State of Hiring and Recruiting Report

The key metrics and trends shaping talent acquisition for 2023

findem | KarmaCheck

Executive Summary

The HR profession is experiencing **one of the most disruptive periods in its history,** with the convergence of multiple powerful forces–both positive and negative–underpinning the practice of recruiting and hiring talent. From a rapidly changing workforce to whiplash in response to volatile economic conditions to an evolution driven by technology, HR leaders across industries must adapt faster than ever before.

The job of the HR leader is becoming **more complex**, the competition for high-quality talent continues to heat up, and expectations are mounting to perform at higher levels. As a result, HR leaders are responding by implementing increasingly sophisticated benchmarking and goal-setting practices within their recruiting and hiring processes to give their employers a competitive edge while proving their value to executive leadership.

HR Leaders Report

71%

missed a key hire due to inefficient processes

90%

did not meet at least one of their hiring and recruiting goals

95%

would have stayed if provided higher-quality technology

This revolution comes with a cost, however. HR and recruiting leaders are under immense pressure, pushing stress and burnout levels to epic proportions. Inefficiencies caused by ineffective processes and a lack of technology make it difficult to plan ahead and pivot in a volatile environment. As a result, already-stretched HR and recruiting teams struggle on the front lines.
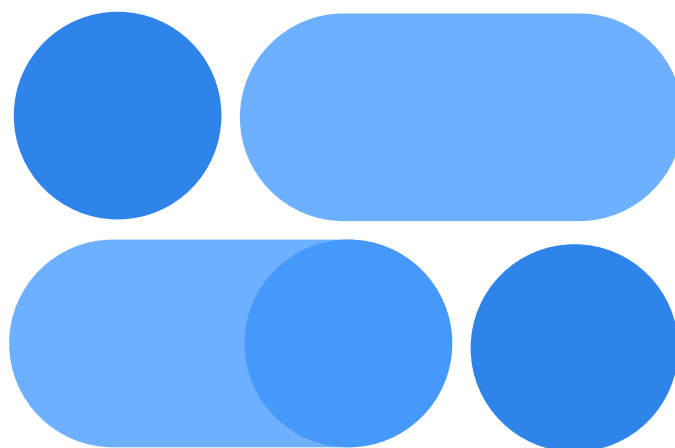
About this study

As HR technology market leaders, Findem and KarmaCheck recently partnered on a significant study that unpacks many of the biggest trends catalyzing change in recruiting and hiring. The State of Hiring and Recruiting Report was developed from in-depth surveys of 312 HR leaders from mid-sized and large employers across the United States.

It dives into a myriad of issues facing the industry, such as:
- The use of hiring and recruiting metrics
- The practices of benchmarking and tracking key metrics
- How leaders view technology
- The rise of artificial intelligence (AI)
- A growing epidemic of burnout

All respondents whose data contributed to this report work at organizations that use dedicated hiring and recruiting technology, and all influence the technology-purchasing process for their employers. The study, which Findem and KarmaCheck commissioned, was conducted by independent market research firm PureSpectrum in November 2022. For more information on PureSpectrum's methodology, visit www.PureSpectrum.com.
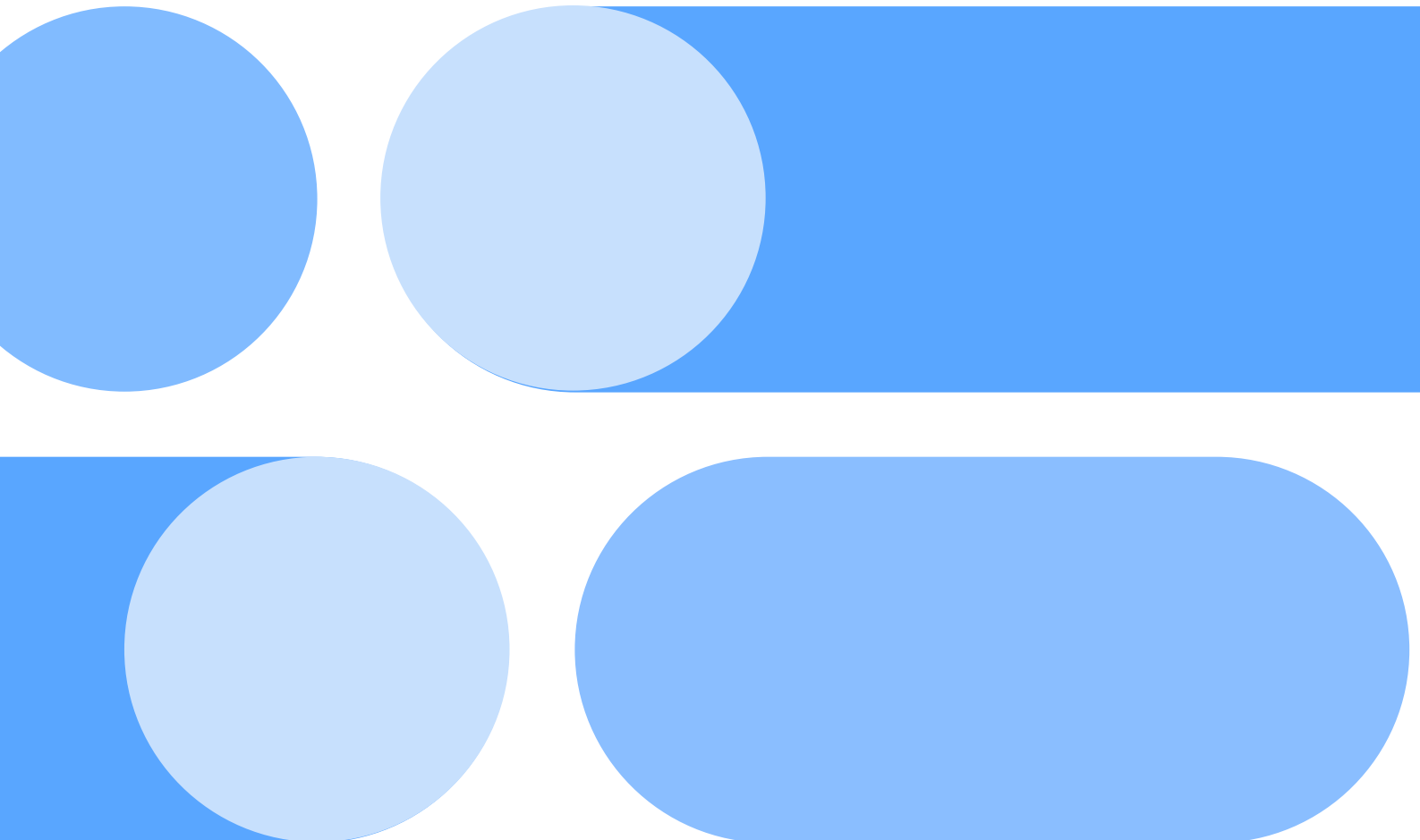
Contents

Hiring and recruiting metrics

As digital footprints grow, data provides insights like never before into the efficiency and outcomes of activities across the whole organization. From product to sales to marketing, leaders rely on data and analytics for decision-making as never before. Talent leaders are no different.

Key metrics used by talent leaders

All organizations in this survey are tracking at least some hiring or recruiting metrics, and all but one respondent has goals tied to those metrics. This section dives into the metrics tracked, how they are measured, and whether or not goals were met.

How are U.S. HR and recruiting teams tracking their metrics?

5% - Manually

56% - Dashboards

39% - External dashboards

● Dashboards within specialized recruiting / HR technology software

● External dashboards that consolidate hiring statistics (e.g. Tableau)

● Manually track metrics
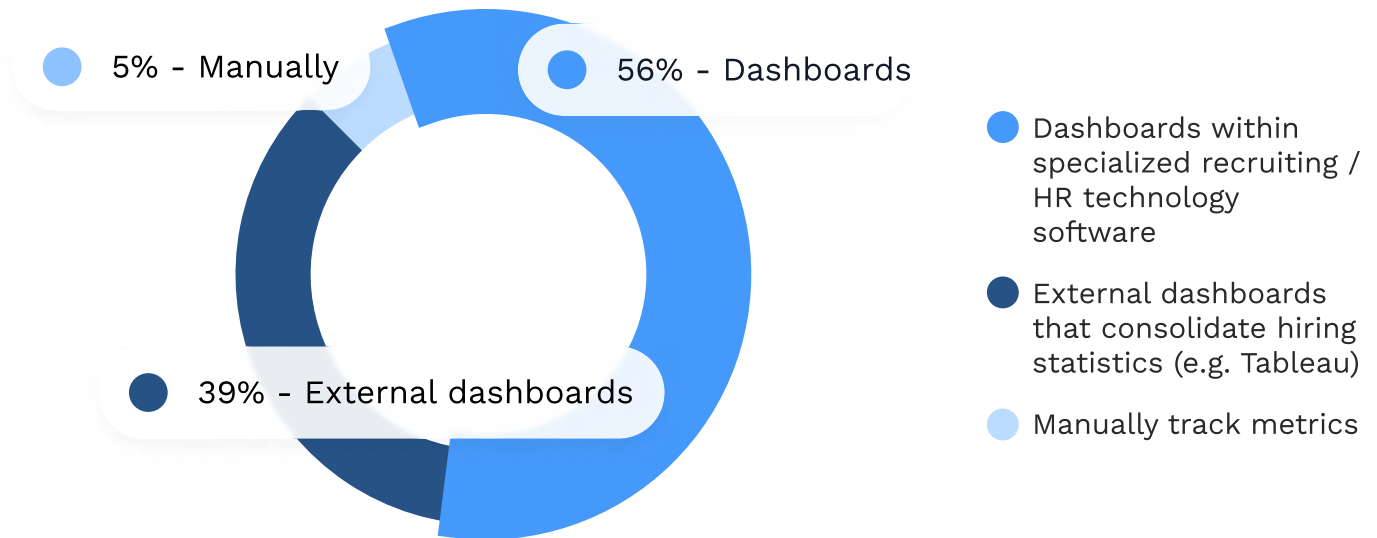
Source: Findem and KarmaCheck, State of Hiring and Recruiting Survey, November 2022.

While 95% of HR leaders use some form of technology to track hiring and recruiting metrics, less than half (39%) use specialized software for tracking individual metrics. The exception is tech HR leaders, with 66% reporting that they use specialized software.

Against which hiring and recruiting metrics are leaders most frequently setting goals?

Average cost per hire	73%
Average time to fill an open role	57%
Average time to hire	54%
The number of roles to fill	48%
Candidate-to-hire ratio	43%

Source: Findem and KarmaCheck, State of Hiring and Recruiting Survey, November 2022.

While goal-setting for hiring and recruiting metrics is effectively universal (only one respondent said they weren't accountable for goals), U.S. employers are seemingly split on which goals are most important. However, controlling costs associated with recruiting and hiring is the biggest concern, as the cost per hire was the most common metric to have goals set against.

The one exception is for HR leaders in the tech industry, where time ranked higher than cost as a priority. These HR leaders were more likely (68%) to track average time to hire as a key metric compared to those from other industries (52%), and less likely (61%) to track average cost per hire (compared to 73% from other industries).

Which hiring and recruiting goals did U.S. employers not meet over the last year?
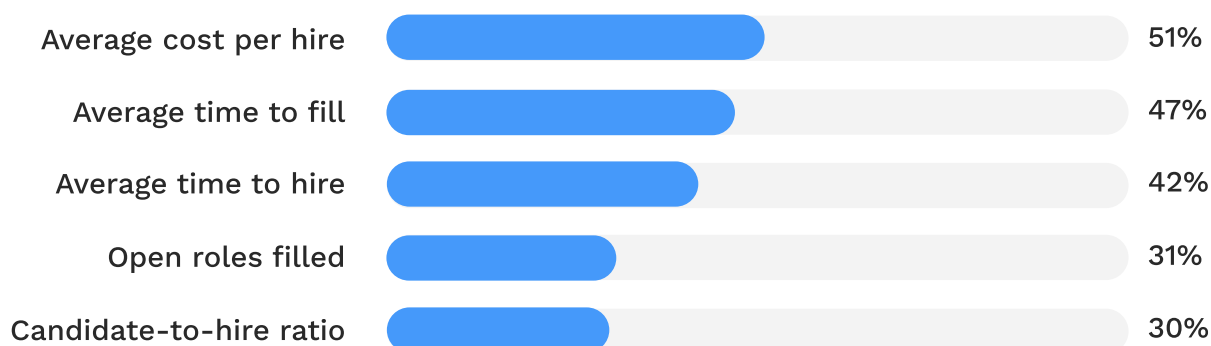
Average cost per hire	51%
Average time to fill	47%
Average time to hire	42%
Open roles filled	31%
Candidate-to-hire ratio	30%

Source: Findem and KarmaCheck, State of Hiring and Recruiting Survey, November 2022.

Overall, 90% of U.S. employers surveyed are not meeting at least one of their recruiting and hiring goals, with a majority (51%) admitting that the average costs of hiring are too high. At the VP level and above, missing the cost-per-hire goal jumps to 69%.
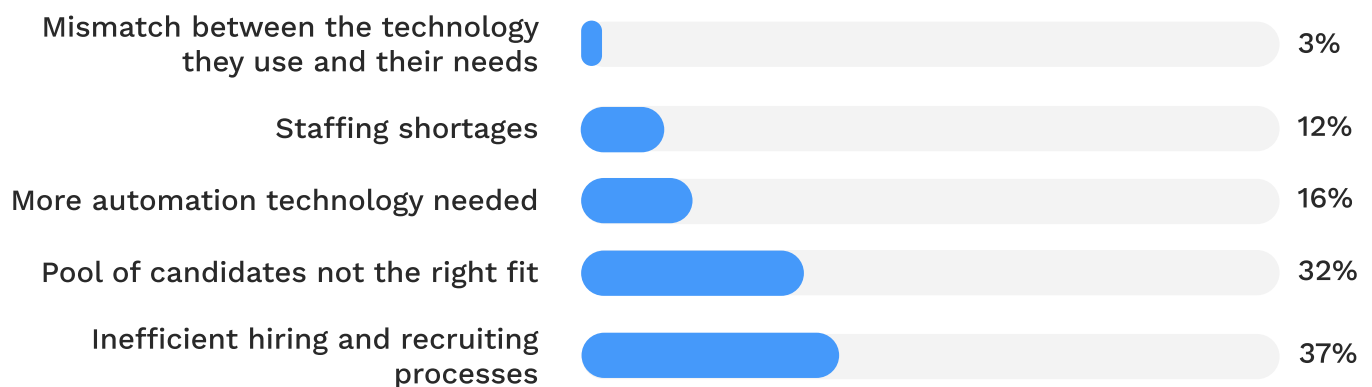
> **95% of HR leaders use technology to track hiring and recruiting metrics.**

The healthcare industry stands out as struggling to fill open positions more than other industries. HR leaders in healthcare were more likely (43%) to report missing a goal for filling a certain number of open positions than everyone else (28%). At the same time, they were significantly less likely (30%) to report missing goals around the average cost per hire compared to everyone else (55%).

A myriad of roadblocks stand in the way of HR leaders meeting their goals.

What is the biggest barrier to meeting goals*?

Barrier	Percentage
Mismatch between the technology they use and their needs	3%
Staffing shortages	12%
More automation technology needed	16%
Pool of candidates not the right fit	32%
Inefficient hiring and recruiting processes	37%

*Of the 90% of U.S. employers that are not meeting their goals.

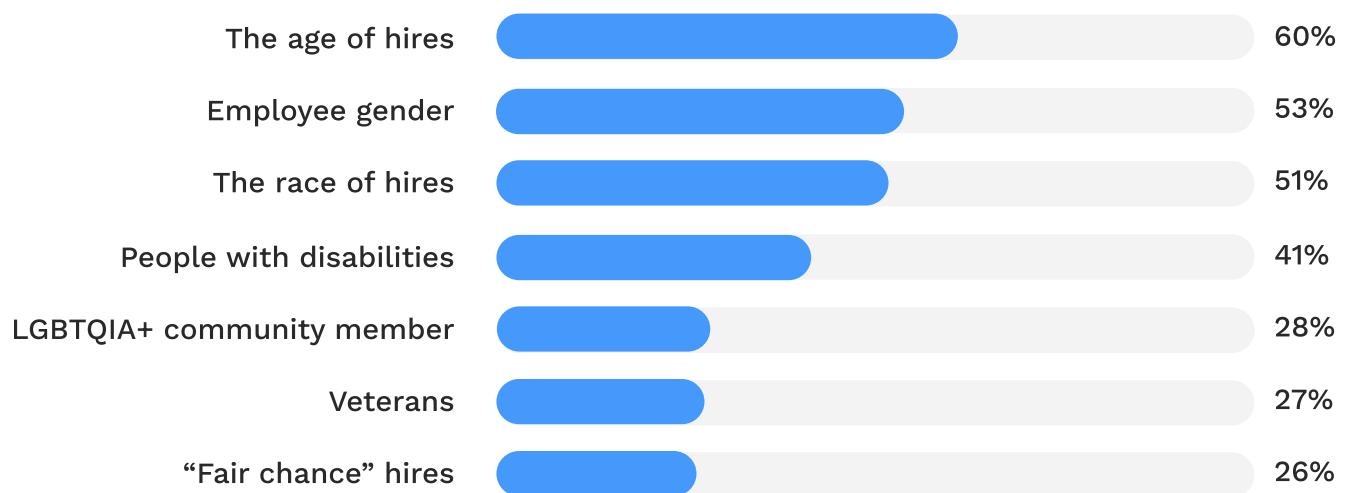Source: Findem and KarmaCheck, State of Hiring and Recruiting Survey, November 2022.

Only one-third (32%) of HR and recruiting leaders blame candidate pools not being a fit as the main reason they are not reaching their goals, and even fewer (12%) blame staffing shortages. Instead, a majority (56%) blame process inefficiency or technology challenges as the main reasons they fail to meet key metrics.

Measuring diversity goals

One of the biggest changes in HR is the emphasis on diversity from hiring to retention. Public companies have set public goals, and the business benefits of a diverse workforce have been proven again and again. Despite the challenges of tracking diversity through the hiring process, it is a top priority for many leaders.

For which diversity categories have U.S. employers set goals concerning hiring and recruiting?

The age of hires	60%
Employee gender	53%
The race of hires	51%
People with disabilities	41%
LGBTQIA+ community member	28%
Veterans	27%
"Fair chance" hires	26%

Source: Findem and KarmaCheck, State of Hiring and Recruiting Survey, November 2022.

90% of U.S. employers have at least one diversity goal with respect to the people they hire; however, which underrepresented groups they have goals for varies widely. The age of hires was the most common characteristic to track (60%), but a majority also pay attention to gender (53%) and race (51%). Interestingly, tracking goals with respect to hiring LGBTQIA+ community members (28%) and veterans (27%) was as infrequent as setting goals for hiring people with criminal records (26%).
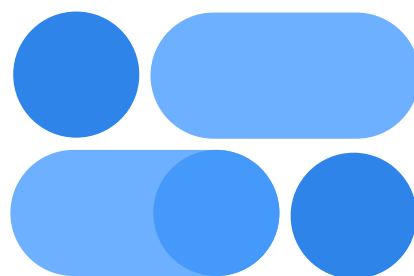
> ## 60% of employers surveyed track age of hires as a diversity category.

Healthcare employers in the study were consistently more likely to report setting goals across every diversity category. Most notably, approximately 40% of healthcare employers had goals for the number of LGBTQIA+ candidates, while just 26% of non-healthcare employers reported having goals for that diversity category. Additionally, 70% of healthcare employers had gender-based diversity goals, compared to only 49% of non-healthcare employers.

FinServ employers were consistently less likely to report setting goals around different diversity categories. Of note, they were much less likely (16%) to report setting goals around LGBTQIA+ hires than other industries (31%).
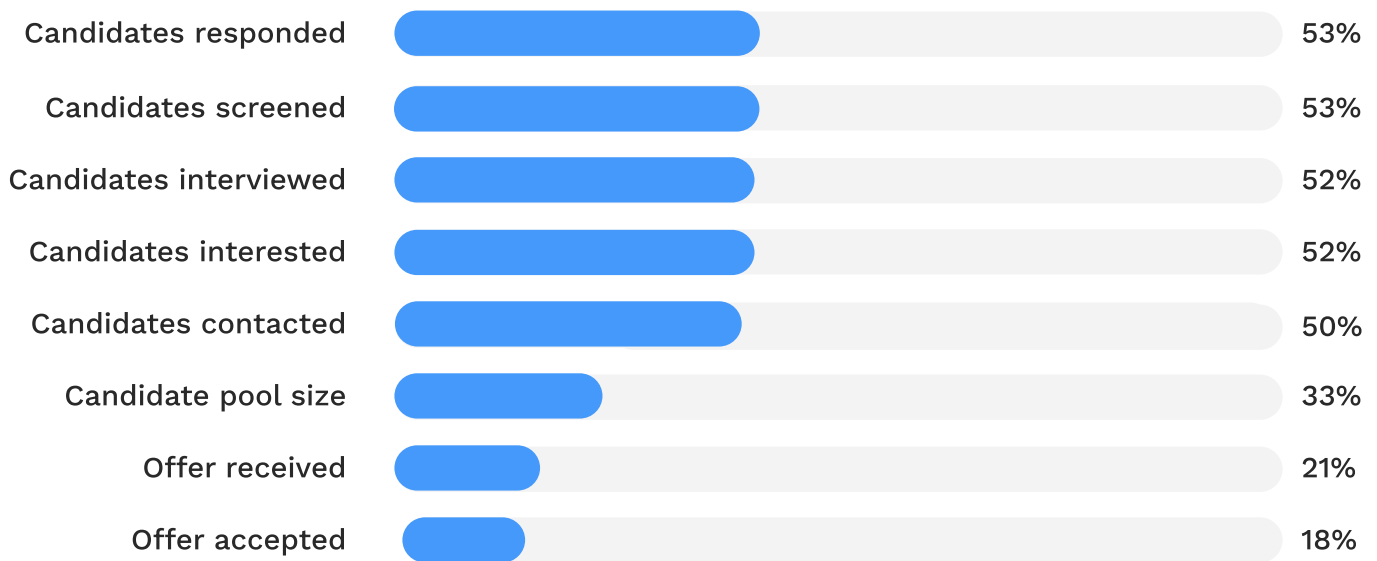
Tech HR leaders were less likely (16%) to report keeping goals around of LGBTQ+ recruiting and hiring compared to those from other industries (30%). They also were less likely (16%) to report having goals for veterans compared to those from other sectors (29%). However, tech HR leaders were the most likely (42%) to report having hiring and recruiting goals around "fair chance hires."

Candidate funnel metrics

The candidate funnel looks at each stage of the hiring process to uncover inefficiencies and opportunities for improvement. The funnel starts with the talent pool of potential candidates and tracks the size and quality of candidates through to the final hire (or hires).

What are the most common candidate funnel metrics U.S. employers track?

| Metric	Percentage
Candidates responded	53%
Candidates screened	53%
Candidates interviewed	52%
Candidates interested	52%
Candidates contacted	50%
Candidate pool size	33%
Offer received	21%
Offer accepted	18%

Source: Findem and KarmaCheck, State of Hiring and Recruiting Survey, November 2022.

Despite the fact that all employers track at least one metric, they are split with respect to which funnel metrics they track. There were no runaway leaders and a fair amount of overlap, with the top 5 metrics effectively tied.
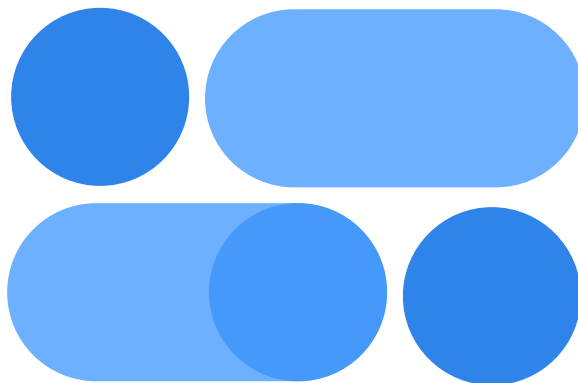
" 90% of large U.S. employers are not meeting at least one of their recruiting and hiring goals.

Of those employers that track response rates, what were the averages reported?

|	
11-25% response rate	20%
26-50% response rate	49%
51-75% response rate	28%
>76% response rate	3%
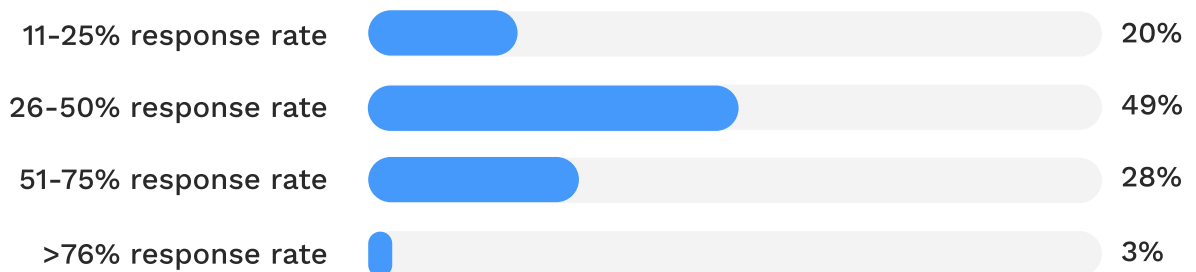
Source: Findem and KarmaCheck, State of Hiring and Recruiting Survey, November 2022.

Response rates were above 50% for just 31% of companies, suggesting that there is room to improve in targeting or outreach for the majority. Achieving these higher response rates could provide potential efficiency improvements.

Of employers that track acceptance rates, what was the breakdown reported?

10% or less response rate	3%
11-25% response rate	24%
26-50% response rate	27%
51-75% response rate	33%
>76% response rate	13%
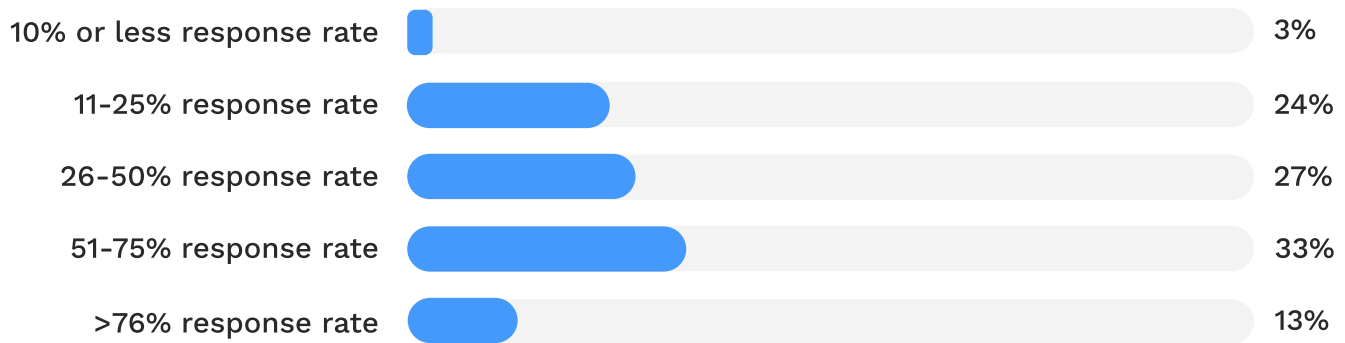
Source: Findem and KarmaCheck, State of Hiring and Recruiting Survey, November 2022.

Just under half of the employers tracking this measure achieve a 51% or better acceptance rate. One barrier to hiring talent is candidate background checks, a common practice among U.S. employers.

In the State of Hiring and Recruiting survey, nearly all employers (95%) use background checks before hiring a candidate; however, the process can often get in the way of hiring talent. The study uncovered that nearly 40% of recruiting and hiring leaders report background check issues–whether candidates fail them or the process is too slow–as a common reason why those who've received an offer don't get hired. In fact, 34% of respondents who reported inefficient hiring processes as the cause for missing key hires specifically blamed the background check process.

> " 40% report background check issues as a reason why those who've received an offer don't get hired.
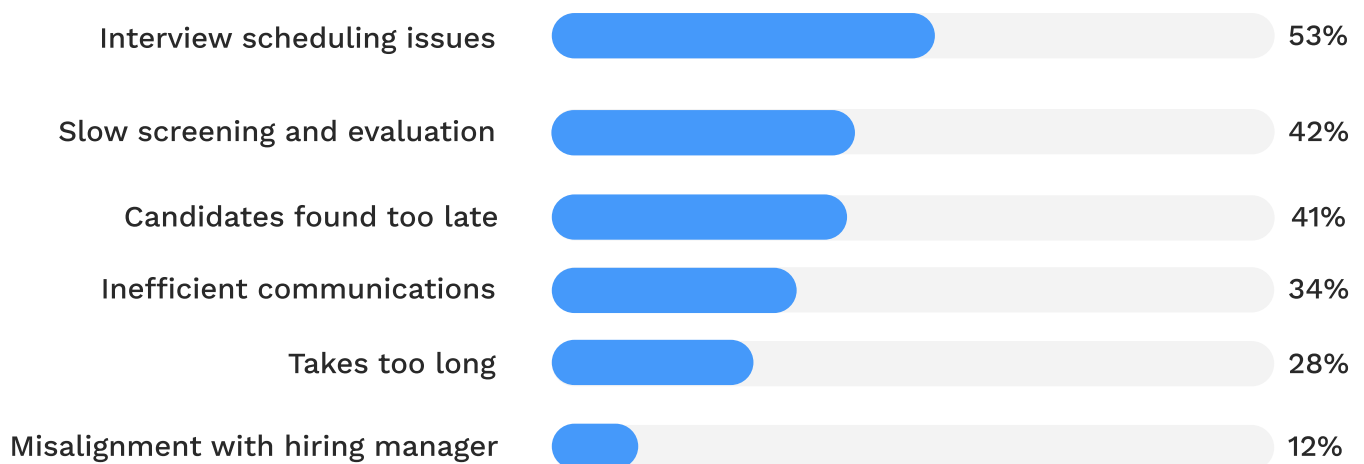
Key themes for hiring in 2023

As HR leaders must adapt faster than ever before, their jobs are becoming more complex and the stakes for success are higher than ever. As a result, HR and recruiting leaders are under immense pressure. Many are looking to technology to reduce inefficiencies, improve processes and reduce stress. This section of the report looks at the key themes that emerged from the survey.

HR teams are missing key hires

Overall, the study found that a shocking 71% of recruiting and hiring leaders report missing a key candidate hire due to inefficient hiring processes. While the specific process they blamed varied greatly, the study revealed a few common problems.

Why did candidates who received an offer not accept it?

Interview scheduling issues	53%
Slow screening and evaluation	42%
Candidates found too late	41%
Inefficient communications	34%
Takes too long	28%
Misalignment with hiring manager	12%

Source: Findem and KarmaCheck, State of Hiring and Recruiting Survey, November 2022.

For HR leaders in the tech industry (90%) and in financial services (84%), inefficient recruiting and hiring processes caused them to miss out on key hires.

> ## 90% of HR leaders in tech missed key hires due to inefficient processes.

The most common reason cited by HR leaders in tech was because they found the candidate too late (53%), above all other reasons.

Financial services HR leaders most commonly blamed slow and inefficient communication with candidates (51%), which was higher than for HR leaders in companies outside of the financial services industry (37%).

HR leaders in healthcare were significantly less likely (47%) to report hiring-process inefficiencies causing them to miss a hire compared to all other industries (76%).

The promise of HR technology

The study found that HR leaders value technology to improve efficiencies and increase scale within recruiting and hiring across all industries. Technology also is seen as a key way to improve coordination among internal HR teams and to drive alignment with hiring managers.

What is the importance of technology to hiring and recruiting?

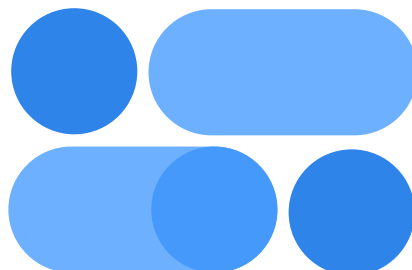|	
Increasing the volume of candidate	57%
Increasing awareness of open roles	47%
Improving the quality of candidates	45%
Driving more diversity in the candidate pool	41%
Improving team coordination	39%
Streamlining the background check process	29%
Reducing the time to hire	28%
Reducing bias in the hiring process	23%
Screening candidates	17%
Scale up and down operations	13%

Source: Findem and KarmaCheck, State of Hiring and Recruiting Survey, November 2022.
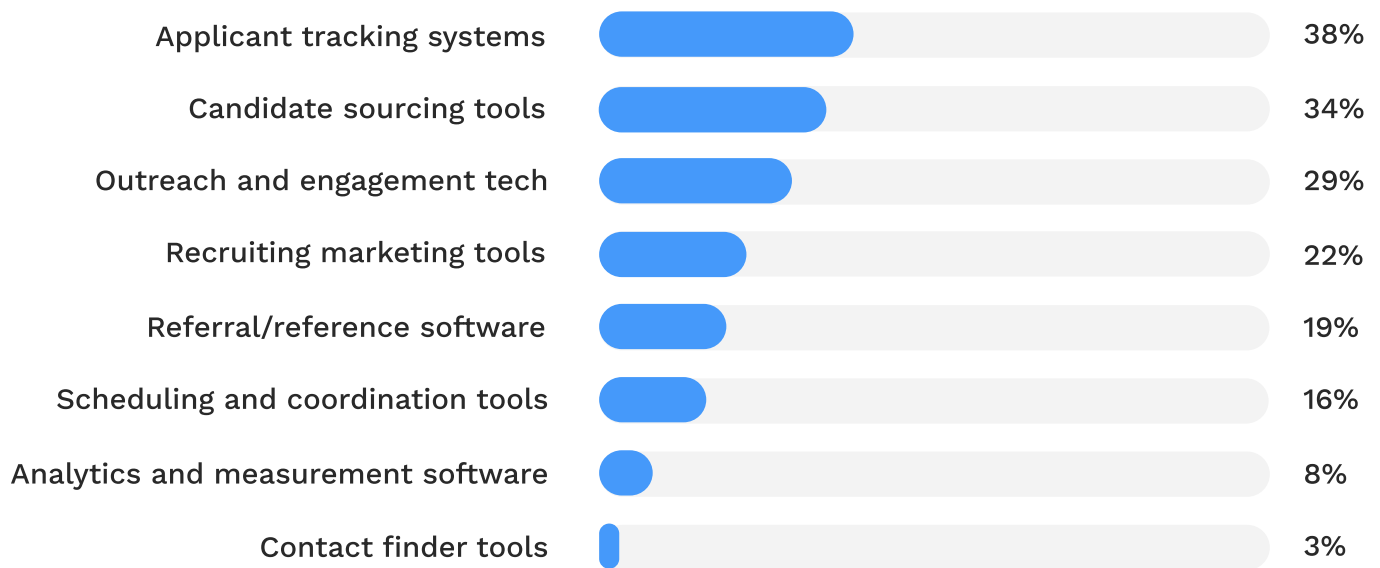
When asked what role tech plays to improve candidate recruiting and hiring, tech HR leaders most commonly said using tech helped improve the quality of candidates (63%).

Given the broad array of reasons why hiring and recruiting leaders think technology is important, it's no surprise that 86% plan to purchase more technology next year. Only one tech HR respondent said they did not plan to purchase new hiring and recruiting tech next year.

What types of technology does the organization plan to purchase in 2023?

Applicant tracking systems	38%
Candidate sourcing tools	34%
Outreach and engagement tech	29%
Recruiting marketing tools	22%
Referral/reference software	19%
Scheduling and coordination tools	16%
Analytics and measurement software	8%
Contact finder tools	3%

Source: Findem and KarmaCheck, State of Hiring and Recruiting Survey, November 2022.

Respondents from financial services more frequently expressed intent to purchase technology next year (90%). Among that group, they most commonly cited candidate sourcing tools as their priority (44%).

Burnout among HR leaders is out of control

Recruiting and hiring leaders at U.S. employers are burnt out and ready to quit, citing inefficient processes as a major driver.

In one of the most volatile workplace landscapes in modern U.S. history, burnout among HR and recruiting leaders is out of control. Confronting issues on all fronts—from tight labor markets, to generational shifts in workforce attitudes, to now an uncertain macroeconomic outlook—many are stressed and ready to quit, if they haven't already.

According to the survey, 73% of leaders are experiencing burnout directly caused by recruiting and hiring. Of that group, a majority (51%) report dealing with a sign of burnout regularly, with nearly one in four (22%) indicating their burnout is near daily.

The causes of burnout are spread across a number of challenges frequently experienced by HR leaders. Exactly half (50%) reported their burnout was attributed to a misalignment between a hiring manager and HR with respect to candidate targets, which was the most common reason.

Financial services HR leaders were the most burnt out (90%), with misalignment with hiring managers by far the most frequently cited problem (64%).

What are the top factors causing burnout?

Factor	Percentage
Misalignment between a hiring manager and HR	50%
Handling manual, repeatable tasks	43%
Finding quality candidates	42%
Pressure to meet hiring and recruiting goals	37%
Candidate screening and background check processes	30%
Pressure to reduce time-to-hire expectations	29%
Low volume of qualified candidates	25%
Trying to reach goals viewed as "out of reach"	14%
Candidates dropping out of the hiring process	10%

Source: Findem and KarmaCheck, State of Hiring and Recruiting Survey, November 2022.

Overall, the study found that the burnout problem is so bad that 61% say they've considered quitting their job in the last year. Additionally, 54% of HR leaders say they've previously quit a prior job because of hiring and recruiting stress. Of that group, an overwhelming majority (88%) place the blame squarely at the feet of inefficient and ineffective recruiting processes, which they often view as a direct result of poor technology.

In fact, nearly all (95%) who've previously quit a job and who blamed ineffective hiring processes would have likely stayed if their employer had provided more or higher-quality technology. Every VP and above who quit a previous job due to inefficient recruiting and hiring practices said that better technology could've prevented them from leaving.

Financial services HR leaders were the most likely to report wanting to quit in the past year (75%), and the same amount (75%) reported they've left a previous employer because of stress from recruiting and hiring. Burnout is especially hitting the VP level and above who were significantly more likely to report leaving a previous job because of stress from recruiting and hiring (77%) compared to those at the manager and director level (44%).

HR leaders in healthcare were somewhat less likely (60%) to report burnout directly caused by hiring and recruiting compared to respondents from all other industries (76%). However, of the group that was experiencing burnout, healthcare HR leaders most commonly (54%) said it was due to pressure to meet hiring goals. In contrast, respondents from all other industries most commonly (54%) cited misalignment with hiring managers as a big cause of their burnout (compared to only 25% among healthcare HR leaders).

The proactive response to economic uncertainty

The current economic uncertainty directly impacts HR teams at large U.S. employers and is causing some to change certain practices. Recruiting seems to be accelerating for many companies, even though one in four U.S. employers report pulling back. Economic uncertainty has roiled many employers with some starting to reevaluate the pace of their hiring and the size of their recruiting teams. However, as some signs point to the start of a recession, the labor market remains very tight, and competition for talent is still fierce.

The current reordering of the workforce has hardest hit the tech industry. Tech HR leaders were somewhat less likely (42%) to report recruiting more people in the current economic landscape than those from other industries (54%). Conversely, they were slightly more likely (32%) to report recruiting fewer people in the current economic landscape than those from other industries (27%).

The survey results reinforced that dichotomy, revealing that, for the most part, employers are still expanding recruiting efforts. Though, the data showed that not every organization is, begging the question whether this study is revealing just the tip of the iceberg on the horizon.

According to the study, 62% of U.S. employers have added to their recruiting and HR teams in the last year–versus one in four (24%) that have lost team members. Interestingly, only 14% say that the current economic conditions have no effect on their HR and recruiting workforce size. Similarly, just over half (52%) report they are recruiting more people in the current economic landscape, compared to 28% that have pulled back recruiting efforts.

> ## 91% of all respondents plan to proactively nurture future candidates

Regardless, both groups—those that are growing teams and recruiting more and those that are cutting people and recruiting fewer potential candidates—see the value of proactively nurturing future potential candidates. Approximately 91% overall said their team proactively nurtures future candidates. And, of that group, 70% said they are ramping up their efforts, with only 13% saying they're proactively nurturing candidates less.

Only one tech HR leader said they do not proactively nurture candidates. However, HR leaders in tech were slightly more likely (19%) to report proactively nurturing less compared to others (12%). This suggests that proactive nurturing in an industry where time is more important than cost may be an established practice.

The study also analyzed how the current economic landscape is challenging HR and recruiting teams. According to the data:

- 62% say they are placing more scrutiny on potential candidates, as there is often more time in a slightly loosening labor market.
- 54% report more pressure to recruit higher-quality candidates.
- 47% said economic conditions had slowed their recruiting process overall.

Of note, only 7% report that economic headwinds have reduced budgets for technology resources, suggesting that many believe tech can be a bulwark against a more-difficult recruiting landscape.

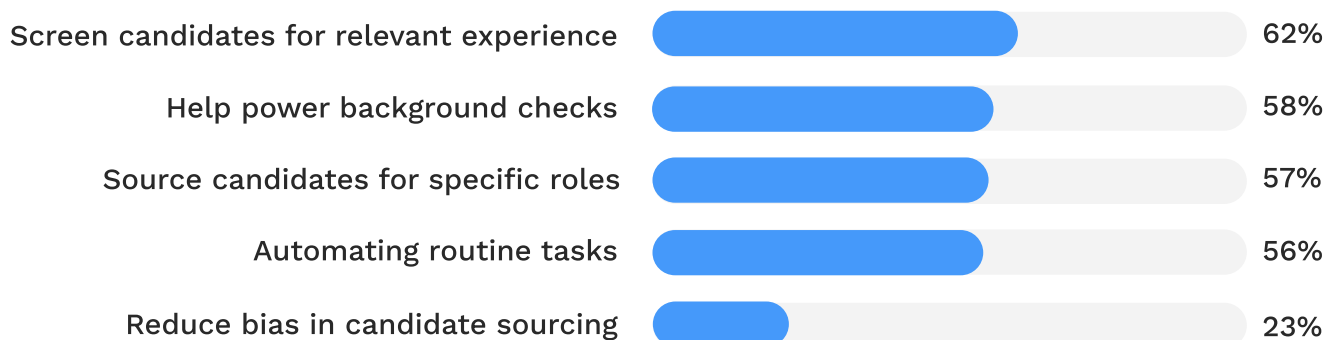# Widespread adoption amidst concern about AI

The use of Artificial Intelligence (AI) is dominant within recruiting and HR teams surveyed. Still, concern remains about what it is and how it should be used.

> ### Definition
>
> *Artificial intelligence (AI) uses computers to apply problem-solving and decision making to specific tasks and processes, often done at a scale and speed that would not be possible by individual human beings. Many leaders see AI as a way to offload manual or tedious tasks so that people can be used for higher value decision-making based on the AI insights.*

Four out of every five (81%) HR leaders say they are now using AI-powered tools to help with hiring and recruiting and, even among the 19% that are not, more than half (53%) of that group report they will buy AI technologies in 2023.

For those using AI already, what are the use cases in the hiring and recruiting process?

Screen candidates for relevant experience	62%
Help power background checks	58%
Source candidates for specific roles	57%
Automating routine tasks	56%
Reduce bias in candidate sourcing	23%

Source: Findem and KarmaCheck, State of Hiring and Recruiting Survey, November 2022.

VP-level and above respondents most frequently (73%) said that AI tools helped them expand the reach of their team.

For those using AI, many report improvements in their talent-recruiting efforts.

## How have AI-enabled tools most helped with hiring and recruiting?

More efficient when sourcing candidates	65%
Expand the reach of the team without adding to it	65%
Improve the speed of the hiring process	62%
Automate repetitive tasks by AI	19%

Source: Findem and KarmaCheck, State of Hiring and Recruiting Survey, November 2022.

There seems to be a consensus that talent leaders would like more direction around AI's use. When asked if they believe there should be regulation on when and how AI is used to support recruiting and hiring, an overwhelming 83% affirmed their support for regulations. Support for regulation grew to 91% at the VP level and above.

> "
> 73% of VP-level and above said that AI tools helped them expand their team.

Conclusion
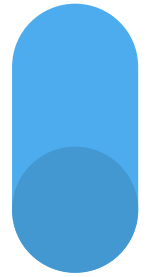
The state of hiring and recruiting in 2023 is dynamic. Every quarter brings new conditions, new challenges, and new opportunities. The study shows that TA and HR leaders have reached a crisis point:

- 71% report missing a key candidate hire due to inefficient hiring processes. That jumps to 90% in the tech industry and 84% in financial services.
- 51% of HR and TA leaders missed their cost-per-hire goal last year, the most tracked measure across industries.
- 73% of leaders are experiencing burnout directly caused by recruiting and hiring, and 95% of those who quit reported that, if their employer provided more or higher-quality technology, they would've likely stayed.

Companies that do not address these issues will continue to suffer a talent drain, miss their organizational goals, and have to play catch up when economic conditions improve. So what changes are talent teams introducing? They have begun to embrace new technologies and processes to make hiring and recruiting more effective and more responsive.

- They plan to upgrade their tech stacks, with 86% planning to purchase more technology next year.
- They are embracing AI, with 73% of VP-level and above respondents saying that AI tools helped them expand the reach of their team.
- And they look to grow their talent communities, as approximately 91% overall said their team proactively nurtures future candidates.
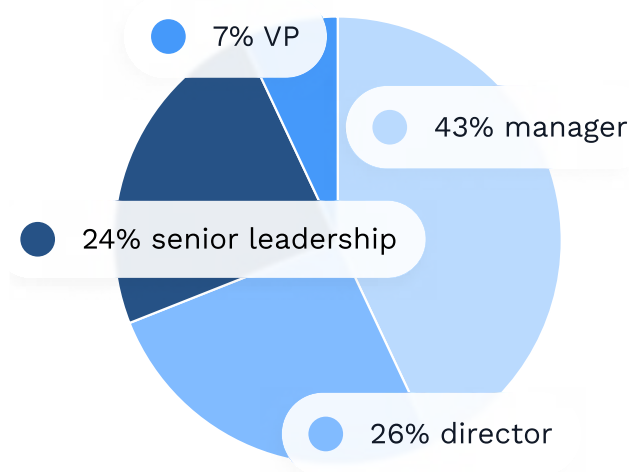
While improving the technology stack will help, ultimately, the HR function is about people. Technology that automates manual tasks, provides better visibility and insights, and gives people more time to do what they do best will be the best way to prepare for the road ahead.
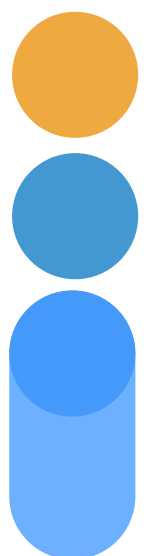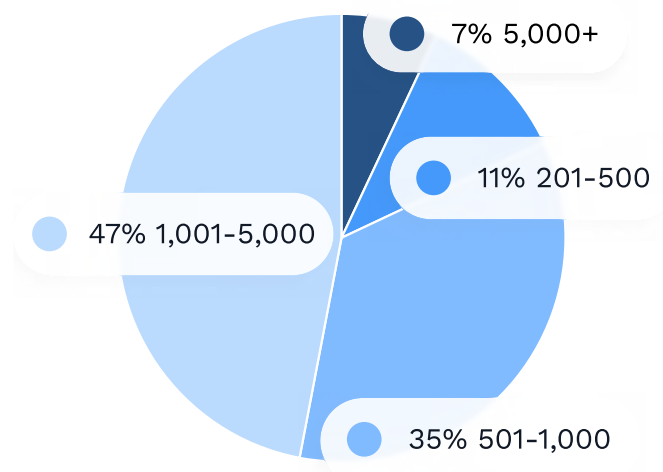
Methodology

In November 2022, 312 respondents participated in the survey. The respondents are human resource and recruiting leaders at mid-sized to large U.S. employers who influence technology-purchasing decisions.
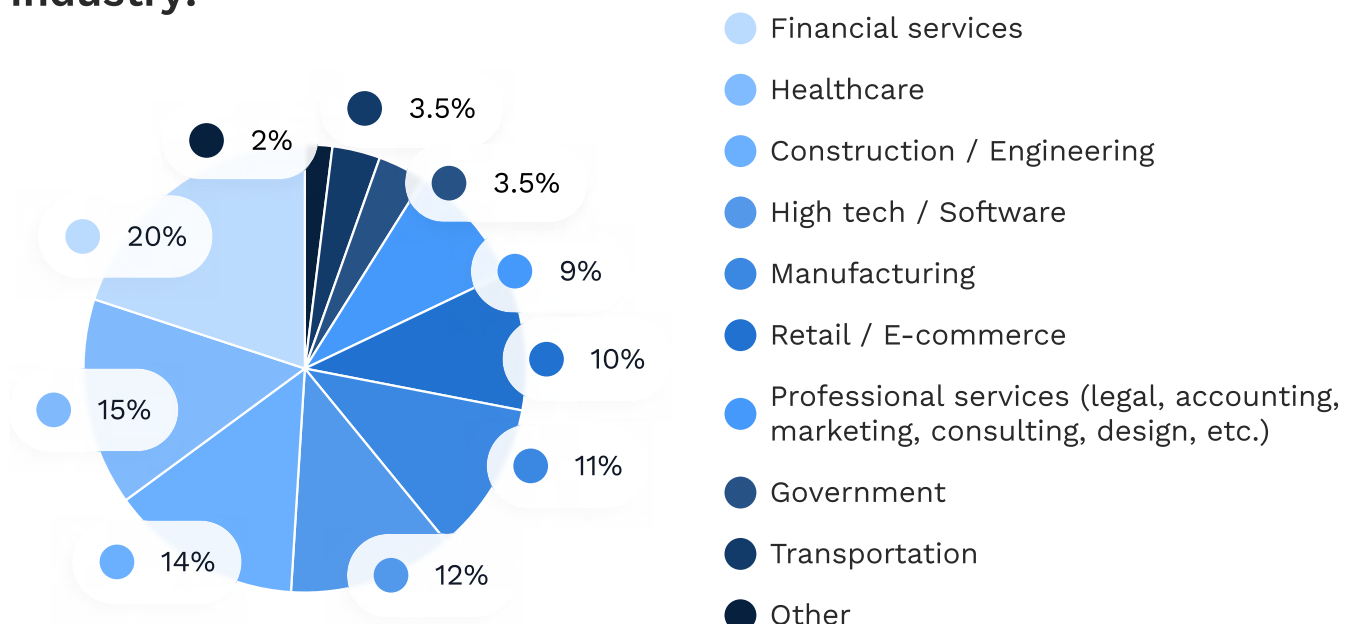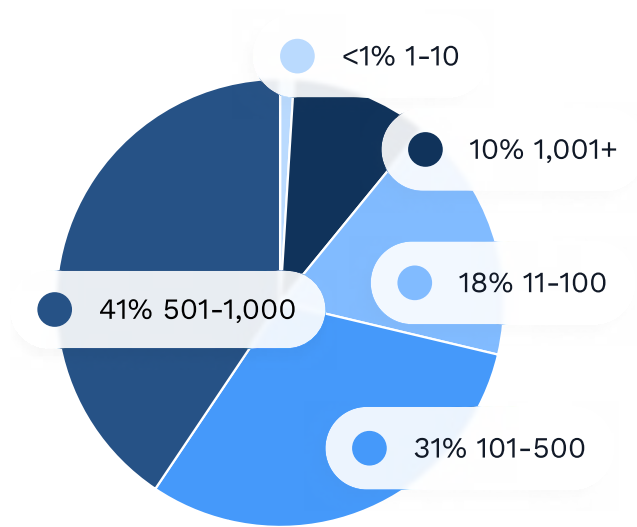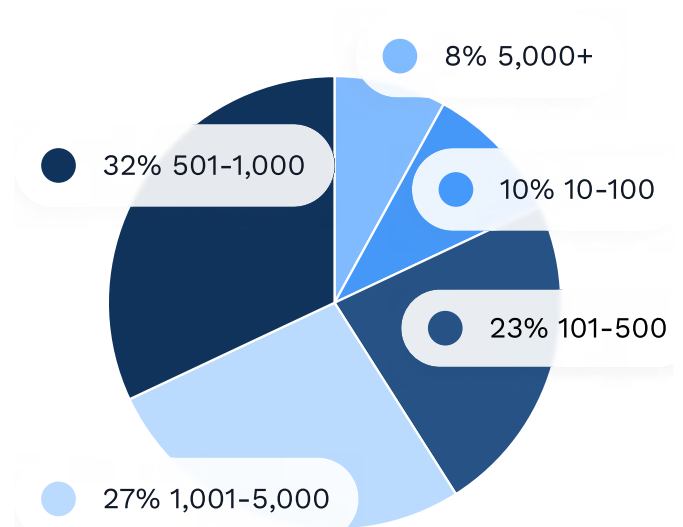
Respondent roles:

- 7% VP
- 43% manager
- 24% senior leadership
- 26% director

Employer size:

- 7% 5,000+
- 11% 201-500
- 47% 1,001-5,000
- 35% 501-1,000

Industry:

- 3.5%
- 2%
- 3.5%
- 20%
- 9%
- 10%
- 15%
- 11%
- 14%
- 12%

- Financial services
- Healthcare
- Construction / Engineering
- High tech / Software
- Manufacturing
- Retail / E-commerce
- Professional services (legal, accounting, marketing, consulting, design, etc.)
- Government
- Transportation
- Other

Average # of hires per year:

- <1% 1-10
- 10% 1,001+
- 18% 11-100
- 41% 501-1,000
- 31% 101-500

Average # of employees recruited per year:

- 8% 5,000+
- 32% 501-1,000
- 10% 10-100
- 23% 101-500
- 27% 1,001-5,000

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About Findem

We help companies source from 750+ million enriched profiles, engage without limits, and close the most interested, exceptional candidates. Talent leaders from Fortune 100 companies to startups are using Findem to massively increase their talent pipeline, raise candidate quality and diversity, and shrink their time to hire by 80%. To find the talent you've been missing and make amazing hires with Findem, visit www.findem.ai.

KarmaCheck

About KarmaCheck

KarmaCheck has reimagined background checks with a tech-first, data-driven approach that brings truth to the internet and provides the fastest background check for employment needs. Employers and employees benefit from real-time, actionable notifications, so hiring decisions come sooner. KarmaCheck's mobile-first background check platform is easy to access, reliable, and compliant. Visit www.karmacheck.com to learn more.