are more open roles to fill (51%), competition from other employers (44%), and more employees are leaving the organization (43%).

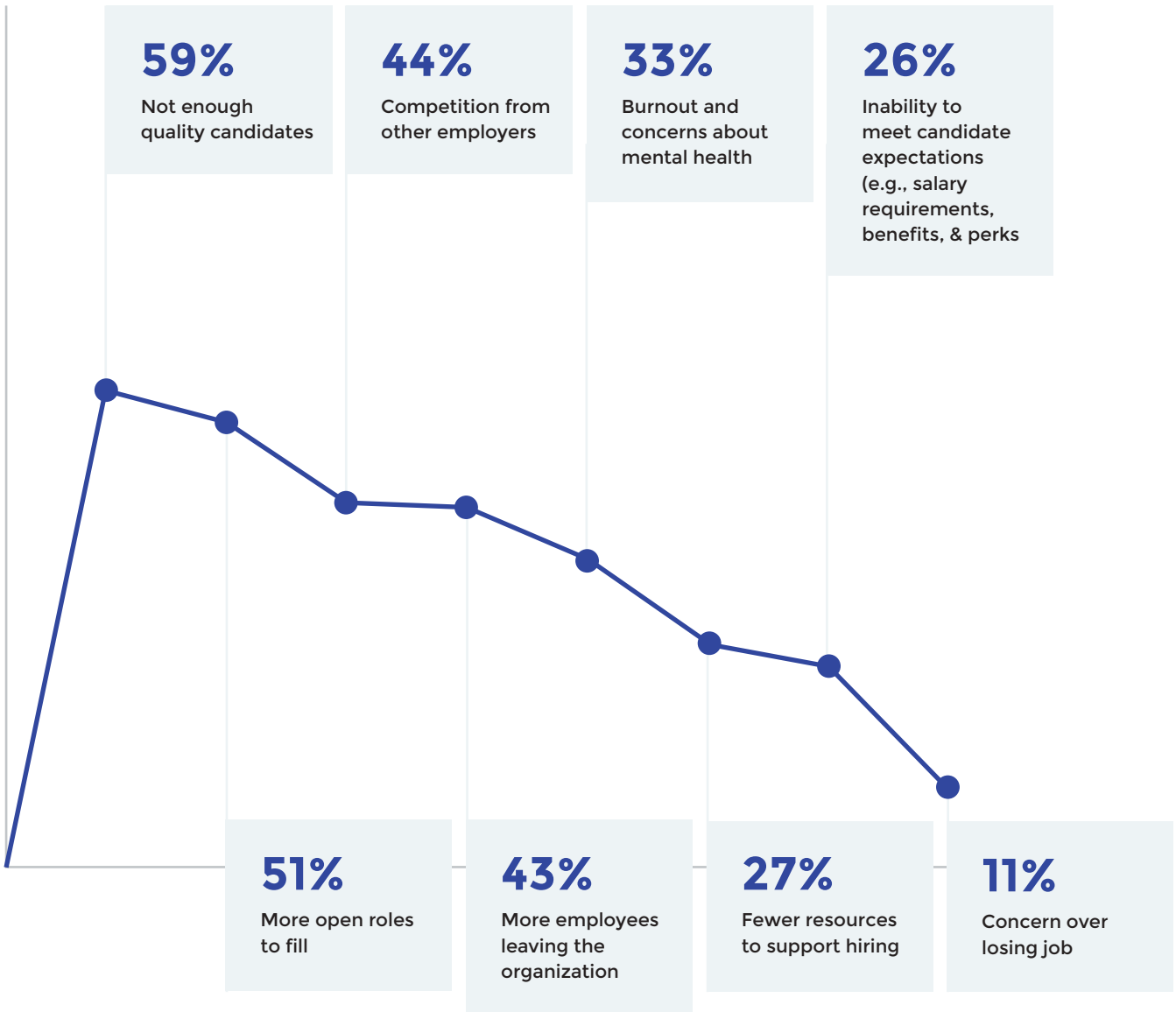
Employees leaving the organization have a greater impact on enterprise companies (56% report it as a reason for increased stress) than at medium-sized and small businesses (40% and 37%, respectively).



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A majority of recruiters (51%) are at least somewhat worried that layoffs may hit their organization during the remainder of this year. This is similar to the number from June 2022. However, 77% of HR decision makers indicate their organizations have not reduced hiring plans this year, despite talks of a recession and some worries about layoffs hitting their organizations.

The top reasons HR decision makers and recruiters find their jobs more stressful today include:



Three Strategies to Improve Recruiting Outcomes

Understanding where HR decision makers face the biggest challenges right now, and actively seeking to address those difficulties, can make a difference for companies looking to improve their quality of candidates and improve speed of hiring. Here are three strategies that can help organizations improve their overall quality of hire, increase efficiencies through automation and workload reduction, and support compliance across companies of all sizes.

- 1 Deliver positive experiences:** Take care to invest in the needs of hiring managers, recruiters, and candidates, and deliver positive experiences for these audiences. Work to shorten feedback loops, improve communication and collaboration, and engage each stakeholder more deeply within the hiring process. If applicable, focus on engaging with gig workers and nurturing relationships with individuals who are in revenue-generating roles. Ensure the hiring process delivers positive experiences that enhance the company's employer brand.
- 2 Identify where to optimize processes:** Leverage data-driven insights and analytics that inform where bottlenecks exist in the recruiting process, and uncover opportunities to speed time-to-hire and boost the quality of candidate. By keeping a clear pulse on applicant flow and the talent pipeline, companies can uncover insights into where the recruiting process can be improved.
- 3 Leverage purpose-built recruitment technology:** Adopt recruitment software and talent acquisition technology that is tailor-made for the complexity, size, and hiring needs of the organization. By investing in technology that is purpose-built, companies can ensure they are more competitive to connect with the right talent and streamline their processes.



Planning for the Future: Responding to Uncertainty with Scalability & Flexibility

While signs point to economic softening, recruiters still find it challenging to hire and onboard enough quality candidates. Based on the latest JOLTS report, the number of hires edged down to 6.0 million from 6.1 million in the previous month, and the number of jobs open decreased slightly from 10.7 million to 10.3 million. Recruiters, hiring managers, and HR decision makers need to carefully plan for the future, while managing this challenging reality.

Companies should establish hiring plans for 2023 that address the intersection of economic uncertainty and a tight labor market. For example, focus on finding higher quality candidates, ensure continued legal compliance, and place greater emphasis on diversity, equity, and inclusion initiatives by leveraging purpose-built recruitment software. Consider using automation to address hiring inefficiencies, speed time to hire, and better compete with other organizations.

Employers must be prepared to limit risk, right size their recruiting efforts based on hiring need, and find more flexibility in their approach to recruitment technology and services.



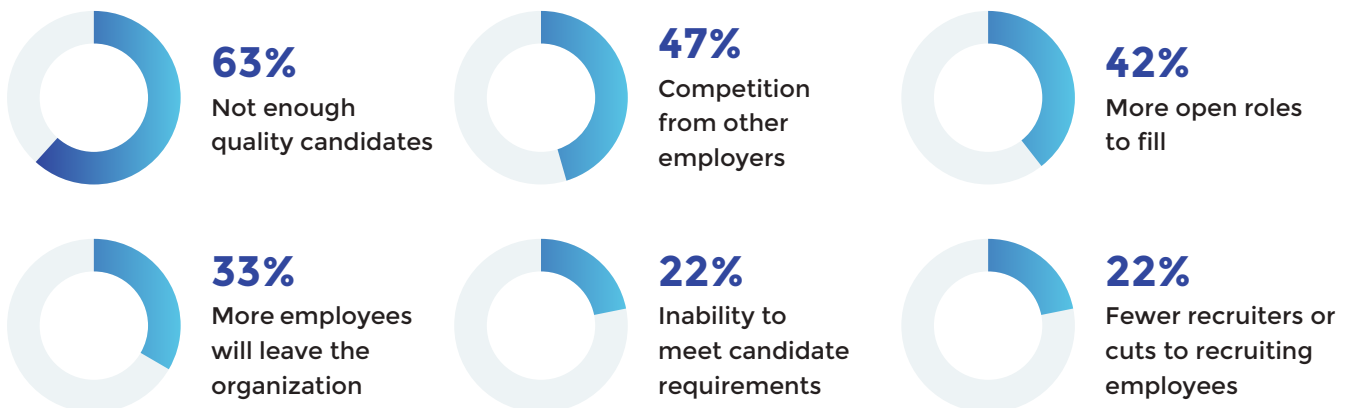
Looking to Hiring in 2023

According to Employ data, 61% of HR decision makers believe it will remain difficult to hire new employees going into 2023. Just 11% believe it will be somewhat less challenging. This overwhelming majority indicates HR decision makers recognize the current reality of economic uncertainty and labor market scarcity.

Nearly two-thirds, or 60%, of recruiters believe they will make more hires in the next 12 months. Only 8% of HR decision makers believe they will make less hires in 2023.

Although hiring volume will likely stay high, just 40% of recruiters believe their recruiting team will grow in the next 6 to 12 months. This

is a significant drop from three months ago, when 73% of recruiters thought their team size would increase. The large majority of HR decision makers perceive that their team will stay the same and just two percent believe it will shrink in the coming year. These data indicate recruiters will likely see the same or more work for 2023 and are less confident they will receive additional people to help. This makes it especially important to have the right recruitment automation to support hiring efforts for the coming year. **Recruiters believe it will be challenging to hire new employees in 2023 based on:**

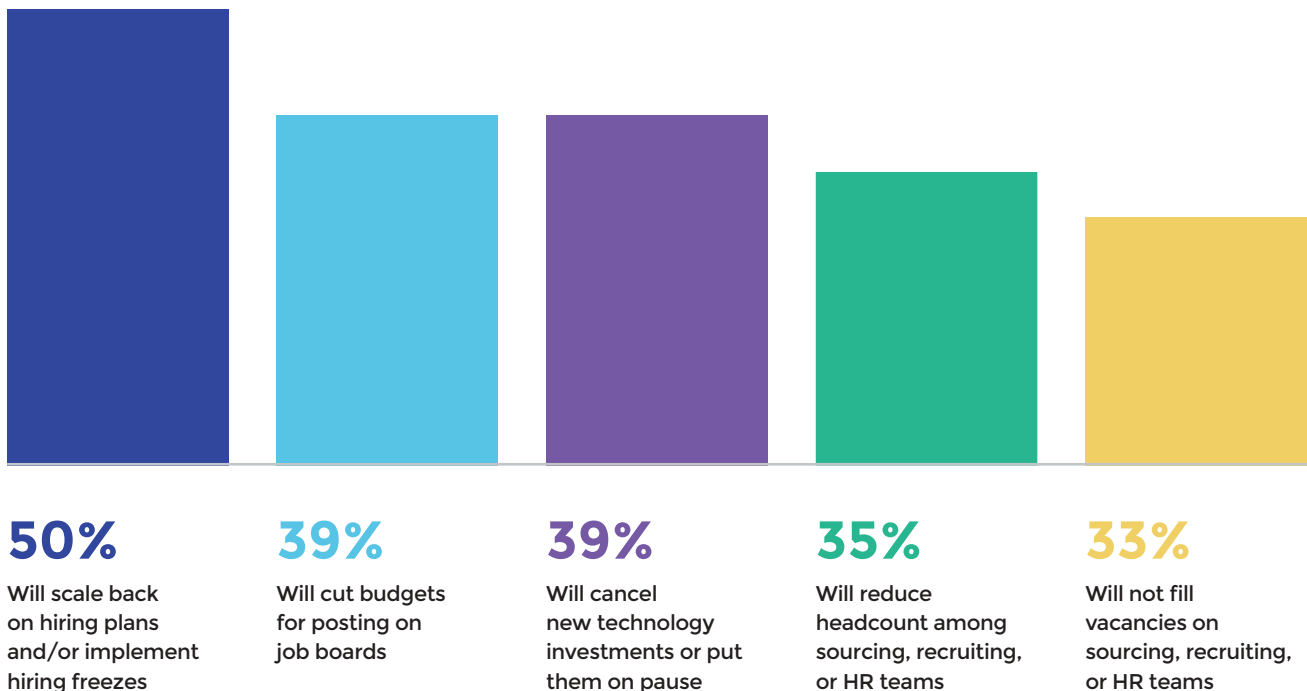


According to Employ data, 88% of HR decision makers believe hiring in 2023 will be more or as difficult as 2022.

Concerns of Layoffs and Hiring Freezes Next Year

According to just under half of all HR decision makers (46%), talk of a 2023 recession and general economic uncertainty is impacting their company's hiring programs. This can at times lead to scaling back of hiring plans and/or hiring freezes, cuts to budgets for posting on job boards, canceling of new technology investments or putting them on pause, headcount reductions among sourcing, recruiting, or HR teams, or not filling vacancies on those teams. The potential impact of a recession is influencing the software/technology sector and the educational sector most, with 56% of HR decision makers indicating changes in their current organization to prepare.

46% of HR decision makers say the talk of a 2023 recession and general economic uncertainty is impacting their company's hiring. Here is how they plan to cut back, if necessary:



Again, only 8% of HR decision makers believe they will make fewer hires in the next 12 months, but 23% have reduced hiring plans or implemented a hiring freeze during 2022. This contradiction reinforces the uncertainty that exists in the current economic climate and reality of the labor market.

Current Technology Use & Recruiting Team Structure

One thing in the current hiring environment that is certain is uncertainty. HR decision makers, talent acquisition leaders, and recruiters should look for and evaluate strategies that do well regardless of market conditions. Specifically, if the economic climate deteriorates, companies should pursue those hiring strategies that are absolutely necessary to drive business performance. If the labor market stays strong, and data suggests it will, companies should ensure they stay the course in talent attraction. Essentially, in this dynamic climate, organizations should prepare for 2023 by adopting fundamental hiring strategies that are always in season.

For example, HR decision makers across all company sizes have introduced various changes to their hiring processes to deal with the dynamic job market, including increasing salaries for new open jobs (43%), highest in healthcare at (52%), making sure the hiring process is faster (40%), providing remote work and hybrid options (37%), overlooking candidate resume gaps (32%), and outsourcing to more freelancers/gig workers (21%). These strategies offer areas for talent acquisition and recruiting teams to be more adaptable in their approach to people and processes.

Some companies, however, are taking even greater steps to pursue scalability and flexibility in their hiring efforts. Compared to last year, one-quarter of businesses are more flexible in some areas of recruiting, including taking more time looking for candidates, posting to paid job boards, using personal networks, focusing on internal mobility, opening new requisitions, and adjusting expectations of the number of candidates applying to open roles. By shifting how they approach their recruiting strategies, HR decision makers can use timing, source of hire, candidate quality, and hiring volume as a more adaptable framework to approach their hiring efforts.

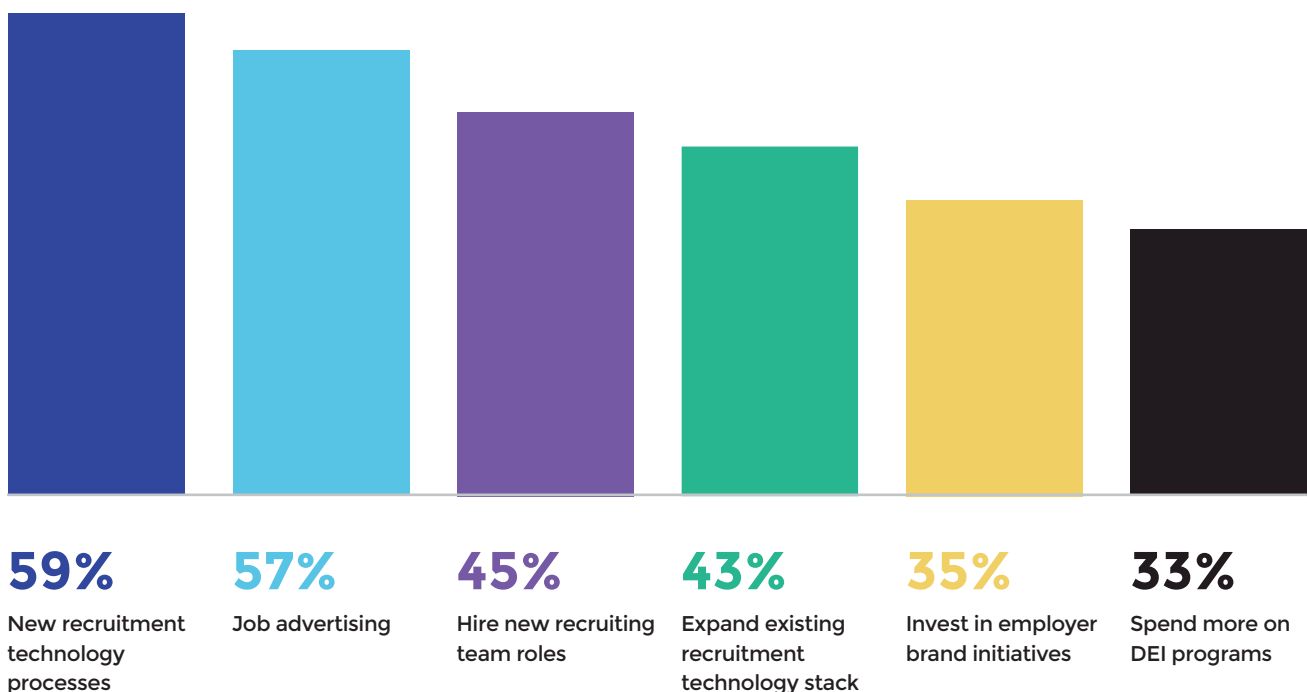
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- ✓ Overlooking candidate resume gaps: **32%**
- ✓ Outsourcing to more freelancers/gig workers: **21%**

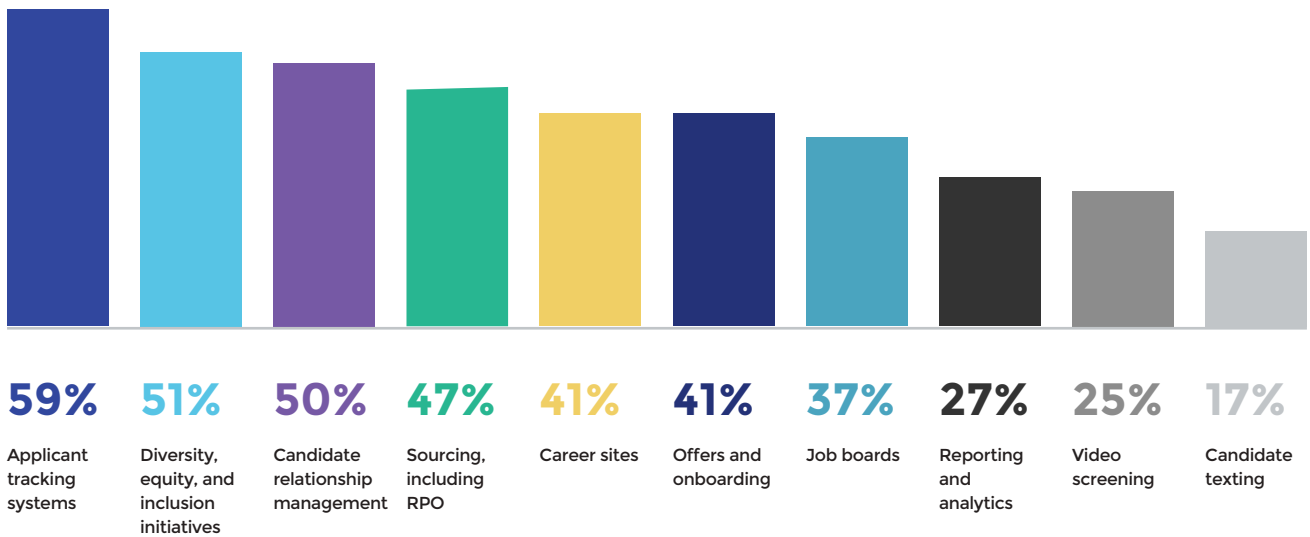
The Future of Recruiting & Technology Spend

Investing in the recruiting function, whether in people, processes, or technologies, has been widely seen as vital for companies of all sizes, especially during a period of high growth. Yet with the labor market softening, how do HR decision makers and recruiters expect spending on these functions to be impacted? While 33% of HR decision makers expect spending to remain the same over the next 12 months, a majority of HR decision makers (54%) expect to increase recruitment spending in their company. Spending increases are more likely to be expected in medium-sized businesses (66%), while still a large proportion of HR decision makers at enterprise companies and small businesses expect an increase for 2023 at 53% and 43%, respectively.

Those organizations that plan to increase recruiting spend will most often do so by increasing their budgets for new recruitment technology processes (59%), job advertising (57%), new recruiting team role hires (45%), and by expanding their existing recruitment technology stack (43%). Additional technology investments will likely go toward applicant tracking systems (59%), DEI initiatives (51%), candidate relationship management (50%), sourcing, including RPO (47%), career sites (41%), and offers and onboarding (41%). **Here is where HR decision makers plan to increase budget in 2023:**



The vast majority of HR decision makers also plan to increase spending on recruiting technology in 2023. This includes an increase of more than 17 points since June 2022 for spending on applicant tracking systems, an increase of five points for diversity, equity, and inclusion initiatives, an increase of eight points for candidate texting solutions, and an increase of five points for candidate relationship management systems. [Here is where HR decision makers plan to increase spending on recruiting technology in 2023:](#)



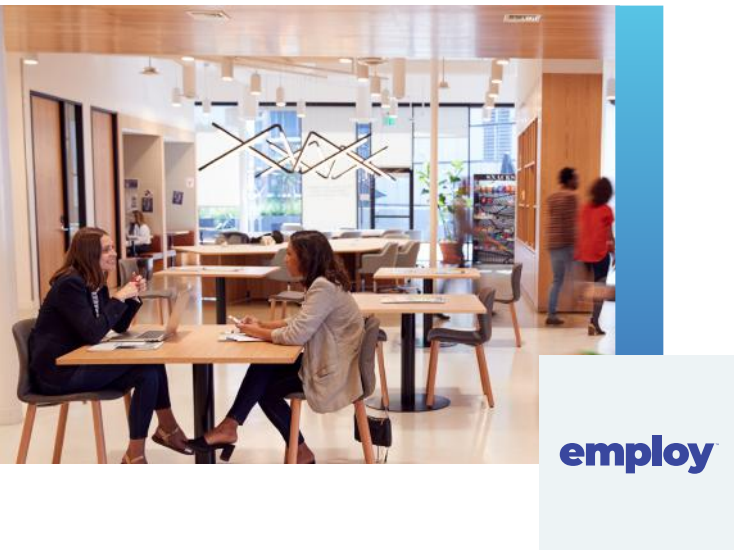
The large majority of HR decision makers plan to increase spending on recruiting technology in 2023.

Key Takeaways & Conclusion

Planning during times of uncertainty is one of the biggest challenges HR decision makers, recruiting experts, and talent acquisition professionals face when it comes to guiding the future of their organization. As companies prepare for 2023, pursuing a scalable hiring strategy will be essential to attracting, hiring, and onboarding quality talent that will drive organizational performance and alleviate the pressures from market slowdowns. By identifying hiring strategies that are always in season, you can minimize risk and show resilience to the reality of the economic climate. **In planning for 2023, remember to keep scalability at the forefront of your strategy. Ask the following questions:**

- **What must-haves should we focus on in our recruiting process?**
- **How can we find the right people in a challenging labor market faster?**
- **Where can we do more with less or the same with less?**
- **How can we become more efficient, while improving outcomes?**

Remember, resilience is all about accepting the new recruiting reality, even if it's not as good as the reality from before. It's the capacity to change, to shift in size or scale. Even as some companies have course-corrected based on economic headwinds, cutting their labor force or pausing hiring based on a shorter-term perspective, focusing on scalability can position businesses to both overcome short-term volatility and prepare for longer-term success when the market stabilizes.



About Employ Inc.

Employ Inc. empowers organizations of all sizes to overcome their greatest recruiting and talent acquisition challenges. Offering a combination of purpose-built, intelligent technologies, services, and industry expertise, Employ provides SMB to global enterprises with a single solution for recruiting and growing a diverse workforce. Through its **JazzHR**, **Lever**, **Jobvite**, and **NXTThing RPO** brands, Employ serves more than 18,000 customers across industries. For more information, visit www.employinc.com.