

The Future of Talent Acquisition 2022-23



Strategies, practices and technologies for building the future workforce



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Key Takeaways

About the Survey

The survey called “The Future of Talent Acquisition” ran from May to July 2022. There were responses from 214 participants.

The participants represent a broad cross-section of employers by number of employees, ranging from small businesses with under 100 employees to enterprises with 20,000 or more employees. Two-thirds of respondents, however, were from mid-sized or large organizations, and the large majority resided in the United States.

Executive Summary

It can be tough to keep up. First there was the pandemic, then an upsurge in hiring along with massive employee resignations, followed by large increases in U.S. jobs despite two quarters of negative GDP growth and high inflation rates!¹

So, what happens from here?

No one really knows. It’s hard to predict the future of hiring amid such turbulence, but we do know that events are fast-paced and constantly evolving. And, we know that—whatever the economy ultimately does—there will continue to be workplace changes driven by new technologies, changing business paradigms, evolving societal needs, and more.

Many of today’s employees and job candidates continue to prioritize flexible work arrangements, work-life balance, and ethical work practices.² They also want fair compensation rates so that they can keep up with inflation.

Today’s talent acquisition (TA) professionals need to take all these factors (and many more!) into account in order to perform their jobs well. To help them keep abreast of what’s happening, the HR Research Institute conducted this study on the current state and near-term future of talent acquisition. More specifically, this report delves into topics such as:

1. the capability and maturity of today’s talent acquisition functions
2. the drivers and challenges facing TA
3. TA metrics and analytics
4. TA tools and technologies
5. predictions of what may happen next
6. characteristics and practices that differentiate the organizations that excel at TA from the organizations that don’t

¹ Pickert, R. (2022). “Falling jobless rate is set to complicate Fed’s inflation fight.” *Bloomberg.com*. Retrieved from <https://www.bloomberg.com/news/articles/2022-05-05/falling-jobless-rate-is-set-to-complicate-fed-s-inflation-fight>

² Kropp, B., & McRae, E. R. (2022). “11 trends that will shape work in 2022 and beyond.” *Harvard Business Review*. Retrieved from <https://hbr.org/2022/01/11-trends-that-will-shape-work-in-2022-and-beyond>

Major Findings

Here is a summary of some of the key research findings in the report.

Major Finding 1

Most organizations view talent acquisition as critical to the business and bottom line, but relatively few of them truly excel at it

- Half of respondents say talent acquisition is an essential or pivotal human capital issue in their organization, and 80% say it is *at least* among their top 10 human capital issues
- However, just two-fifths (39%) say their TA capabilities are above average and a mere 8% say their capabilities are “top notch”
- Meanwhile, just one-fifth describe their TA functions as “world class” or “advanced,” though 44% say their TA function is “established”

Major Finding 2

The majority of organizations struggle to find skilled candidates to replace workers who have exited

- The top factors influencing the TA strategies or activities include:
 - ▶ the need to backfill to replace workers who have exited (70%)
 - ▶ increased competition within their market or industry (57%)
 - ▶ voluntary and involuntary employee attrition (53%)
 - ▶ the need to hire for newly created positions to support future growth (52%)
- The top challenges facing the TA function include:
 - ▶ a lack of candidates with required skills or experience (60%)
 - ▶ just-in-time, reactive hiring approaches (49%)
 - ▶ compensation and total rewards that are below the market rate (46%)
 - ▶ ineffective and time-intensive hiring processes (35%)

Major Finding 3

Most invest in paid tools and technologies in a bid to make TA more efficient

- A majority (65%) of organizations utilize 2 to 5 paid recruiting tools or technologies
- A smaller proportion (17%) utilize more than 6 paid recruiting tools or technologies
- About one in three (30%) organizations spend \$25,000 to \$100,000 on dedicated talent acquisition tools and technologies, including recruitment advertising
- More than a quarter (27%) spends \$100,000 to more than \$10 million on dedicated talent acquisition tools and technologies, including recruitment advertising
- The most popular talent acquisition technologies or recruiting tools utilized include:
 - ▶ applicant tracking systems (62%)
 - ▶ job posting tools (60%)
- Of course, technology usage varies by size of organization; for example, 76% of organizations with 1,000 or more employees use an ATS, compared with 67% of mid-size and 48% of small organizations

Major Finding 4

Organizations lack consensus on the most preferred TA metrics, though quality of hire is most widely cited

- The most widely used metrics used to quantify the impact or relative success of the talent acquisition function include:
 - ▶ quality of hire (42%)
 - ▶ offer acceptance rate (41%)
 - ▶ employee tenure and/or attrition (41%)

Major Finding 5

Respondents are most likely to say that the near-term future of TA will focus on predictive analytics and strengthening the employer brand

- Most respondents (67%) say hiring needs will increase a little (37%) or a lot (30%) over the next two years
- Over half (57%) say their overall TA budget will increase a little (44%) or a lot (13%) over the next two years
- Over half (55%) say the headcount in their TA department will increase a little (40%) or a lot (15%) over the next two years
- Over the next two years, organizations are most likely to invest in these TA-related capabilities:
 - ▶ people analytics and data-driven recruiting (49%)
 - ▶ compensation equity and competitiveness (47%)
 - ▶ internal mobility and employee retention (45%)
 - ▶ diversity sourcing and hiring (45%)
- Over the next two years, these are most likely to be key goals of the TA function:
 - ▶ strengthening employer brand and employee value proposition (58%)
 - ▶ creating an improved candidate or applicant experience (52%)
 - ▶ ensuring a robust pipeline of talent for future hiring needs (47%)
 - ▶ increasing employee referrals (44%)
- Over the next two years, these TA technologies are predicted to be most impactful:
 - ▶ talent intelligence/predictive analytics (62%)
 - ▶ artificial intelligence/machine learning (39%)
 - ▶ conversational intelligence/chatbots (34%)

Major Finding 6

Compared to organizations that do not excel at talent acquisition, those that do are:

- 4x more likely to use software for the purpose of talent pipeline management
- Over 3x more likely to say that TA is the most important human capital issue for organizations today
- Over 3x more likely to use an employee referral platform
- Over 2x more likely to use offer acceptance rates and employee attrition as key TA metrics
- Over 2x more likely to use an applicant tracking system (ATS)
- 2x more likely to believe their talent acquisition budget will grow over the next two years
- 2x less likely to say their TA processes are ineffective and time intensive
- 2x less likely to say their organization struggles with a “just-in-time, reactive hiring approach”



A Review of Today's Talent Acquisition Landscape

Seismic Shifts in the Labor Market

An organization's ability to survive and thrive is predicated almost entirely on its employees. What many of us are still learning, however, is how employee expectations and desires have shifted—sometimes seismically—in the wake of the Covid-19 pandemic.

As we write this report, the U.S. economy is in a strange place. Inflation remains high, there have been two quarters of economic contractions (and predictions of [contractions](#)³ in various other nations as well), and layoffs in the [technology industry](#)⁴. At the same time, the U.S. unemployment rate is at a low 3.6%, August 2022 saw growth of 528,000 jobs, and average hourly earnings were up by 15 cents (or 0.5%), according to the [U.S. Bureau of Labor Statistics](#)⁵.

In short, although unemployment may grow in coming months, the labor market remains relatively tight for now. Indeed, one recent HR Research Institute survey⁶ found that a whopping 87% of HR professionals said that it has become more difficult to acquire talent over the last year. The people analytics platform [Visier reports](#)⁷ that, as of June 2022, the employee resignation rate is still at 1.7%, which is a decline from 2.7% in August 2021 but still as high as it was in April 2021, when the Great Resignation kicked off.

³ Swint, B. (2022). *AMD stock dips*. "Why analysts see it as a buying opportunity." *Barron's*. Retrieved from <https://www.barrons.com/articles/amd-buy-sell-stock-price-earnings-51659547248>

⁴ Staff, F. C. (2022). "Tech layoffs continue across the board: Here's the latest." *Fast Company*. Retrieved from <https://www.fastcompany.com/90774924/tech-companies-continue-to-cut-costs-resulting-in-massive-layoffs>

⁵ U.S. Bureau of Labor Statistics. (2022). *Employment situation summary - 2022 M07 results*. U.S. Bureau of Labor Statistics. Retrieved from <https://www.bls.gov/news.release/empsit.nr0.htm>

⁶ HR.com. (2022, July). *Why employees leave their jobs 2022*. HR.com. Retrieved from https://www.hr.com/en/magazines/all_articles/why-employees-leave-their-jobs-2022_l5i49m3t.html

⁷ Visier, Inc. (2022). *Visier Monthly Resignation Report*. Retrieved from <https://www.visier.com/resignation-report/>

US Overall Resignation Trends

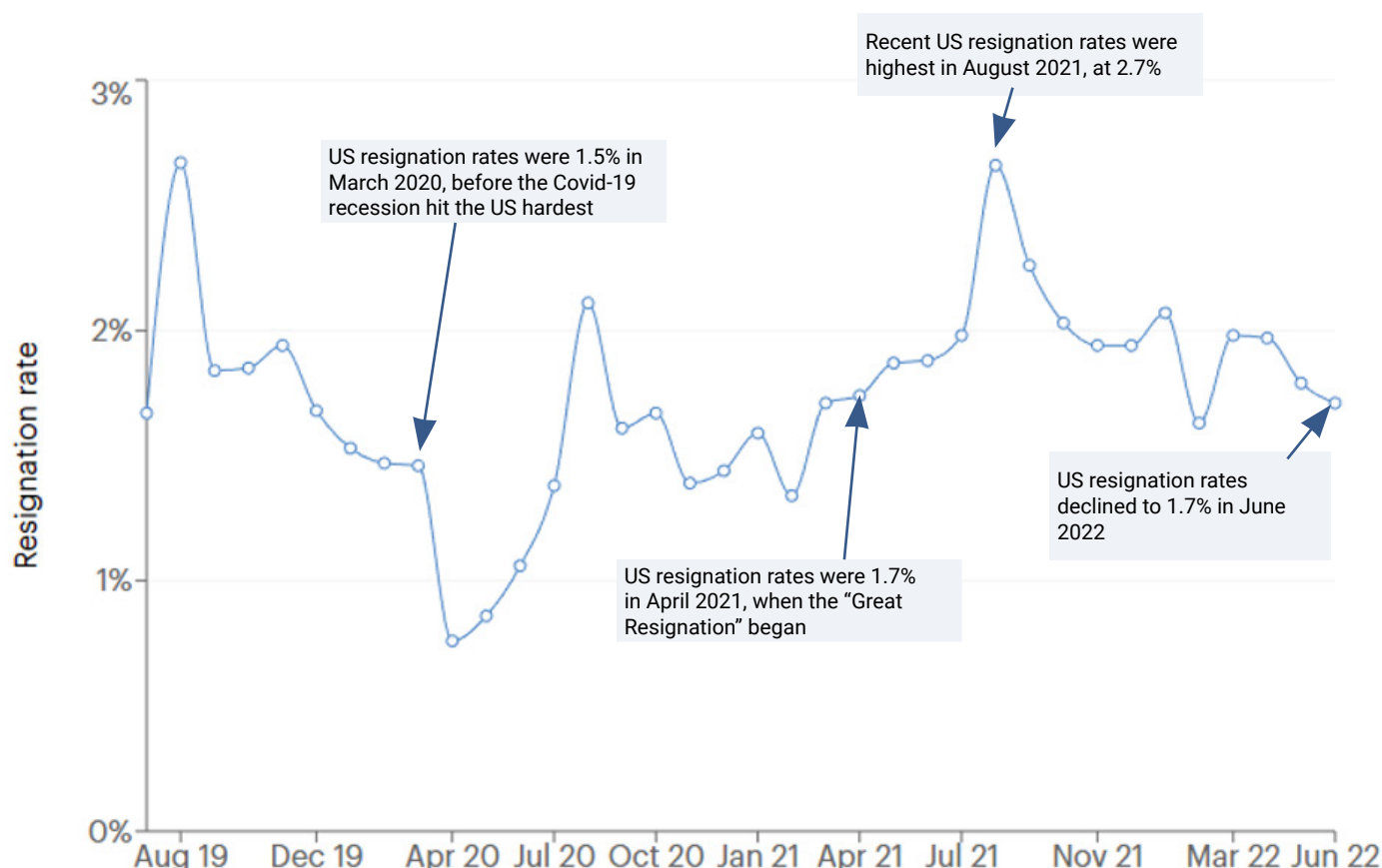


Chart from Visier *Monthly Resignation Report*

All of which is to say hiring good employees remains a major challenge for now. That's why employers are being forced to adapt their processes and policies to better align with employees' personal and professional priorities, such as growing demand for remote or hybrid work, more flexibility and better work-life balance as well as more transparent, equitable and inclusive company cultures.

Even if today's resignation rate continues to decline for the next several months, we expect it to surge again as soon as the economy begins to recover.

Responses to Increased Talent Acquisition Costs

As a result of these changes, talent acquisition costs have sharply increased, with [some sources](#)⁸ reporting that the cost per application (CPA) rose 43% and the cost per click rose 54% in 2021 when compared with 2020. As a result, dedicated budgets and recruiting related resources have increased, with spend allocated primarily on staff augmentation and process automation. HR.com's Talent Acquisition Community Leader Matt Charney notes:

By adding dedicated recruiting headcount while simultaneously creating process efficiencies and reducing the burdens associated with highly manual, low impact activities such as screening and scheduling, employers are responding directly to market conditions, particularly around time to fill and hiring velocity. By combining personalization and automation, companies are blending high tech with high touch to improve candidate and hiring manager experience, reduce candidate "ghosting" and increase offer acceptance rates while controlling direct recruiting costs, all prominent trends and areas of focus within corporate talent acquisition today.

⁸ Solomon, O. (2022). "Recruitment costs soared in 2021 as more opt for remote work." *Recruiting Daily*. Retrieved from <https://recruitingdaily.com/news/recruitment-costs-soared-in-2021-as-more-opt-for-remote-work/#:~:text=Appcast's%202022%20Recruitment%20Marketing%20Benchmark,year%20when%20compared%20to%202020>.

The Rise in Internal Recruitment

Charney argues that the same external strategies and programs are also increasingly applied to internal recruiting and talent mobility, with companies attempting to stanch attrition and increase employee engagement by focusing on proactively upskilling, developing and cross-training existing workers.

Promotions and lateral moves entail considerably less recruiting-related expenses than external recruiting, and are one of the primary drivers of both worker retention and job satisfaction. This new focus on long-term employee development and career advancement, both linear and dimensional, represents something of a recent paradigm shift in recruiting related activities, which have traditionally focused primarily on actively sourcing, attracting and converting qualified external talent on an ad-hoc, “just in time” basis.

There can be both compensation and performance advantages to hiring internally. [Research conducted](#)⁹ by the University of Pennsylvania found that external hires earn 18% to 20% more than internal employees who are promoted to similar positions. The research also indicates that internal hires tend to perform better in the first two years as compared to external hires in the same position. Internal hires [also have](#)¹⁰ lower rates of voluntary and involuntary turnover.

As a result, organizations now see retention and recruiting as two sides of the same proverbial coin. Charney argues that by applying external methodologies to internal talent pools, companies can cut costs, create a more flexible, future-proof workforce through upskilling and cross-training, and establish themselves as more than just another employer.

⁹ Uzialko, A. (2022). "Not all companies want to hire from within." *Business News Daily*. Retrieved from <https://www.businessnewsdaily.com/7767-internal-vs-external-hires.html>

¹⁰ Jefferson Online. (2019). "Hiring quality employees: Internal vs external recruiting." Jefferson Online. Retrieved from <https://online.jefferson.edu/human-resources/internal-vs-external-recruiting/#:~:text=In%20the%20study%2C%20external%20hires,less%20expensive%20than%20hiring%20externally.>

A Paradigm Change in Talent Acquisition

This has created a renewed emphasis on [skills-based hiring](#)¹¹, with more employers implementing pre-hire assessment methodologies that go beyond verifying hard skills or job requirements, and increasingly measuring for elements such as flexibility, learning agility, emotional intelligence and culture fit. “This more holistic approach to hiring offers perhaps the strongest indicator of what the future of talent acquisition holds; companies seem to be shifting their talent strategies from buying top talent to building it,” states Charney.

Charney goes on to say, “Increasingly, companies have already sourced, screened and selected their next hire before even opening a requisition. This is because in just over half of all hiring events—a percentage that has steadily climbed year over year for over a decade—the successful candidate is already an employee.”

This adds up to a paradigm shift for the future of talent acquisition. Charney states:

The future of talent acquisition seems to be less siloed as a separate, externally facing function, already becoming much more integrated with other core HR competencies, such as learning and development, employee engagement and workforce planning, whose focus is exclusively internal. The aphorism that “recruiting doesn’t stop with an accepted offer” might be a hackneyed cliché, but it remains universally true. The thing is, in today’s talent market, recruiting never stops at all—past the point of hire, the employee experience is fundamentally a candidate experience. If that experience isn’t optimal, then those employees will quickly become candidates again—only this time for the competition.

¹¹ HR.com. (2022). *The state of hourly and high-volume hiring 2022 report*. HR.com. Retrieved from https://www.hr.com/en/resources/free_research_white_papers/the-state-of-hourly-and-high-volume-hiring-2022-re_l4mzb1r9.html

This means that in the future, talent acquisition will become less likely to be measured solely by transactional metrics such as time to fill or cost per hire and more likely to be gauged in terms of “quality of hire” metrics that empirically function to quantify total lifetime value of any given employee. This is a “longer game,” to be sure, but it’s one likely to be more impactful on the business and bottom line.

This should lead to a variety of benefits, including:

- much closer alignment between TA and the business
- better and deeper relationships with employees in general and, more specifically, with senior leadership
- the perceptual transformation of recruitment from commoditized order takers to true talent advisors whose value to the organization is ongoing rather than cyclically dependent on current hiring needs

Charney concludes that “the future of talent acquisition—if there is one—is incumbent almost entirely on how well the function can transition from its historical positioning as an intermediary of the human capital supply chain into being the primary category manager for organizational talent.”

In this new world, recruiters must realize that success is quantified in terms of the total lifetime value, return on investment and the relative impact to the business and bottom line those hires represent.



The High Importance of Talent Acquisition Today



Finding: Half of respondents view talent acquisition as either essential or pivotal

Defining Small, Mid-sized and Large Organizations

Throughout the report, we look at the findings based on company size. We deem organizations with 1-99 employees as “small,” and those with 1,000 or more employees as “large.” Mid-size organizations are those with between 100 and 999 employees.

In half of the organizations surveyed, talent acquisition is seen to be either the most important human capital priority (26%) or among their organizations’ top three human capital priorities (24%). Larger organizations are more likely to view TA as a priority. While 71% of respondents in large organizations say TA is pivotal or essential, just over half (57%) in mid-size organizations and two-fifths of respondents (41%) in small organizations say the same.


This prioritization may be attributed to the fact that TA today is more challenging than ever before. Organizations are constantly trying to fill roles with employees who have hard-to-find skills even while balancing the needs of current employees who are seeking better employee experiences.


Thirty percent of respondents say TA is “one of their top 10 human capital priorities/goals,” which means that 80% view it falling into one of the three highest prioritization categories.


The bottom line is that talent acquisition remains a high priority, which is not surprising given today’s low unemployment rates. It may become a lower priority due to economic weakness. But it could become an even higher one if, as some experts [predict](#)¹², inflation starts to recede and economic growth reemerges later in 2022.


¹² Caldwell, P. (2022). “Why we expect the Fed to cut interest rates in 2023.” *Morningstar, Inc.* Retrieved from <https://www.morningstar.com/articles/1106505/falling-inflation-should-allow-the-fed-to-prevent-a-recession>


Survey Question: Relative to other human capital issues, what is the perceived value of talent acquisition within your organization? (select the one that best applies)

Essential: the most important human capital issue for the organization today  **26%**

Pivotal: one of the organization's top 3 human capital priorities/goals  **24%**

Important: one of the organization's top 10 human capital priorities/goals  **30%**

Moderately important: not a strategic human capital priority/goal  **14%**

Relatively unimportant: seen as an ancillary task  **2%**

0 5 10 15 20 25 30



**Just 2% say
TA is relatively
unimportant**

The Questionable Quality of Today's TA Functions

Talent Acquisition Maturity Model

The HR Research Institute devised a talent acquisition maturity model that generalizes on the stages that organizations go through as they improve their TA capabilities. Below is how these stages were classified for our survey participants.

Nonexistent: No dedicated systems/processes, hiring is ad hoc

Chaotic: Poorly defined and unstandardized systems/processes

Improvisational: Basic, reactive and tactical systems/processes

Established: Standard HR-driven systems/processes

Advanced: Superior and strategically aligned hiring systems/processes

World Class: Proactive and a source of competitive business advantage

Given the relatively high prioritization of talent acquisition, it is important that organizations excel in this area. Do they? Our research indicates that a minority do but most are middling or worse performers.

Finding: Just 19% of organizations have talent acquisition functions that are world class or advanced

We asked participating HR professionals about the status and “maturity” of the talent acquisition functions in their organizations (see sidebar for descriptions). Using these definitions, only 5% of respondents describe their talent acquisition function as “world class” and just 14% describe it as “advanced.” These results are similar to last year’s survey on the same topic.¹³

The low percentages of TA functions that fall into these top categories indicate that most organizations have yet to master the art of talent acquisition. That is, their systems do not tend to be proactive, strategically aligned and a source of competitive business advantage.

A large plurality of respondents (44%), however, feels their talent acquisition functions are at least “established,” meaning that they have standard HR-driven TA systems/processes. These departments are doing the basic job, even if they are not excelling at it.

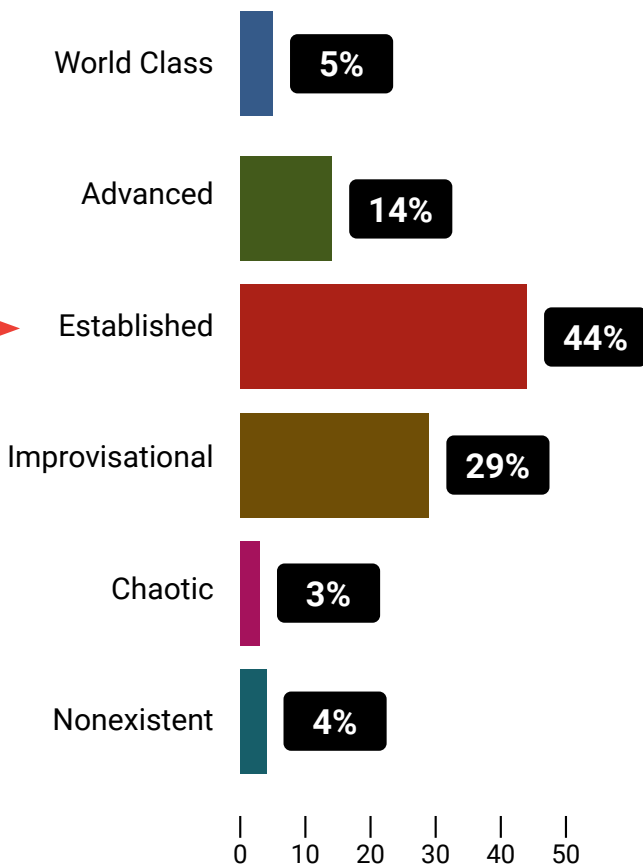
Worse, though, is the fact that more than a third (36%) of respondents view their TA systems as “improvisational,” “chaotic,” or just “nonexistent.” Given the dynamic nature of today’s business environments, such systems are unlikely to gain competitive advantages in TA.

¹³ H. R.com (2022). *The future of talent acquisition 2021 report*. HR.com. Retrieved from https://www.hr.com/en/resources/free_research_white_papers/the-future-of-talent-acquisition-2021-report_ksr5xy8f.html?s=P0iyblXX0Cii4sQV



More than two-fifths describe their talent acquisition function as “established”

Survey Question: Which of the following statements best describe the talent acquisition function within your organization? (select the one that best applies)





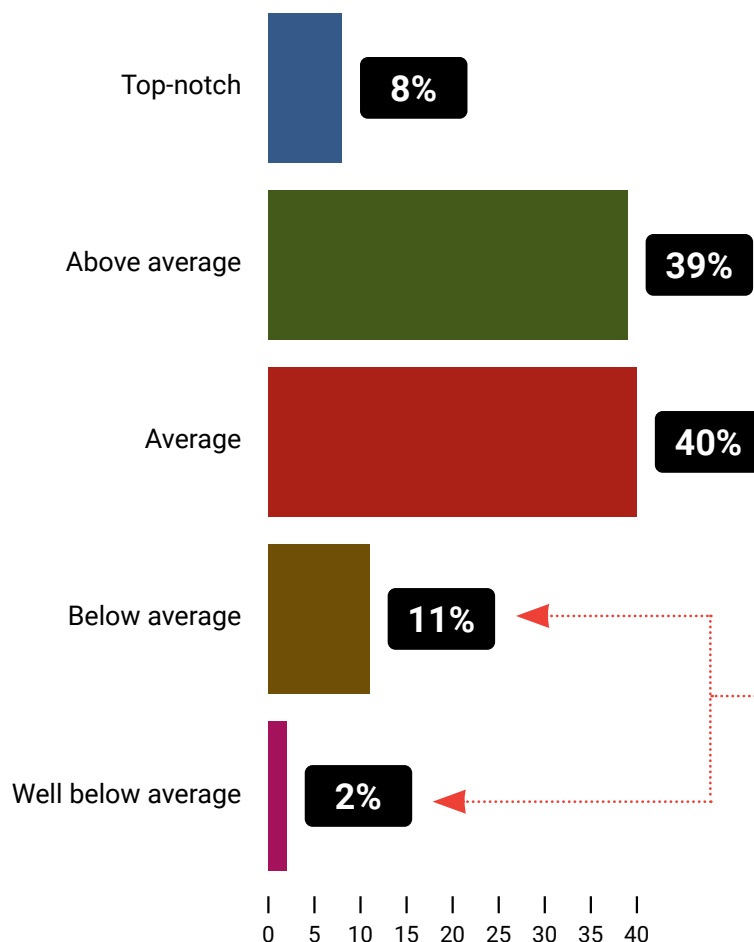
Finding: Fewer than half (47%) rate their talent acquisition capabilities as top notch or above average

When we asked about organizational TA capabilities, respondents were somewhat more optimistic, with 47% saying those capabilities were either top-notch (8%) or above average (39%). Although this also indicates that there is still considerable room for improvement, a substantial majority (87%) indicate that their organizations have average or above capabilities.



Just 13% say the TA capabilities in their organizations are “below average” or “well below average”

Survey Question: How would you rate the overall talent acquisition (TA) capabilities of your organization in comparison to other companies in your industry?



Note: Numbers may not add up to 100% due to rounding. "Don't know" responses were removed from the graph.

The Factors Driving and Hindering Talent Acquisition



Finding: The need to backfill to replace workers who have exited the organization is seen as the most influential factor driving TA strategies and activities

Until recently, there was talk about the so-called Great Resignation, a period when record numbers of employees were quitting their jobs in search of greener pastures. Given recent signs of economic weakness as of August 2022, many assume those days are over. In fact, there are some signs that the Great Resignation is starting to reverse course.¹⁴

So far, however, the change has not been dramatic. Although the number of [U.S. job openings](#)¹⁵ fell by 5.3% to 10.7 million from May to June, which is the largest decline since the Covid-19 recession, many employees are still quitting their jobs. In fact, the quit rate, or share of employed Americans leaving their jobs voluntarily, was 2.8% in June, down only a little from the [2.9% in April](#)¹⁶.

Therefore, it makes sense that most respondents (70%) cite need to backfill to replace workers who have exited as the most influential factor affecting TA strategies or activities. Similarly, 53% point to voluntary and involuntary employee attrition.

However, there are other factors at play, including business competition and growth. In fact, 57% point to increased competition within the market or industry. And, 52% point to the need to hire for newly created positions to support future growth.

¹⁴ Cassella, M. (2022). "The great resignation is beginning to reverse course." *Barron's*. Retrieved from <https://www.barrons.com/articles/great-resignation-51648145887>

¹⁵ DiCamillo, N. (2022). "Despite fewer job openings, Americans keep quitting at record rates." *Quartz*. Retrieved from <https://qz.com/despite-fewer-job-openings-americans-keep-quitting-at-1849359897>

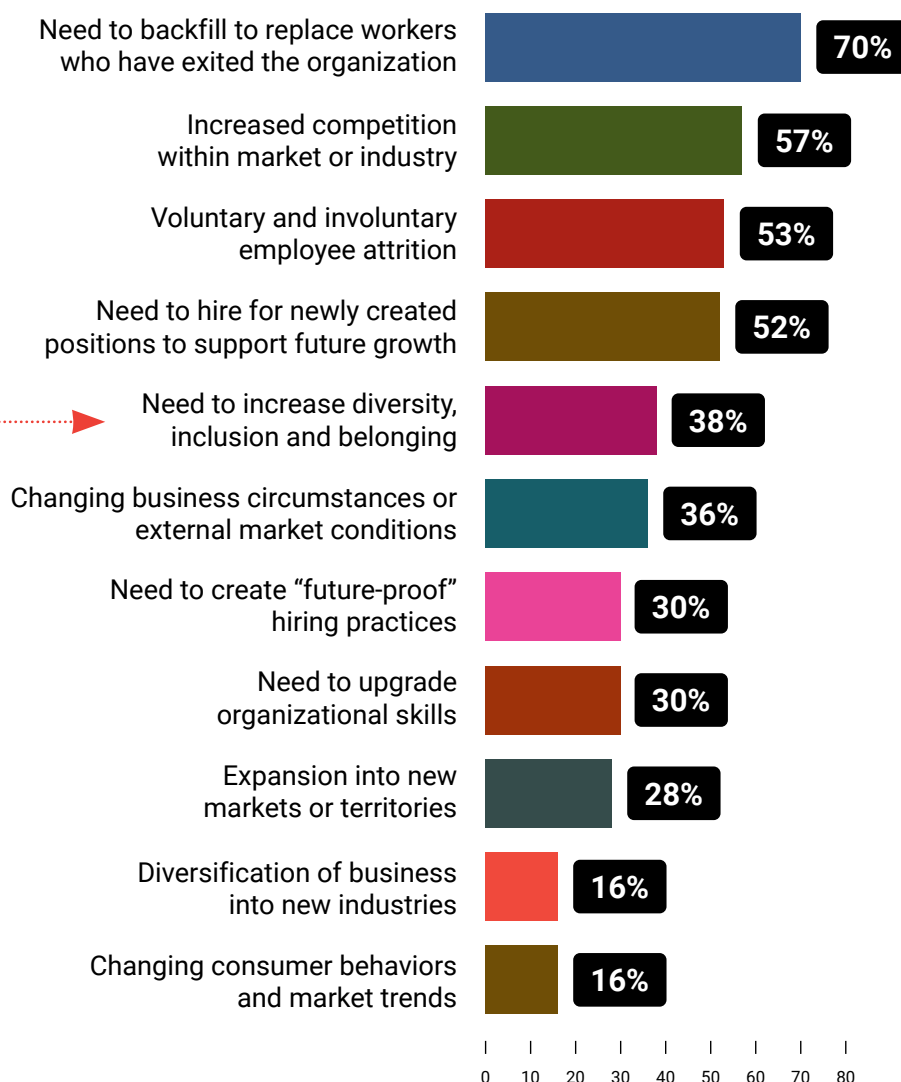
¹⁶ U.S. Bureau of Labor Statistics. (2022). *Table 4. quits levels and rates by industry and region, seasonally adjusted - 2022 M06 results*. Retrieved from <https://www.bls.gov/news.release/jolts.t04.htm>

A factor that is less widely cited but still important is the need for greater diversity, equity and inclusion (DEI), noted by about two-fifths (38%). This has, in fact, become a higher priority over the last two years in organizations, according to various research studies conducted by the HR Research Institute.



About two-fifths of respondents say the need to increase diversity, inclusion and belonging is an important factor influencing their organization's TA strategies or activities

Survey Question: Which of the following factors influence your organization's TA strategies or activities? (select all that apply)





Finding: Three-fifths of organizations see the lack of candidates with required skills or experience as the top challenge for TA

In an era where jobs often require an evolving set of capabilities, many organizations are scrambling to find candidates with the required skills. Hence, it makes sense that the lack of candidates with required skills or experience is seen as the biggest challenge (60%) facing the TA function. Further, highly skilled candidates are often fielding offers from multiple organizations, making recruitment even more challenging.

This requires building a long-term recruitment strategy that creates a pipeline of talented candidates through networking and relationship building. Building relationships takes time. Therefore, about half (49%) of organizations say a just-in-time, reactive hiring approach is among their biggest challenges. Further, over one-third (35%) of respondents cite ineffective and time-intensive hiring processes as among their biggest challenges.

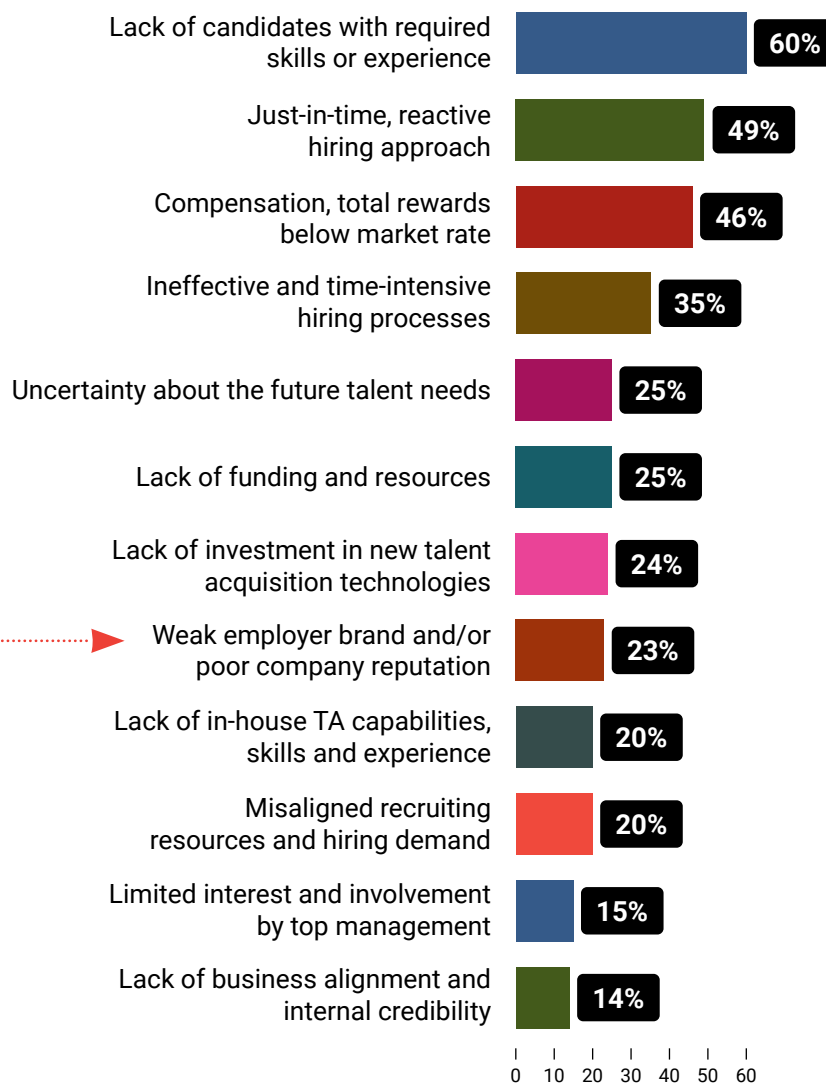
This data helps explain why so many organizations give their TA functions middling grades in terms of performance and maturity. The third most cited challenge, at 46%, is “compensation, total rewards below market rate”. With growing inflation and a high demand for talent, compensation cannot be overlooked.





About a quarter cite “weak employer brand and/or poor company reputation” as among the biggest challenges to acquiring talent at their organization

Survey Question: What do you see as the biggest challenges or obstacles when it comes to acquiring talent at your organization? (select all that apply)



Talent Acquisition Tools and Technologies

TA Technologies Usage



Finding: Virtually all organizations use TA technologies, with applicant tracking systems (ATS) being the most common

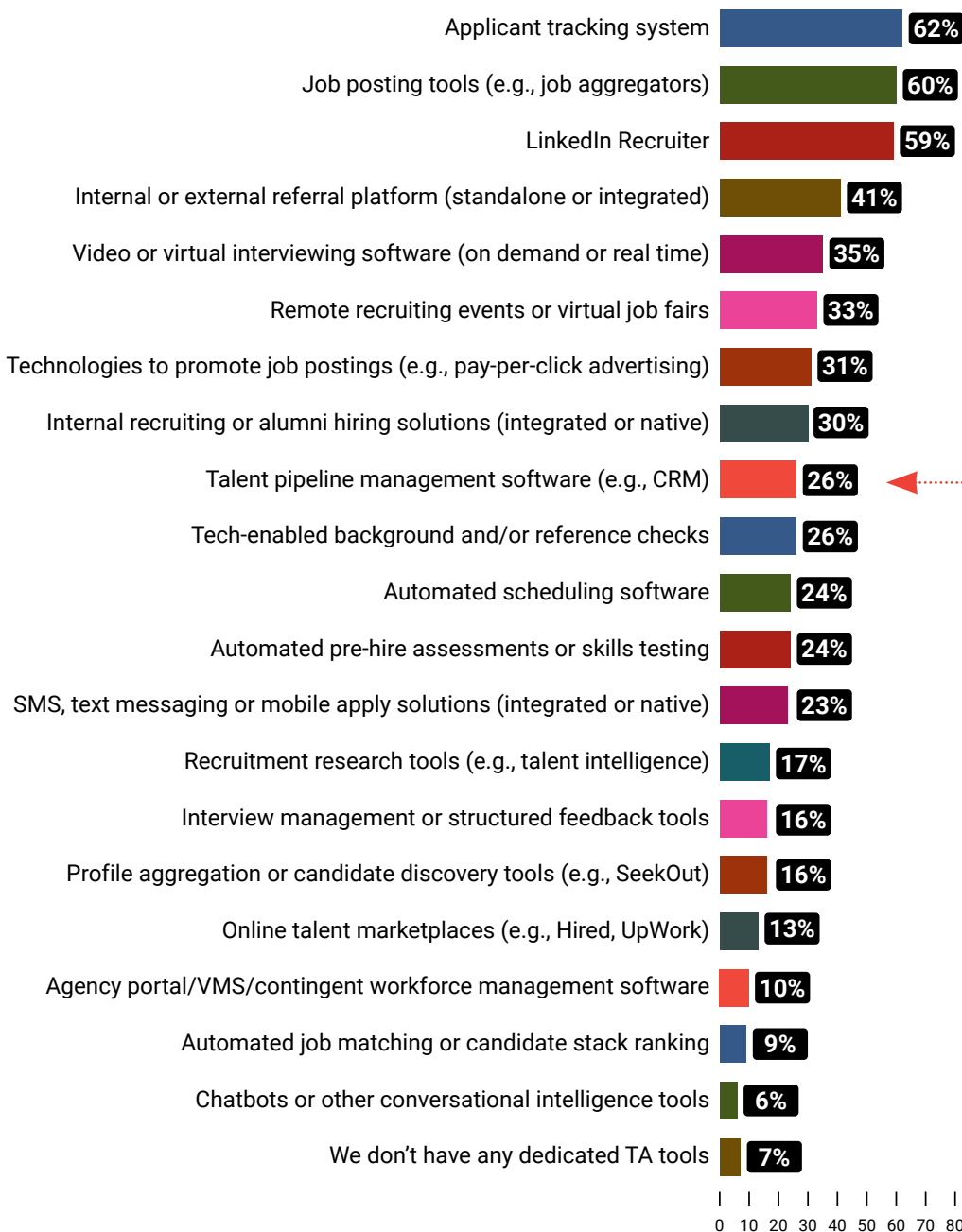
Fully 93% of respondents say their organizations use talent acquisition technology, with applicant tracking systems being most common, chosen by three-fifths (62%) of respondents. ATS systems, of course, have a number of benefits for organizations such as scanning resumes for keywords, tracking and sorting applicant data, automating routine tasks and more.

The use of ATS varies based on the size of organizations. Larger organizations report using ATS to a much higher degree (76%) than mid-size (67%) or small organizations (48%). This is likely due to the higher volume of applications that large organizations receive.

Job posting tools (such as job aggregators) are a close second at 60%. They are useful in casting a wide net for prospective candidates. Through consolidating information about open positions, they are able to offer candidates more comprehensive information about vacancies. LinkedIn Recruiter, which is a hiring platform to help talent acquisition professionals find and connect with prospective candidates, is the only other tool cited by over half (59%) of respondents.

But there are many other tools as well, such as employee referral platforms, video interviewing platforms, candidate relationship management software, alumni hiring solutions, and much more.

Survey Question: What talent acquisition technologies or recruiting tools does your organization currently access or leverage as part of your hiring process? (select all that apply)



About a quarter of organizations use talent pipeline management software



Finding: A majority (65%) of organizations use 2 to 5 paid recruiting tools or technologies

Given all the choices of TA technologies, it is understandable that most organizations leverage more than one paid recruitment tool. In fact, most organizations utilize 2 to 5 paid tools or technologies, and 17% use at least 6.

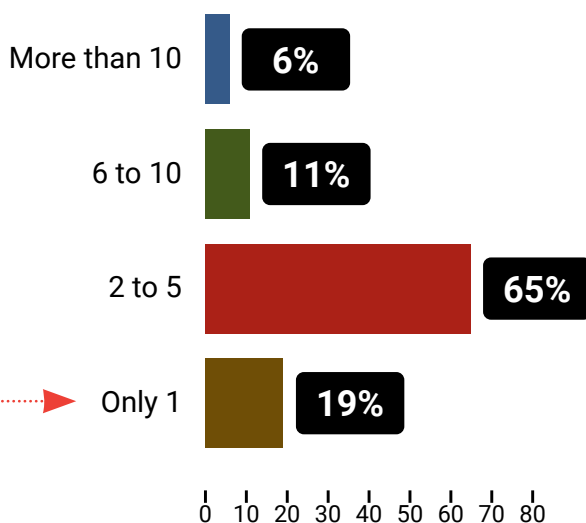
When investing in talent acquisition tools and technologies, organizations should consider various characteristics, including how the technologies can help alleviate their TA challenges, how well the technologies integrate with existing tools, ease of use, training required, maintenance options, return-on-investment data, and more.

Further considerations may involve matching the technology with the culture and tone of the organization. Organizations may want prospective candidates to get a feel of the company from the application process. This requires technologies which are capable of being customized for organizational needs.



Almost one-fifth of respondents say they use only one recruiting tool or technology

Survey Question: How many paid recruiting tools or technologies do you currently use in your organization's talent acquisition function?



TA Technology Spending



Finding: More than a quarter of organizations (27%) spend more than \$100,000 on dedicated talent acquisition tools and technologies, including recruitment advertising

Almost a third of organizations spend \$25,001 to \$100,000 on dedicated talent acquisition tools and technologies, including recruitment advertising. About a quarter spend under \$10,000.

Much depends on the size of the organization. For example, about 32% of respondents in large organizations say they spend between \$500,001 to more than \$10 million, while 36% of respondents in mid-size organizations say they spend between \$25,001 to \$100,000, and more than half (54%) of respondents in small organizations say they spend under \$10,000 on dedicated talent acquisition tools and technologies.

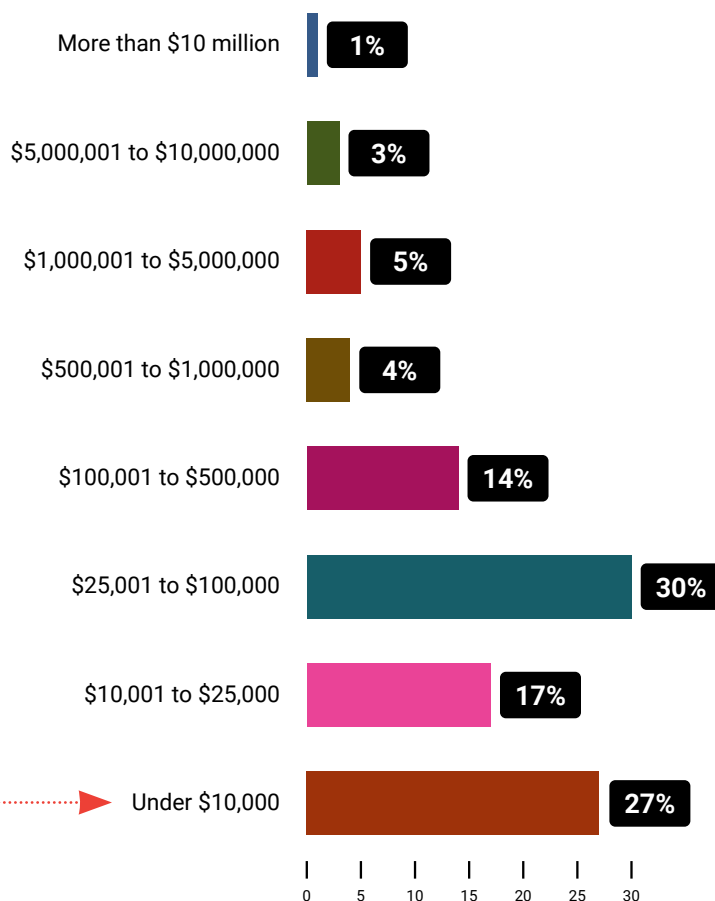
Although the amount of money spent on TA tools and technologies depends on size of organization, we believe it is also a reflection of how much of a strategic priority TA is within the organization.





More than a quarter spend less than \$10,000 on dedicated talent acquisition tools and technologies, including recruitment advertising

Survey Question: In U.S. dollars, what do you estimate your organization spent over the last year on dedicated talent acquisition tools and technologies, including recruitment advertising?



Ease of Use



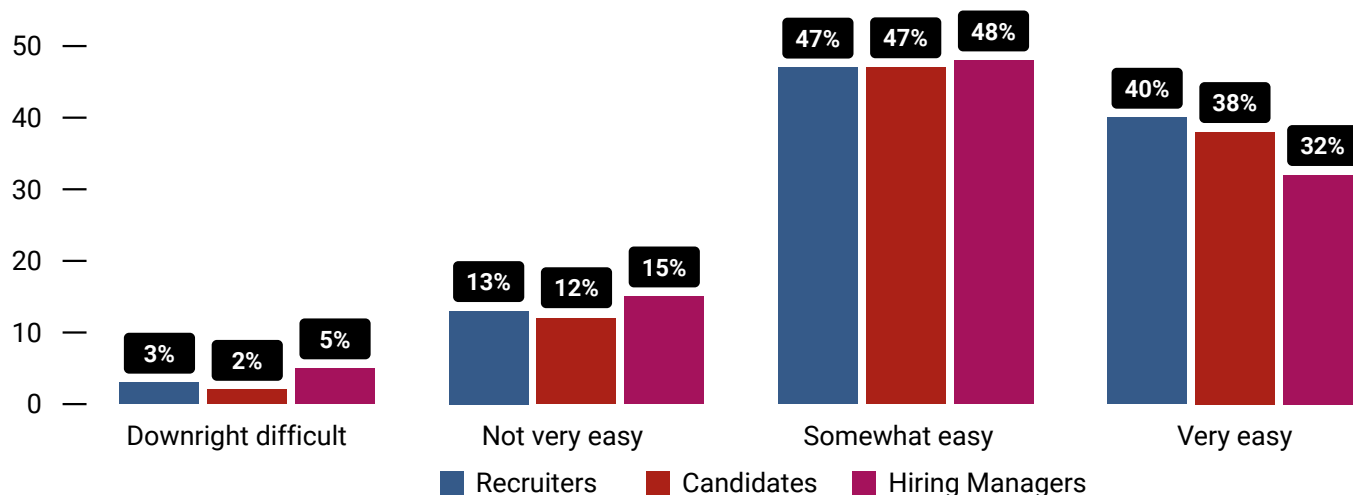
Finding: Most respondents say existing talent technology is at least somewhat easy to use

Organizations typically want technologies that are powerful but easy to use for at least three groups: recruiters, hiring managers and job candidates. Ease of use depends on a number of factors such as how intuitive the system is, compatibility with mobile devices, speed of use, customizable to suit individual needs etc.

How do companies fare in this area? Moderately well.

Most technologies are at least *somewhat* easy to use for recruiters, candidates and hiring managers. On the other hand, only about two-fifths say existing talent acquisition technologies are very easy to use for recruiters (40%) and candidates (38%), while only 32% say they are very easy for hiring managers to use.

Survey Question: How easy do you think it is for recruiters/candidates/hiring managers to use your existing talent technology?



Editor's note: Don't knows were removed from this data

The Usage of Talent Acquisition Metrics



Finding: Quality of hire is the most popular TA metric, used by over two-fifths of organizations

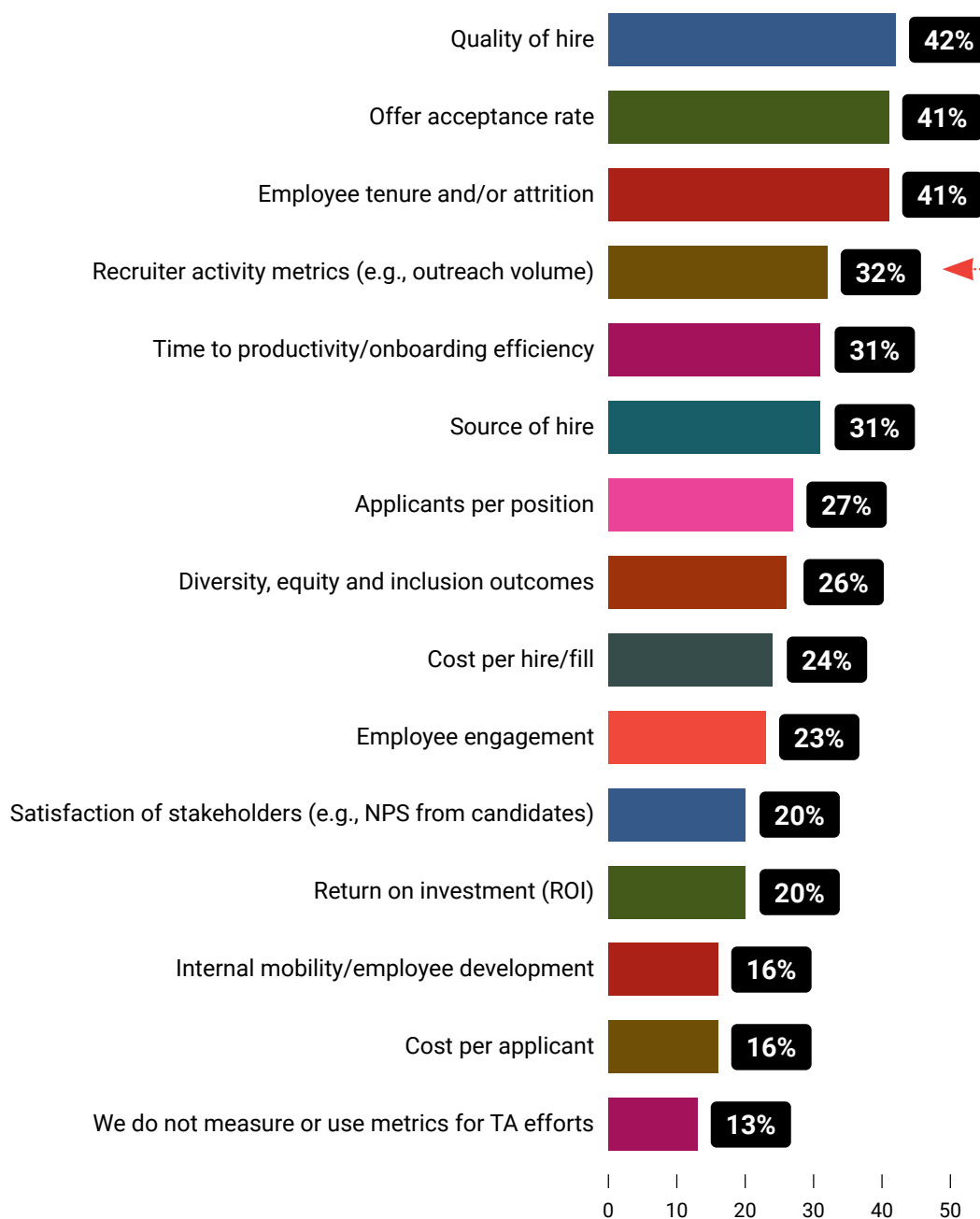
The use of metrics is important in quantifying the effectiveness of TA, allowing organizations to understand gaps and areas of improvement. Metrics also help top management understand the strategic importance of TA.

Quality of hire is the most popular metric, used by 42% of organizations. However, it is often difficult to quantify. It typically involves tracking the performance of new hires over time. Of course, employee performance is also a function of how new hires are managed. It can be difficult to tease apart these two key factors.

Employee tenure/attrition and offer acceptance rate are a close second, both metrics cited by 41% of respondents. In today's job market—where employees are frequently switching jobs—employee tenure becomes strategically important for business continuity. It is an indication of how well new hires fit into the organization's culture and job roles that they have been recruited for, and so it is one possible way to measure quality of hire.

Meanwhile, offer acceptance rate reflects how competitive the organization's offering is in terms of factors such as compensation, benefits, nature of the job, employer brand, and opportunity for development and organization culture.

Survey Question: Which metrics does your organization use to quantify the impact or relative success of the talent acquisition function? (select all that apply)



Recruiter activity metrics are used by almost one-third of organizations

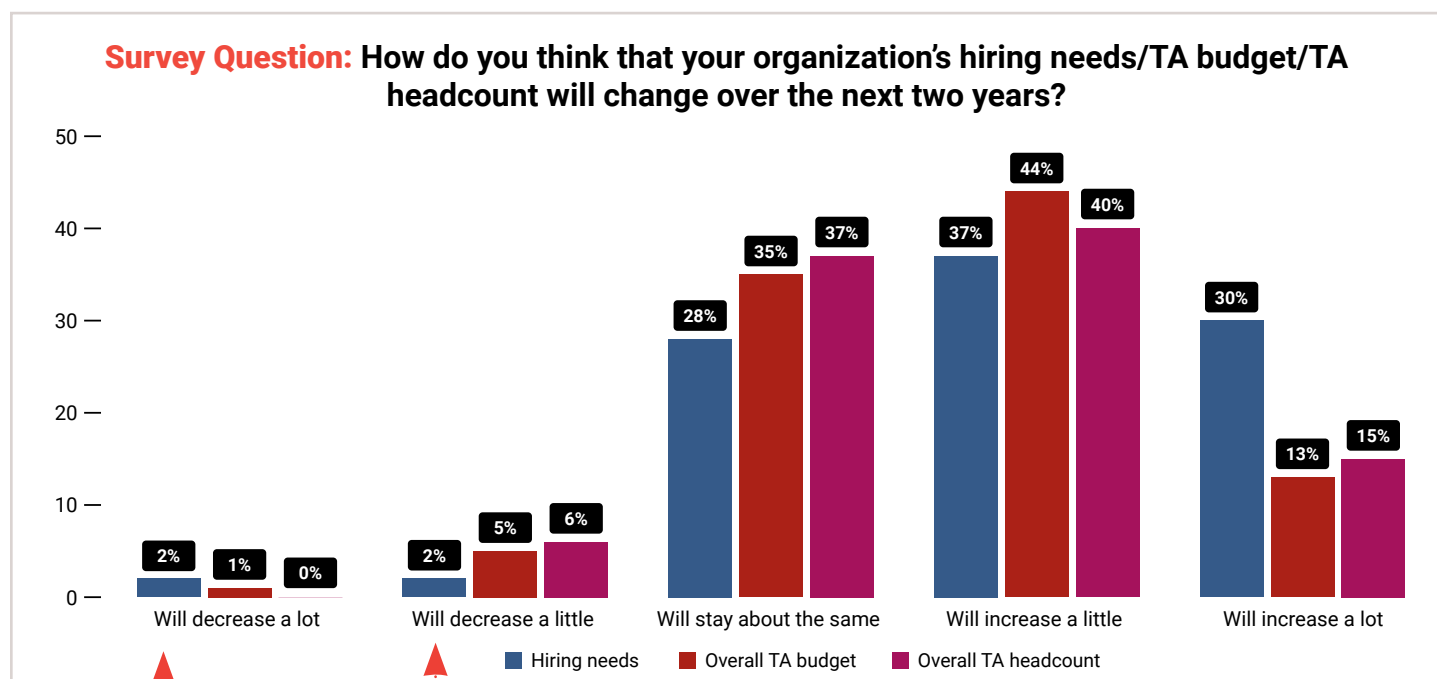
The Future of Talent Acquisition

Budget, Hiring Needs and Headcount



Finding: Over half (55%) say overall headcount will increase a little or a lot over the next two years

Most respondents (67%) say hiring needs will increase a little (37%) or a lot (30%) over the next two years. Given these projected needs, it is understandable that a majority also believe that there will be an increase in TA budgets (57%) and the overall headcount of the talent acquisition department (55%).



Just 4% say hiring needs will decrease over the next two years



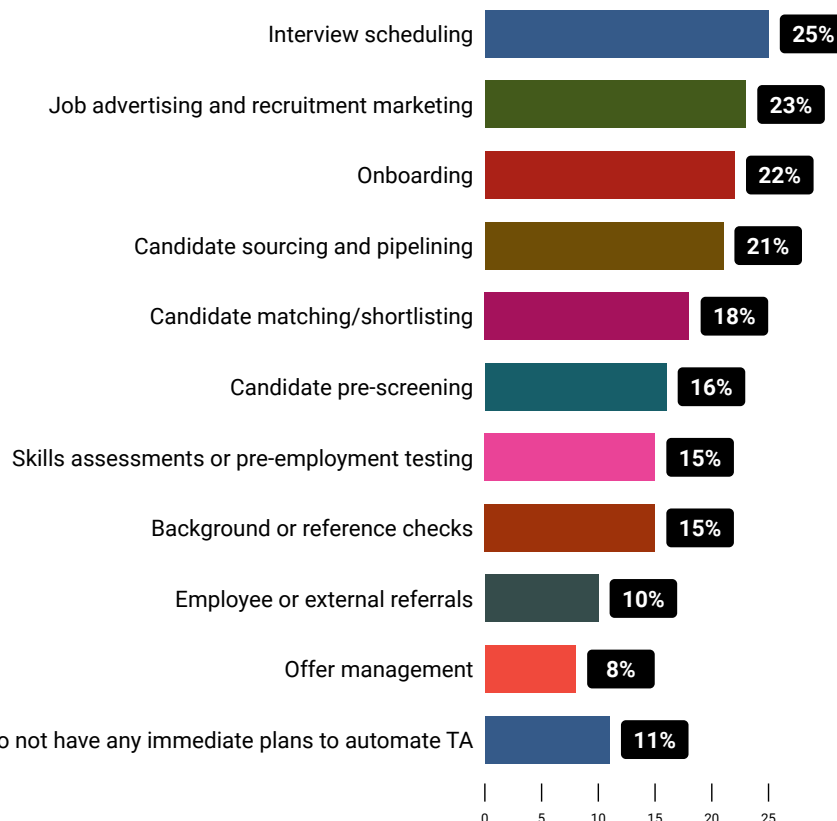
Future Capabilities



Finding: Respondents are most likely to automate interview scheduling over the next two years

Most organizations (89%) plan to automate aspects of their talent acquisition process over the next two years. Of the processes they expect to automate, interview scheduling tops the list, with a quarter of respondents choosing it. Automating interview scheduling with technologies such as scheduling assistants can save considerable time by coordinating hiring managers' and candidates' calendars and availability. Other top answers include job advertisement and recruitment marketing (23%), onboarding (22%), candidate sourcing and pipelining (21%).

Survey Question: Which parts of the recruiting or talent acquisition process do you expect to automate over the next two years? (select all that apply)



One in ten organizations do not expect to automate any TA related processes in future

Editor's note: Don't know responses were removed which were 16% of the responses

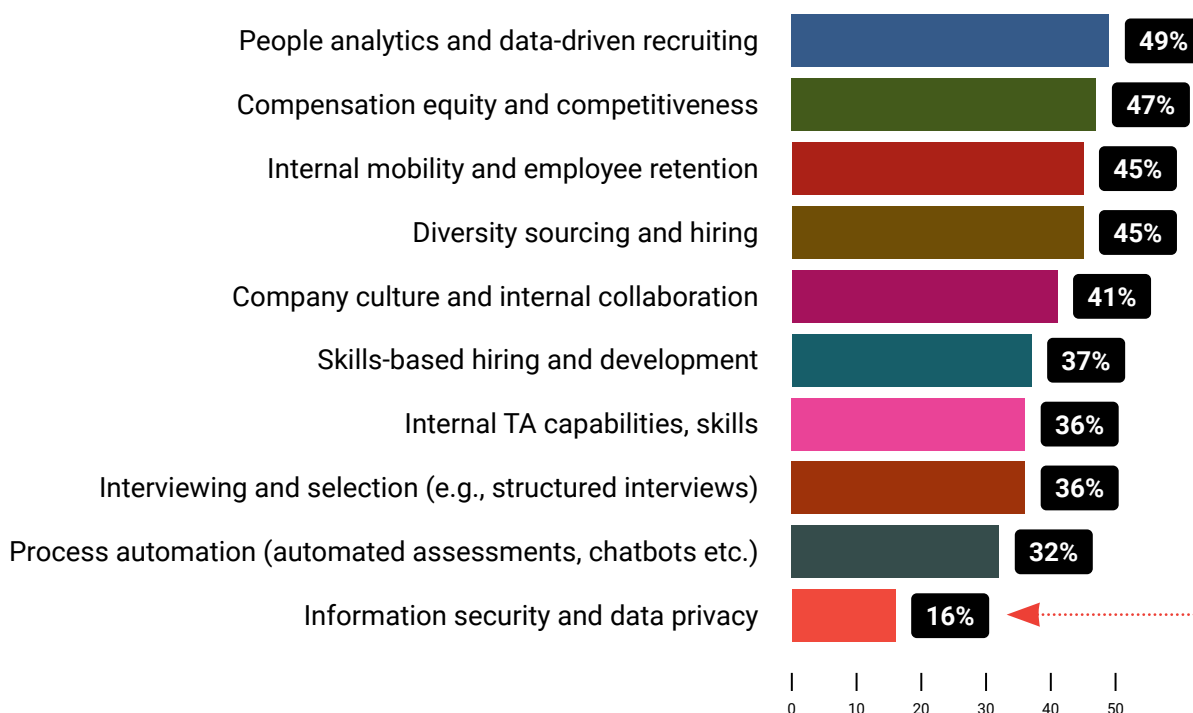


Finding: Over the next two years, organizations are most likely to focus on people analytics and data-driven recruiting

We asked, “Over the next two years, which of the following capabilities do you think your organization will invest in or focus the most on improving?”

The most commonly provided answer is “people analytics and data-driven recruiting,” cited by 49%. The idea here is to help TA professionals make more insightful decisions and take more proactive stances in terms of their TA strategies. This can help them better predict future needs while uncovering gaps and biases in their existing practices.

Survey Question: Over the next two years, which of the following capabilities do you think your organization will invest in or focus the most on improving?(select all that apply)



Information security and data privacy are chosen by just 16% of respondents as capabilities that organizations will invest in or focus on improving over the next two years



Finding: Talent intelligence/predictive analytics will be the most impactful for organizations' talent acquisition departments over the next two years

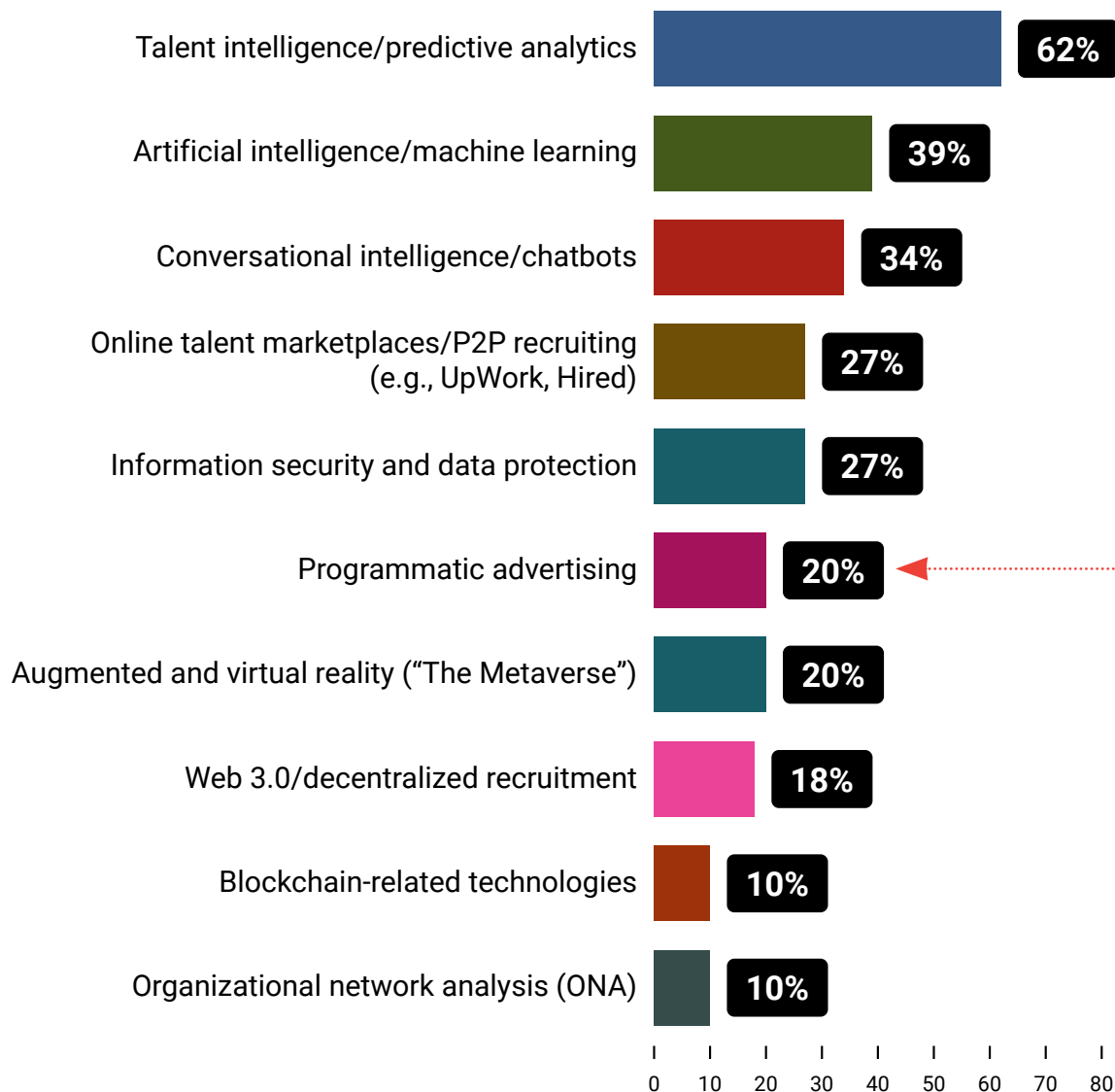
We asked about which emerging technologies will be the most impactful to TA over the next two years. “Talent intelligence/predictive analytics” was, by far, the most widely chosen, cited by 62%. Why? We believe talent intelligence can forecast future human capital needs, predict how well candidates match current and future job openings, and thereby reduce time-to-hire while improving quality of hire.

Second and third on the list are the use of AI/machine learning (39%) and conversational intelligence/chatbots (34%), respectively. Artificial intelligence has a variety of uses in TA such as in candidate sourcing and screening, job posting and targeting, and scheduling interviews. Processes such as sourcing candidates are often time-consuming processes and require a lot of effort by recruiters. AI can be used to find candidates from multiple sources in a fraction of time and even rank them in order based on the search criteria.

AI can also be used in candidate screening by quickly sifting through a huge number of resumes based on required qualifications. Not only is this process more efficient, but AI can also be programmed to be legally compliant and reduce bias. Further, the use of AI for targeted job ads can make sure the job postings are relevant and have more potential for success by reaching the most interested candidates.

Meanwhile, chatbots—which often have AI underpinning—can be useful in improving candidate experience by providing real-time and continuous support to candidates. Chatbots can be used to provide candidates with a variety of information such as answers to commonly asked questions, details on benefits packages, general company information and updates on the recruitment process.

Survey Question: If you had to guess, which of the following emerging technologies do you think will be the most significant or impactful for your organization's talent acquisition capabilities over the next two years?



Editor's note: Don't know responses were removed, being 28% of the original responses



One in five respondents say programmatic advertising will be impactful for their organization's TA over the next two years

Future goals



Finding: Two areas stand out as important outcomes for organizational talent acquisition over the next two years

We asked respondents about the key goals for their organization's talent acquisition function over the next two years. Two goals were chosen by over half of participants: "strengthening the employer brand and value proposition" (58%) and "creating an improved candidate or applicant experience" (52%).

Candidates today are researching organizations before they even consider applying. Therefore, the employer brand is crucial to attracting the best candidates. Candidates' perception of the employer brand is influenced by the culture of the organization, the experience of existing employees, salary, benefits, and advancement opportunities, among other factors. This also requires organizations to build an employer brand through a strong online and social media presence.

Creating an improved candidate or applicant experience is seen to be the next most important goal. An improved candidate/applicant experience can make the difference between an applicant accepting and declining an offer.

Further, ensuring a robust pipeline of talent for future hiring needs, chosen by almost half of respondents (47%), is essential in a tumultuous job market where jobs need to be filled quickly with candidates having specialized skills.

Survey Question: Over the next two years, which of the following outcomes are key goals for your organization's talent acquisition function? (select all that apply)



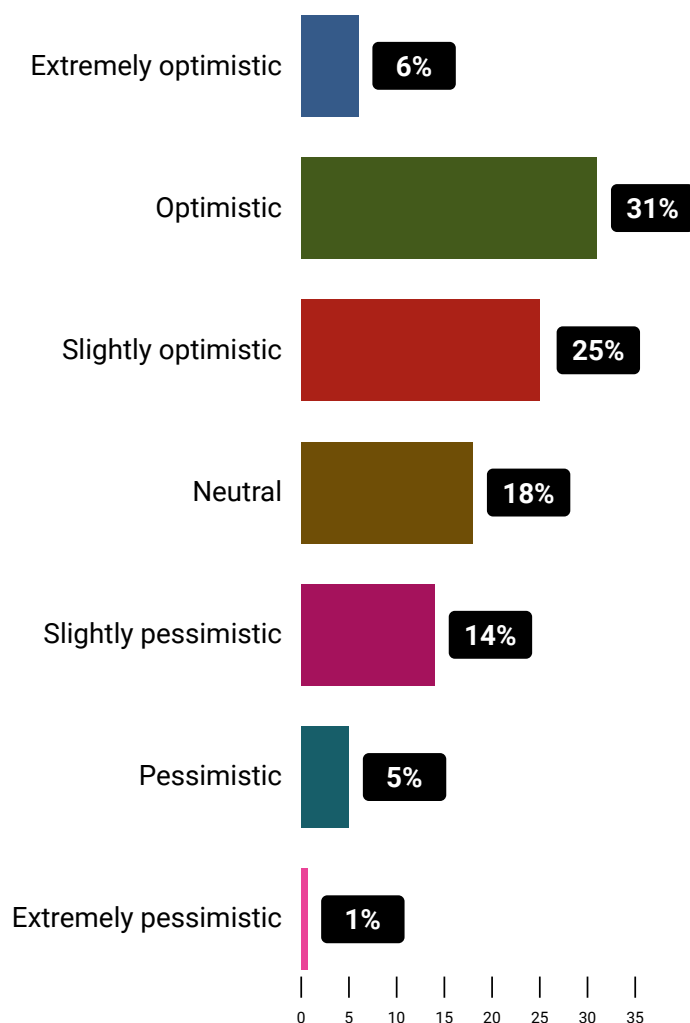
A quarter say optimizing for remote hiring and virtual recruiting is an important outcome for their organization's TA function



Finding: Almost two-fifths say they are optimistic or extremely optimistic about TA over the next two years

A majority of respondents (62%) are optimistic about the future of talent acquisition, with a quarter saying they are slightly optimistic, almost a third (31%) being optimistic and 6% saying they are extremely optimistic. This suggests to us that most respondents have faith in the ability of their TA functions to adapt to labor force changes while implementing new processes and technologies.

Survey Question: When looking at the next two years talent acquisition, which of the following best describes your personal sentiment? (choose the one that best fits)



How TA Leaders Differ from TA Laggards

In this section of the report, we provide side-by-side comparisons between leaders in TA and laggard TA firms. We divided the respondents into two cohorts:

- **TA leader organizations:** Those who answered the question “Which of the following statements best describe the talent acquisition function within your organization?” as “Advanced” or “World Class”
- **TA laggard organizations:** Those who answered the question “Which of these designations best describes the talent acquisition (TA) process in your organization?” as “Nonexistent”, “Chaotic” or “Improvisational”

Of course, correlation is not the same as causation. We cannot say with certainty that any particular practice will result in better performance. The data does, however, reveal interesting patterns about possible best practices.



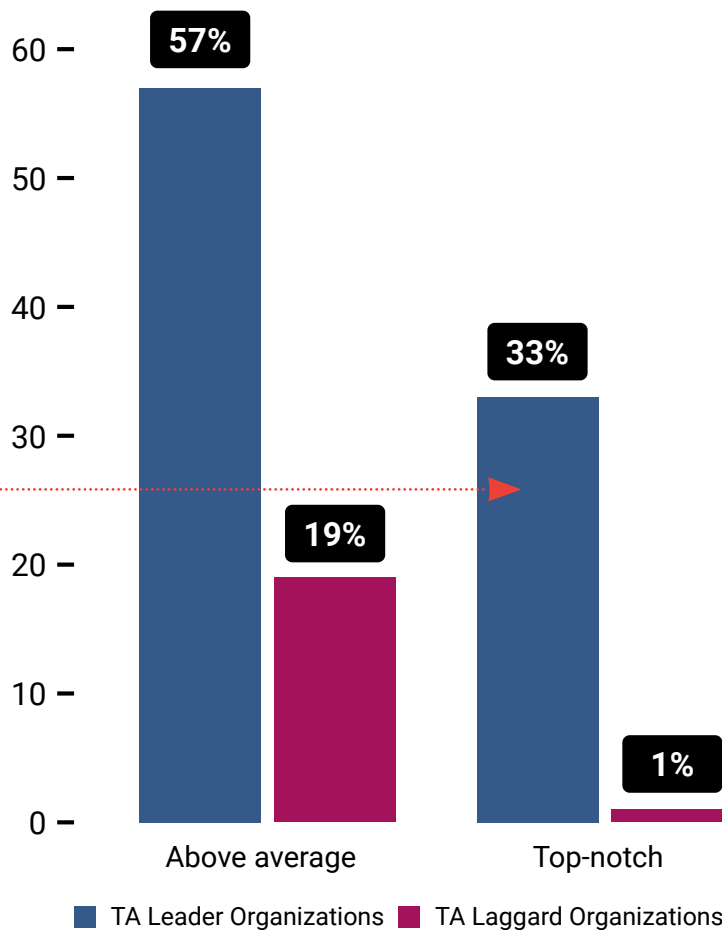
Finding: TA leader organizations tend to have much better TA capabilities than TA laggard organizations

TA leader organizations are far more likely to say they have top-notch TA capabilities (33% vs. 1%) than TA laggard organizations. They are three times more likely to say their TA capabilities are above average (57% vs. 19%). The differences in capabilities are likely to affect the efficiency of TA processes, employer brand, and candidate experience, among other TA-related outcomes.

Survey Question: How would you rate the overall talent acquisition (TA) capabilities of your organization in comparison to other companies in your industry?



One in three
TA leader
organizations
say their TA
capabilities are
top-notch





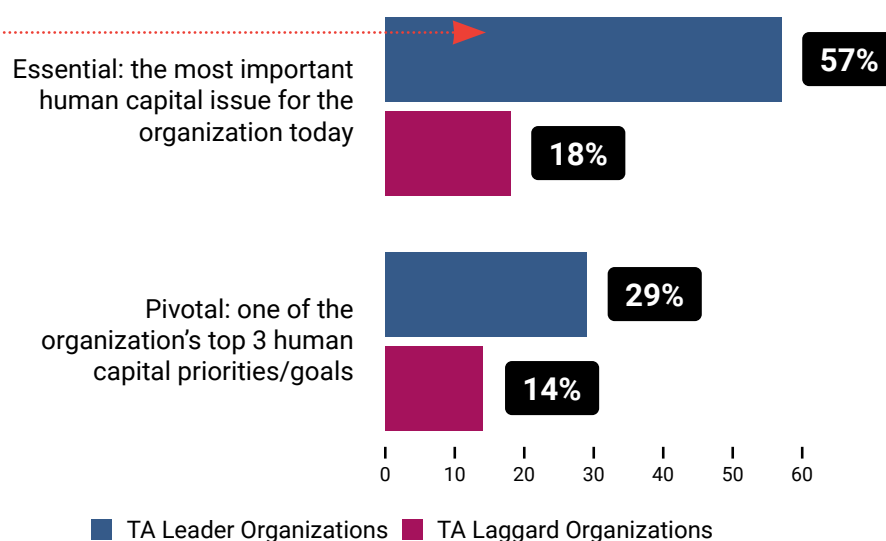
Finding: TA leader organizations are three times more likely to say TA is the most important human capital issue for the organization today

Almost three-fifths (57%) of TA leader organizations say that TA is the most important human capital issue for organizations today, compared to just one-fifth (18%) of TA laggard organizations. TA leaders are also twice as likely to say TA is among the organization's top 3 human capital priorities/goals (29% vs. 14%). In short, as we would expect, organizations that are better at TA tend to prioritize it higher. Prioritizing TA as one of the most important human capital goals of the organization can serve to better align TA with the strategic business objectives.



A majority of TA leader organizations (86%) say TA is an essential or pivotal human capital issue for the organization

Survey Question: Relative to other human capital issues, what is the perceived importance of talent acquisition within your organization? (select the one that best applies)





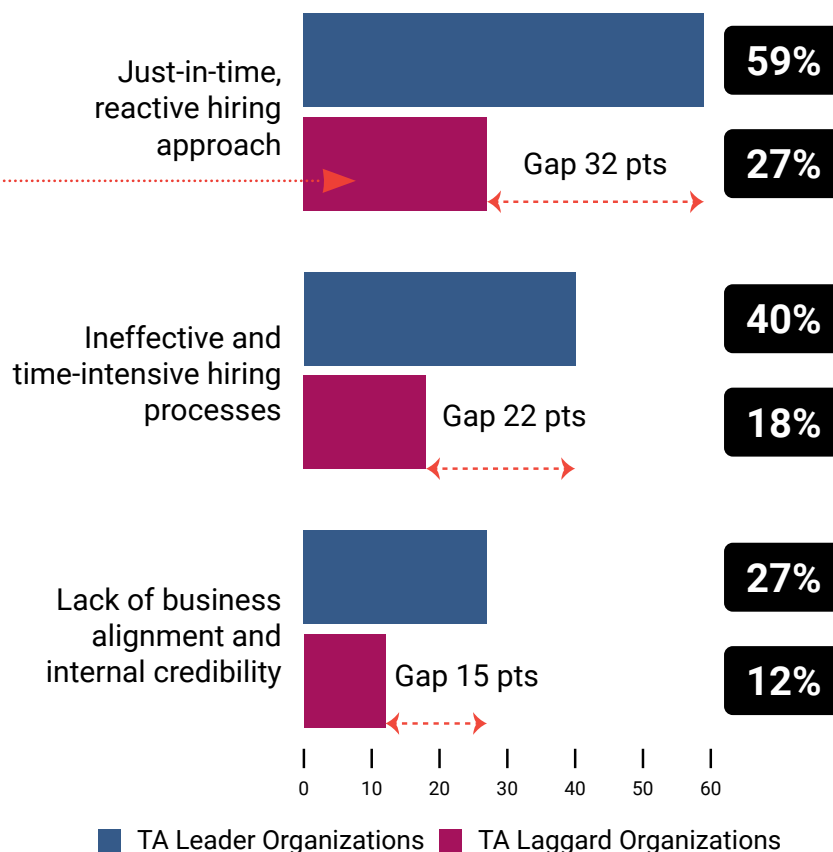
Finding: TA laggard organizations are more likely to struggle with TA strategic and process-related challenges than are TA leader organizations

While TA leaders and laggards alike cite “lack of candidates with required skills or experience” as an important challenge, TA laggards cite more challenges than TA leader organizations. For example, three-fifths of TA laggard organizations struggle with a “just-in-time, reactive hiring approach” compared to about a quarter (27%) of TA leader organizations. TA laggards are also more than twice as likely (40% vs. 18%) to say their TA processes are ineffective and time intensive. TA laggards are also more than twice as likely (40% vs. 18%) to say their TA processes are ineffective and time intensive.



Three-fifths of TA laggard organizations struggle with just-in-time, reactive hiring approach

Survey Question: What do you see as the biggest challenges or obstacles when it comes to acquiring talent at your organization? (select all that apply)





Finding: TA leader organizations utilize metrics more often than TA laggard organizations

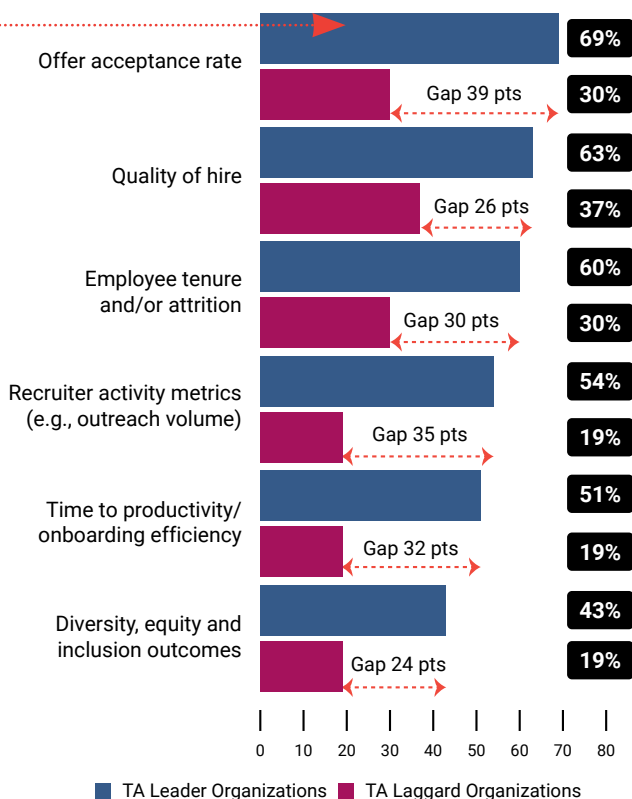
TA leader organizations are more likely to utilize a variety of TA-related metrics to a great extent than are TA laggard organizations. The ability to measure, track and quantify TA-related processes seems to provide valuable insights that result in continuous improvements.

For example, almost 70% percent of TA leader organizations utilize “offer acceptance rates,” compared to just 30% of TA laggard organizations. Further, over three-fifths (63%) of TA leaders track quality of hire, compared to just 37% of TA laggards. TA leaders are also twice as likely to track employee tenure and/or attrition (60% vs. 30%). Further, they are almost three times more likely to track recruiter activity metrics (54% vs. 19%).



Seventy percent of TA leader organizations track offer acceptance rate

Survey Question: Which metrics does your organization use to quantify the impact or relative success of the talent acquisition function? (select all that apply)





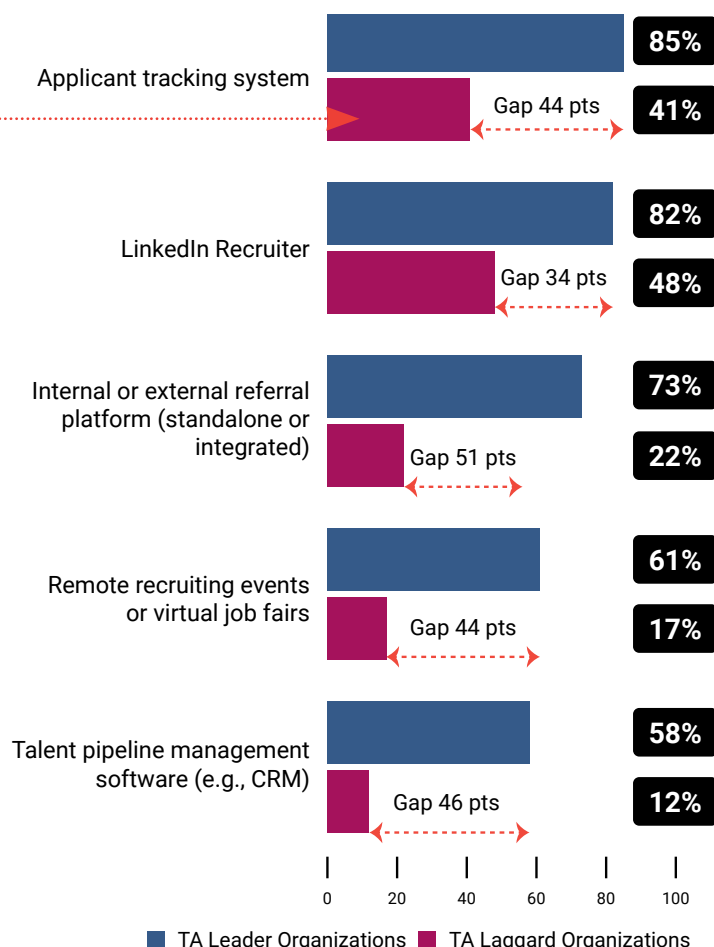
Finding: Eighty-five percent of TA leader organizations utilize applicant tracking systems

TA leader organizations are also more likely to leverage TA technologies or recruiting tools when compared to TA laggard organizations. TA leader organizations are twice as likely to utilize ATS (85% vs. 41%) and more than thrice as likely to utilize an internal or external referral platform (73% vs. 22%).



Only two-fifths of TA laggard organizations utilize an applicant tracking system

Survey Question: What talent acquisition technologies or recruiting tools does your organization currently access or leverage as part of your hiring process? (select all that apply)

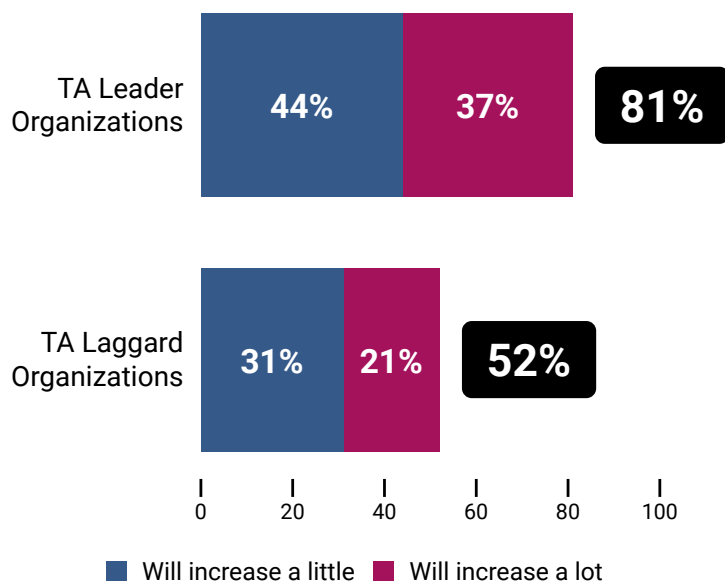




Finding: Four-fifths of TA leaders expect hiring needs to increase over the next two years

TA leader organizations are optimistic regarding the growth of their business and hiring needs, with more than four-fifths (81%) saying hiring needs will increase a little/lot over the next two years. This optimism is not shared by TA laggard organizations, with only half (52%) saying that hiring needs will increase a little/lot. This could be indicative of the fact that TA leader organizations expect to grow over the next two years and therefore prioritize their TA function. Or, perhaps their excellent TA function has contributed to the success and growth of the organization and they expect this trend to continue over the next two years.

Survey Question: How do you think that your organization's hiring needs will change over the next two years?

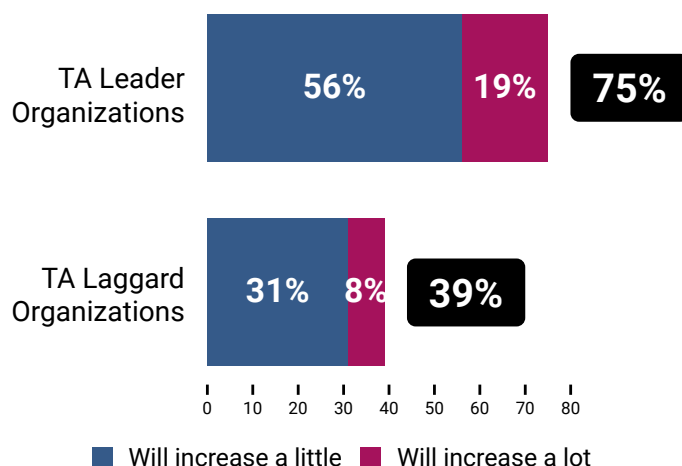




Finding: Three-quarters of TA leaders expect the TA budget to increase over the next two years

Increases in hiring needs must be accompanied by an increase in the TA budget to ensure proper processes and strategies are in place to support the increase in hiring. While three-fourths of the TA leaders expect an increase in TA budget over the next two years, just two-fifths of TA Laggard organizations say the TA budget will increase a little/lot.

Survey Question: How do you think that your organization's overall talent acquisition budget will change over the next two years?





Key Takeaways

Key Takeaway 1

Leverage internal talent in the talent acquisition process. As we noted previously, internal hires are often more economical, become productive more quickly, have better knowledge of organizational culture, and are more likely to refer others. Internal hires also serve the organization by retaining organizational knowledge and increasing engagement. Naturally, organizations depend on external hires in many cases when looking for specific skills that are not available internally, or when the organization is looking to diversify its culture. However, some organizations may want to adopt a “hire internally first” mindset to match internal talent to available roles.

Key Takeaway 2

Align TA with strategic business priorities. Talent acquisition strategies must be built on business goals. This requires business goals to be well communicated to all members of the organization and to be understood by the TA team. We think it also requires HR to be a strategic business partner involved in setting the strategic direction of the organization. This involves making a list of critical skills for the business, analyzing skills gaps, planning for attrition, meeting diversity objectives, etc., all of which must match organizational goals.

Key Takeaway 3

Be proactive instead of just reactive. Being proactive in talent acquisition involves building a strong network of potential candidates even before the need to acquire talent arises. This helps facilitate a smooth recruitment process. This can be done through building an online presence and growing a network to ensure a pipeline of talent is available. This also helps in slotting new hires into appropriate positions and enabling seamless integration into the company culture.

Key Takeaway 4

Focus on metrics to improve the TA process. TA-related metrics and analytics can help professionals understand, manage and enhance the TA process. Insights from metrics can also help to align TA with the organization's goals. A clear understanding of metrics helps HR professionals understand the impact of TA strategies and make the required changes that help them remain competitive. Good measurements also help in communicating with the other functions and top management of the organization since it helps translate TA-related efforts into numbers that are readily understood and make business sense. Of course, the process of making sense of metrics via excellent analytics is equally crucial. Having too many metrics may make it harder to make sense of all the data. Organizations may be better served by determining which specific metrics are most important to their particular business model and then building excellent analytical tools and approaches to those specific particular metrics.

Key Takeaway 5

Invest in TA tools and technologies. Appropriate tools and technologies are indispensable in TA and help in reducing cost and improving efficiency of the talent acquisition process. Analytics tools, for example, allow TA professionals to access a wealth of relevant information that helps them make data-driven decisions. Of course, the most commonly used technology for recruitment tends to be the applicant tracking system. These days, many TA professionals expect more of an ATS than just tracking applicants. Some of the features they may desire are helping with candidate sourcing, managing interviews, leveraging candidate relationship management tools, reporting via dashboards, DEI recruitment and more. There are many other technologies as well. For example, the use of appropriate technology such as chatbots can help improve candidate experience through offering more personalized and flexible offerings. The future of TA may increasingly include sourcing technologies such as social listening, the automation of interviews using real time video interview solutions, using more gamification in skill assessment tools, and more.

Key Takeaway 6

Offer a customized compensation package. Compensation is always important but, in the current era of inflation, it may be more important than ever. Organizations must be able to provide compensation and benefits that not only make employees feel secure but also valued. This can be done through benchmarking market compensation rates and researching employee needs. When designing compensation packages, organizations must consider the skills, education, and experience of the candidate. They may also need to consider the cost of living in different geographic locations. Other offerings that create a good compensation package include paid time off, a signing bonus, performance-based raises, tuition reimbursement, childcare subsidies and more. Today's organizations have multiple ways to personalize and create flexible compensation offerings that meet the unique needs of each employee.

Key Takeaway 7

Focus on holistic offerings based on employee needs. Employees today are looking for more than just a paycheck. Employees can also be attracted by more flexible work arrangements, more positive corporate cultures, greater opportunities for learning and development, and more. Further, employees today may expect personalized HR offerings that are designed to match their unique circumstances. Organizations that are able to offer an enhanced employee experience tend to be better able to attract and hire top talent.

Key Takeaway 8

Focus on hiring a diverse set of employees. There are various studies indicating that organizations tend to perform better financially and in terms of innovation if they are more diverse in terms of ethnicity and gender. Organizations should ensure that at least some of their hiring metrics keep diversity in mind, not just as a way of complying with laws but as a way to boost organizational performance. Another type of diversity can be found in the idea of "hidden workers." These include prospective employees who are willing to work but often overlooked by organizations in their TA efforts. They include caregivers, veterans, immigrants and refugees, those with physical disabilities, and relocating partners and spouses. They can also include people with mental health or developmental/neurodiversity challenges, those from less-advantaged populations, people who were previously incarcerated, and those without traditional qualifications.¹⁷ Recruiting these "hidden workers" could be an important way to gain competitive advantage in the tough labor market and improve diversity within the organization.

¹⁷ Shaw, D., Spitzer, B., Fuller, J. & Raman, M (2021). *Is the talent you need hiding in plain sight?* Retrieved from <https://www.accenture.com/us-en/insights/consulting/finding-hidden-talent>

Key Takeaway 9

Strengthen the employer brand. Many employees today would like to be associated with an organization that has a purpose, is ethical, provides a great work experience, and has a strong employer brand. A strong employer brand will help organizations stand out among the competitors who are vying for the same candidate. Leveraging social media and making sure candidates know the “purpose” of your company are ways to strengthen the employer brand. Further, prospective employees may be interested in your key benefits and perks, commitment to a positive culture, work life balance, etc. Utilizing employee testimonials and stories to show real experiences of employees in your organization can help build the employer brand.

Key Takeaway 10

Leverage proven AI tools. AI has gotten mixed reviews in the area of talent acquisition. On one hand, advocates say that AI can help identify a candidate’s potential. AI can be used to score candidates based on pre-determined metrics, thereby ensuring fair competition for roles. On the other hand, there have been highly publicized cases in which AI-based systems were trained on biased data sets, resulting in biases in selection. So, organizations need to be careful when using AI for recruitment, using solutions with a proven track record and ensuring that the people using those solutions know how to use them well and wisely.

Key Takeaway 11

Align TA with other HR functions. TA requires a shift in thinking from talent providers to primary advisors to other HR functions. Aligning TA with other functions such as L&D can help organizations develop more of their employees to fit newer roles. This can be done through using a talent management system that integrates aspects of talent acquisition. By aligning L&D, talent acquisition, payroll, and workforce management, the employees’ journey from hire to retirement can be visualized and managed more efficiently. This also requires HR professionals and managers to be well trained in all functions so that they may understand how they are interdependent. For instance, L&D professionals must be able to translate TA needs into training programs that develop internal employees. Accelerated training programs can be utilized to cultivate hard-to-find skills among internal employees who are already a good cultural fit. Further, working in collaboration with TA, succession planning can develop the leadership skills of current employees to ensure continuity of leadership and talent pipeline.



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