

RECRUITMENT TRENDS 2023 REPORT

# 2023 Recruitment Trends



# Introduction

The world of recruitment is constantly changing. But these past three years have seen a particularly dramatic shift in how companies are looking for new talent due to the ongoing changes in the labor market. Now that more and more people are opting out of the traditional 9-to-5 model, many businesses are scrambling to find new ways to become attractive to candidates and adapt to an ever-evolving workforce. In fact, according to Microsoft's Work Trend Report, the 9-to-5 workday may be fading away as the interest in remote work continues to grow. This means that talent attraction and retention will remain top-of-mind concerns that will plague employers and recruiters in the years to come.

The year 2022 has brought a lot of changes to job seekers' behavior that will undoubtedly impact businesses' recruitment and hiring strategies moving forward. In our 2022 recruitment report, we discussed how candidates and employees had taken control of the labor market. We saw people become more selective in their careers and gain higher expectations about the job and from employers after re-evaluating their priorities. Now, as we approach the year 2023, we'll see how employers will respond to candidates' diverse needs and changing expectations as they continue to have the upper hand in the recruitment and hiring process.

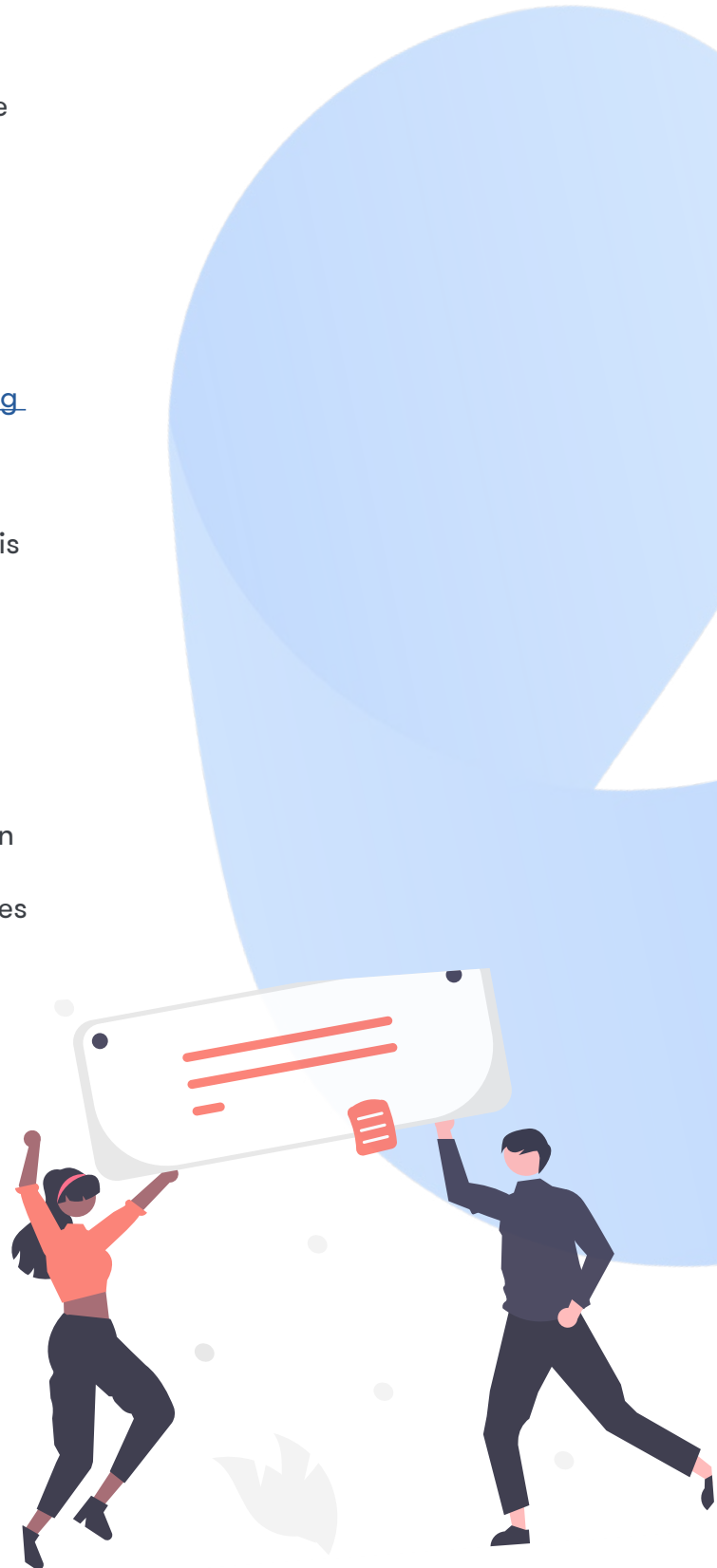
In this report, we will cover the key trends that will be shaping the recruitment landscape in 2023 and how they will affect the way companies attract talents and conduct their hiring processes. To start, we will discuss the increased risk of recession, which we believe will become one of the main challenges for employers and recruiters in the coming year. Then, we will discuss some trends you need to be more aware of today to succeed in competing for the best talent in 2023 and beyond.



# Realigning employer branding efforts

As the global economy heads toward recovery, unemployment figures are expected to drop gradually in most countries. According to The White House's Economic and Budget Analyses Report, the [unemployment rate in the US declined from 6.4% at the beginning of 2021 to 3.8% as of February 2022](#). This number is projected to drop further in 2023 to an annual average of 3.6%. However, despite projections indicating a potentially lower unemployment rate, many economists warn that [another global economic downturn could be coming up](#), and it's likely to start in the second quarter of 2023. While there are different reasons for this, the top concerns are high inflation, growing interest rates, and geopolitical instability. But what does this mean in recruitment?

Generally, during times of economic instability, companies aim to reduce their headcount to cut costs. This can result in layoffs, widespread permanent hiring freezes, and increased demand for temporary workers. In short, this may mean slower job growth or fewer job vacancies, which can present a challenge for recruiters. This is due to the possibility of being abruptly flooded with candidates and having relatively few jobs in which to place them. In fact, [big companies, such as Facebook, Twitter, Uber, and Netflix](#), are already talking about pulling back on hiring and even layoffs. Given this situation, will the candidates still have the bargaining power in the coming year?



In 2022, we witnessed workers gaining considerable leverage in the job market, from salary to benefits and demand for flexibility. This made it difficult for employers to attract new talent and even hold on tight to their current workers. However, according to a report from BNN Bloomberg, [candidates and employees will not lose their power](#) despite recession fears. Although we may expect a decline in job vacancies, employers will still have a strong need to hire. The report revealed that this is due to the increased aging population of workers and reduced immigration rates, narrowing the talent pool across countries. In short, it will still be a job seeker's market as the supply of top talent is likely to remain tight in the coming years.

In this case, attracting talent may become even more challenging for employers as the need to save money wherever possible becomes a priority. To overcome this, you need to show candidates that you're a safe option, as they may want greater job stability and security.

Build a [stronger employer brand](#), demonstrate a positive work culture, and, if the budget allows, consider offering benefits that will make them feel that they will be well taken care of during this uncertain time.

But before everything else, make sure to be more strategic when it comes to hiring and to be as accurate as possible when assessing your short- and long-term recruitment needs. This way, you will be able to create a more robust, cost-effective plan and acquire the right people who will bring the most value to the business in 2023 and the years beyond.



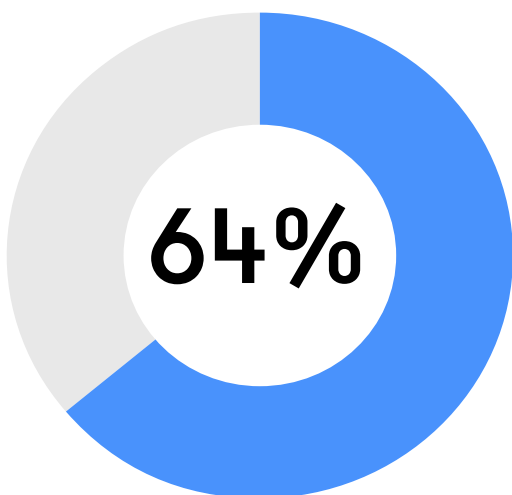
# Remote work is here to stay

Remote work, which was just once a necessity during the pandemic, will continue to thrive. According to Ladder's projections, [25% of all US jobs will become remote by the end of 2022](#), and this trend will continue to increase through 2023. Well, we shouldn't be surprised as more and more people are becoming inclined towards remote working. According to CNBC's study, [64% of employees never want to return to the office full-time](#). They said they would rather quit and look for a new employer that would allow them to work remotely. But now that a potential recession is looming on the horizon, are remote work days numbered? Will this finally get workers back in the office?

Employers predicted that the threat of an economic downturn, and the layoffs that often accompany it, would give them the advantage in their battle with workers to return to the office. However, this will not be likely to happen. Because despite the talk of hiring freezes as a result of recession fears, job openings remain high, and people are not worried about changing jobs. The US Bureau of Labor Statistics revealed that more than [four million people quit their current jobs to find new ones](#). Also, while there has

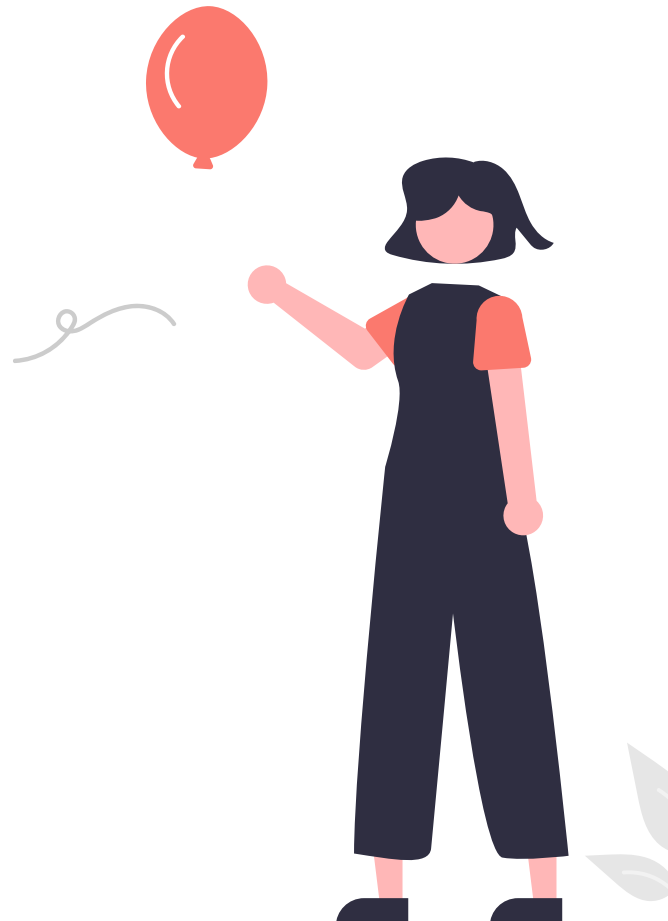
been a decline in August, the number of job openings increased significantly by the end of September. With this, we can see that candidates won't lose their confidence any time soon as this gives them significant leverage to choose the career opportunity that works best for them.

This is especially true for workers who are in IT-based or tech-adjacent industries, as they are leading the way when it comes to remote work and are projected to see [steady growth through 2023](#). According to a study of more than six million job ads on Glassdoor, [web development and software engineering](#) have the most remote opportunities across the UK and the US. But apart from tech, other sectors, such as finance, banking, business services, media, medicine, and consulting, also offer plenty of remote work opportunities and potential. So even if the economic outlook doesn't improve yet, the remote work trend isn't going anywhere.



According to CNBC's study, [64% of employees never want to return to the office full-time](#).

Source: [CNBC](#)



One of the primary reasons people pursue job opportunities with flexibility options is, of course, to save money, especially now that inflation will drive the costs of commute and other daily necessities. But it turns out that not only do employees save money by working remotely, employers do as well. In fact, Global Workplace Analytics found that companies can save an average of \$11,000 annually for each employee working remotely at least 2 to 3 days weekly. Aside from the cost saving it can bring, it keeps employees happy and engaged, increasing productivity and maximizing retention. For this reason, some experts believe remote work can help businesses survive the upcoming recession.

After all, the need to attract and retain talent will remain even if the recession causes some layoffs and hiring freezes. While these approaches may save you money in the short term, stopping hiring and letting workers go can also mean putting a stop to your business' progression. According to a report, companies that do these will be more at [risk of revenue losses, reduced quality of service, and existing employees facing burnout](#), which can negatively impact your bottom line. In addition, you may miss out on potentially great talent that could revolutionize your business in the long term. So instead of taking these steps, we advise companies to keep embracing remote working in today's still employee-driven market to stay on top of the game. With this, we can see that in 2023, remote work will become one of the keys to building a resilient company in times of economic uncertainty.



# The growing need to prioritize internal mobility

Internal mobility, or the movement of existing employees between roles within an organization, is actually not a new concept. Even a few years ago, it was an essential part of many companies' recruitment and retention strategies in response to rising voluntary departures from top-performing employees. In fact, SHRM has proven this strategy to be effective after they found in their study that employees who were promoted or made a lateral move within three years of being hired have up to a [70% chance of staying onboard](#). Now, as the shift to an employee-driven market has made it difficult for employers to fill roles across almost every pay grade and retain some of their valued employees, internal mobility is regaining popularity.

Employee retention is becoming increasingly important as attracting new talent continues to be a challenge. However, even in the current economic climate, employees leaving their jobs is still a reality that employers need to be prepared for. According to McKinsey's survey of more than 12,000 global workers, [41% said that the number one reason behind their resignation is the lack of career advancement](#), along with uninspiring or uncaring leaders. However, given the tight employment market, companies no longer expect that they can fill open positions with workers similar to those who left.

So rather than hiring externally, employers are tapping their existing employees to fill available roles. They are focusing on boosting their internal mobility efforts by providing more talent development opportunities to [upskill and reskill their current workforce](#). This way, they are allowing employees to expand their career options, which can lead to improved job satisfaction and longer tenure

With a job market remaining competitive with no signs that it will ease any time soon, we expect this trend to continue as we see companies still looking for new, cost-effective ways to retain talents craving growth opportunities in 2023. Not only will this help retain current employees, but it will also make companies a more attractive place to work and stay, as talents will be looking for more job security due to an increasingly uncertain economy in the coming year.

In a nutshell, employees who feel undervalued and see no room for growth will no longer stay in their current jobs, even without another one lined up. When workers were able to re-evaluate their capacity to have more fulfilling and meaningful lives and work, they made it clear that personal well-being and career satisfaction are their top priorities. So, in 2023, companies dedicated to continuous employee empowerment, where talent is provided with opportunities for vertical and lateral growth, will likely boost engagement, commitment, and loyalty among their workforce.



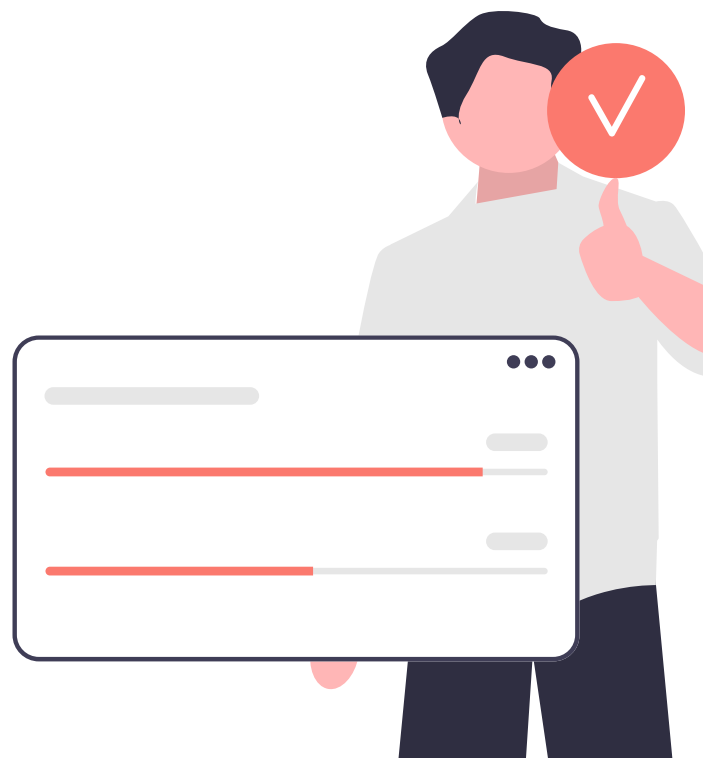
# Renewed focus on employee engagement

We've already entered a new world of work. A world of work where a workforce that extends beyond a traditional office environment is now commonplace. This has resulted from the increased and continuously growing demand of workers for flexibility in the past three years, for which, of course, employers have responded. While this change has been met with some resistance, there is no doubt that the new reality of work has been a positive development for both employees and employers alike. However, this also causes challenges when it comes to engaging employees in different and diverse working environments.

Employee engagement is challenging enough when everyone works in the same office and sees each other every day. But when factors such as physical distance, mismatching time zones, and lack of social interactions come into the equation, it becomes even more difficult. Yet, regardless of the challenges associated with it, it is an important factor that shouldn't be ignored. Because if companies want to reap the full benefits of having a distributed workforce, they need to empower employees to be not only productive but also highly engaged. When it's done successfully, it can improve not only productivity and business profits but recruitment and overall retention as well.

According to Forbes, [workplaces will be more diverse, distributed, and virtual than ever before in 2023](#). This means that engagement will remain to be a key challenge for employers and employees. This is because working away from a traditional office for a long period may lead workers to feel less connected to their colleagues and find it hard to develop and engage with company cultures. And if they don't feel like they're part of the team, productivity will inevitably suffer.

In response to this, we can see employers adopting a strong company culture that is less about how to make their offices a fun environment and more about ensuring their workers, regardless of location and time zone, feel seen, heard, valued, and supported to succeed in their respective roles. This involves ensuring that proper remote working practices are in place and implemented in ways that meet both the needs of the business and employees. In conclusion, companies with concrete plans for keeping their geographically distributed employees are the ones who will likely win in a competitive market.



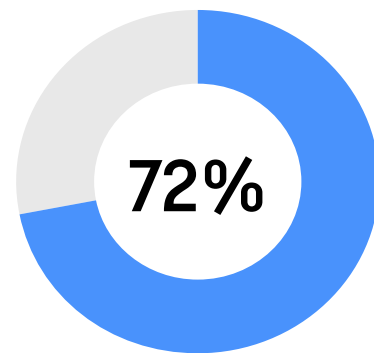


# Diversity, Equity, Inclusion, and Belonging (DEIB)

The workforce is changing at an unprecedented rate, and as a result, diversity, equity, and inclusion (DEI) are becoming more important than ever. Over the years, we've seen companies prioritizing this by taking actionable steps to eliminate biases and promote an intentionally diverse and inclusive environment. They also use this to attract talent in response to their desperate need for staff as the economy reopened. Thus, for many employers, this is the most important yet challenging trend in the recruitment industry for 2022. And we believe this will remain the case in 2023 as the changing workforce continues to push DEI to the forefront.

The need to increase diversity, equity, and inclusion within the workplace is not a new initiative. However, it has again recently gained traction due to shifting demographics and evolving needs and expectations of the workforce. As candidates become more aware of what they want from employers, they regularly emphasize DEI, with [83% of them considering diversity part of an ideal workplace](#). For this reason, many employers believe diversity recruitment is more important now and should be a priority today and in the future. Many industries, however, still have a long way to go when it comes to building diverse and inclusive environments that foster a sense of belonging. Yes, DEI is the formula and key steps to achieve this. However, companies cannot simply focus on DEI and expect their desired outcome of belonging to follow and stay. It takes intention, drive, goal-setting, and continuous monitoring. When done right, this will not only lead to happier, more engaged, and productive employees but can also help companies retain valuable people and attract a superior workforce. In addition, as older employees continue to vacate jobs, younger workers are now entering the workforce with different expectations

and priorities than their predecessors. These digitally connected, socially minded, and traditionally diverse group of professionals value diversity and inclusion for many reasons, including career progression and a sense of belonging. They desire free expression and employers that allow them to be themselves. According to Deloitte, [young workers will approximately nearly 75% of the workforce by 2025](#). As a result, we anticipate employers to continue their diversity recruitment plans and, most likely, boost their DEIB hiring efforts to differentiate themselves in a continuously competitive labor market.



A joint study showed that up to 72% of workers aged 18-34 said they would consider turning down a job offer or leaving a company if they think their manager or potential manager don't support DEI initiatives

Source: [Indeed & Glassdoor's Hiring and Workplace Trends Report 2023](#)

Candidates nowadays expect to work for diverse organizations, and if that is not what you are offering, you will miss out on several great talents, not only today but in the future as well. A Glassdoor and Indeed joint study about DEI revealed that up to [72% of workers aged 18 to 34](#) said they would consider turning down a job offer or leaving a company if they think their manager or potential manager doesn't support DEI initiatives. Hence, a workplace that honors humanity and creates a culture of belonging for their workforce is where these generations will choose to work.



## Conclusion

The pandemic has permanently reshaped the labor market. And as we head into 2023, it can only be described in one word – uncertain. Indeed, economic instability can make hiring more challenging. Add to this the undiminished power of the candidates, as they will still have the upper hand in the job market in the coming years despite the projected decline in job vacancies.

Furthermore, with candidates' new priorities and expectations, companies are consistently having difficulties retaining talent and building a workforce that can keep up with the rapid pace of business innovation. However, adapting to the changes and improving the agility of your full-cycle recruiting process can help you overcome any hiring challenges that await in the years to come. By doing this, you are investing not only in your employees and their well-being but also in the future health of your company.

