



2023

Hiring Benchmark Report

Key insights into how organizations
attract, hire, and retain talent



About the Report



Every year, we survey hiring professionals from across all industries to learn more about how they attract, hire, and retain their teams.

For our sixth annual report, we explore the state of hiring in 2023. The year has been marked by economic uncertainty, kicked off by a major bank failure in the U.S. and a steep rise in lending rates around the world. The fallout has led to a challenging environment for businesses, leading to more conservative spending, layoffs, and recession fears.

In the midst of it all, organizations are still running, striving, and hiring. Our report seeks to understand how the unique factors of 2023 have come together to impact the world of hiring.

The results in this global report are based on a survey of over 450 hiring professionals across organizations large and small, and across a wide breadth of industries. Responses were collected in July 2023. The respondents are predominantly Criteria customers, with the majority hailing from the United States, Australia, and Canada.

Who We Are

Criteria is a talent success company dedicated to helping organizations make evidence-based talent decisions with our comprehensive suite of rigorously validated assessments and structured interviewing tools. We are fascinated by all things hiring, and we built this report to explore how modern organizations hire today. Visit us at [criteriacorp.com](https://www.criteriacorp.com)



Key Insights From the Report

1 73% of hiring professionals believe we are facing a talent shortage.

And 70% say they struggle to find candidates with the right skills.

2 The Healthcare and Manufacturing industries are facing the most challenges this year.

Hiring professionals in these industries were more likely to struggle with high turnover and talent shortages.

3 The Remote Advantage: Remote companies have major advantages in attracting and retaining talent.

80% of in-person workplaces struggle to find candidates with the right skills, compared to just 57% of remote workplaces.

4 Only 12% of hiring professionals say they use AI in their recruiting and/or talent management processes today.

And only 11% say that expanding their use of AI is a top priority in 2024.

5 40% of hiring professionals trust AI **LESS** than traditional recruitment methods.

But more than half of candidates believe AI-based hiring can represent them accurately.

6 Interviews are the most valued part of the hiring process.

94% of hiring professionals say that interviews are “very valuable” when it comes to making the best hiring decisions.

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01

Workforce Trends that Shaped 2023

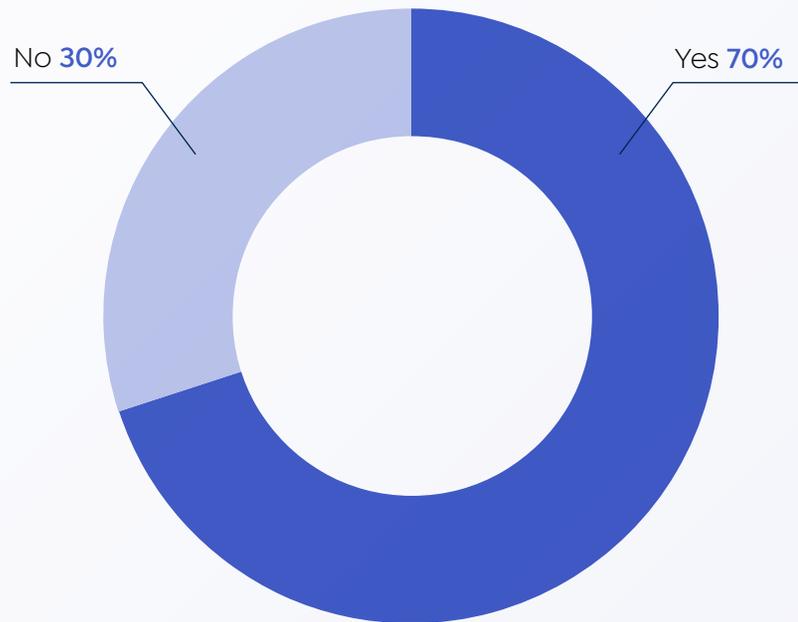
The right skills are hard to find.

Throughout 2023, the skills gap has been a major talking point. According to our survey, 70% of hiring professionals say they struggle to find job candidates with the appropriate skills for their open roles. For respondents in the Manufacturing and Healthcare industries, this figure jumps to 77%.

Meanwhile, organizations that require their employees to come into a physical office were more likely to struggle to find candidates with the right skills: 80% of in-person workplaces agree that finding the right skills is a challenge, compared to just 57% of remote workplaces.



Do you struggle to find job candidates with the appropriate skills?



Percentage of hiring professionals who say they struggle to find candidates with the right skills:



The talent shortage is real.

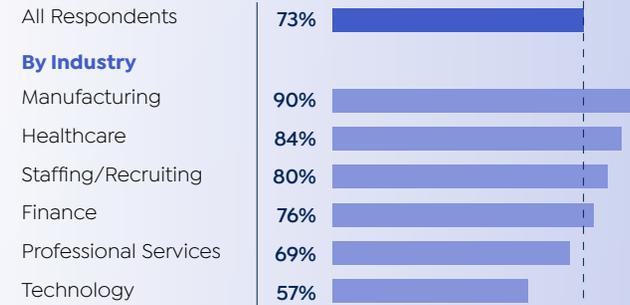
With the right skills in short supply, 73% of hiring professionals believe that we are facing a talent shortage today. The Manufacturing and Healthcare industries are once again feeling the biggest strain from the skills gap. 90% of hiring professionals in Manufacturing believe there is a talent shortage, followed by 84% in Healthcare.



73%

of hiring professionals believe we are in a talent shortage today

Percentage of hiring professionals who believe there is a talent shortage:



«« Key Takeaway »»

When skills are in short supply, hiring professionals must get creative in order to fill their open roles. Do they upskill existing employees? Reevaluate the job requirements? Look for transferable skills? Build better onboarding and training programs? Or turn to AI?

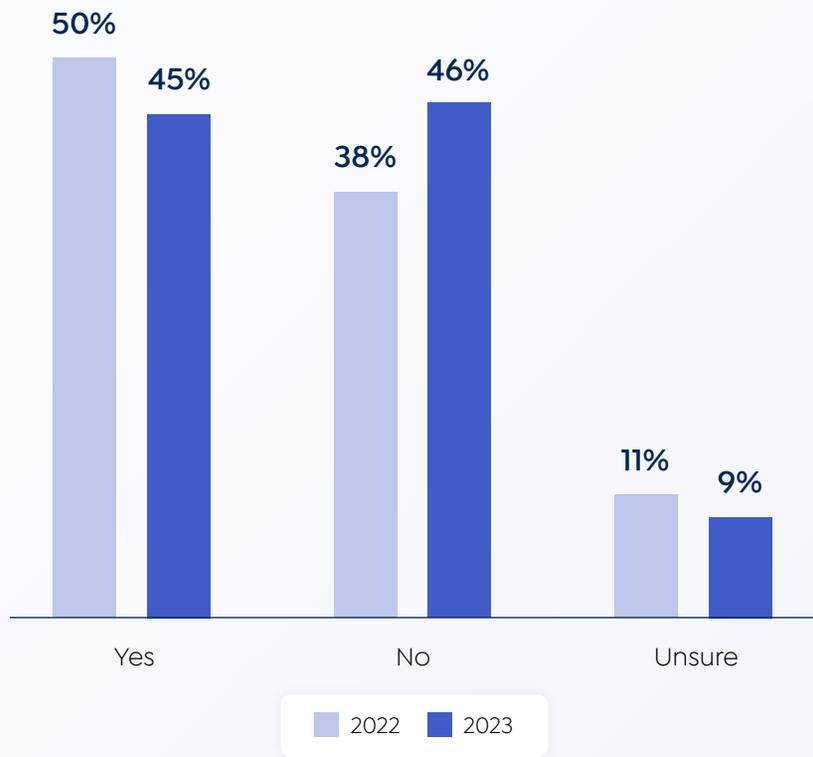
Throughout this report, we'll uncover the ways that organizations are adapting their hiring strategies to meet today's challenges.

Turnover has cooled off but continues to be a major issue in 2023.

Employee turnover was one of the biggest challenges of 2022, with the Great Resignation reaching its peak. In 2023, turnover has cooled off slightly, but 45% of hiring professionals still say that it has been a major issue at their organization.

Meanwhile, the Healthcare and Manufacturing industries were more likely to experience high turnover, as were companies that operate mostly in-person. On the other hand, companies with internal mobility programs were less likely to face issues with turnover.

Has employee turnover been a major issue for your organization this year?



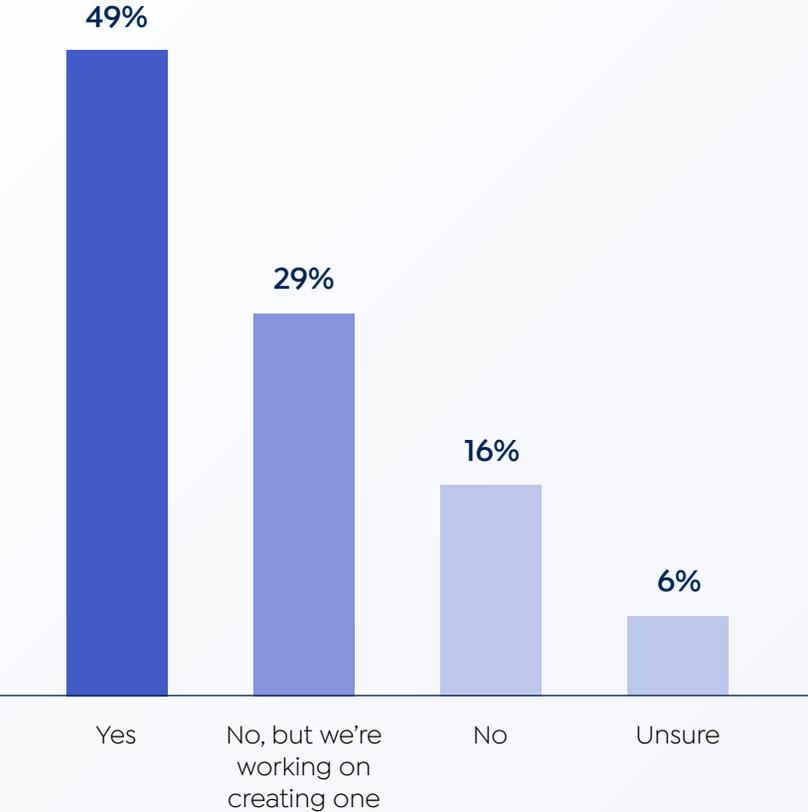
Percentage of organizations that say turnover is a major issue:



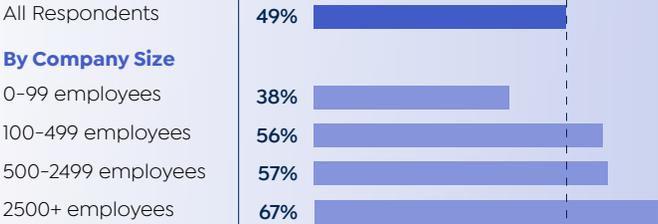
Internal mobility is a powerful perk.

Internal mobility programs are a great way to enable existing employees to learn new skills and access promotions, while enabling the business to fill much needed roles and ultimately improve employee retention. Nearly half of organizations (49%) have a defined program in place to encourage internal mobility, while 29% are currently working on building one. Meanwhile, larger organizations are much more likely to have internal mobility programs: two-thirds of organizations with 2,500 or more employees offer these programs.

Does your organization have a defined program in place to encourage internal mobility?



Percentage of organizations with internal mobility programs:



Key Takeaway

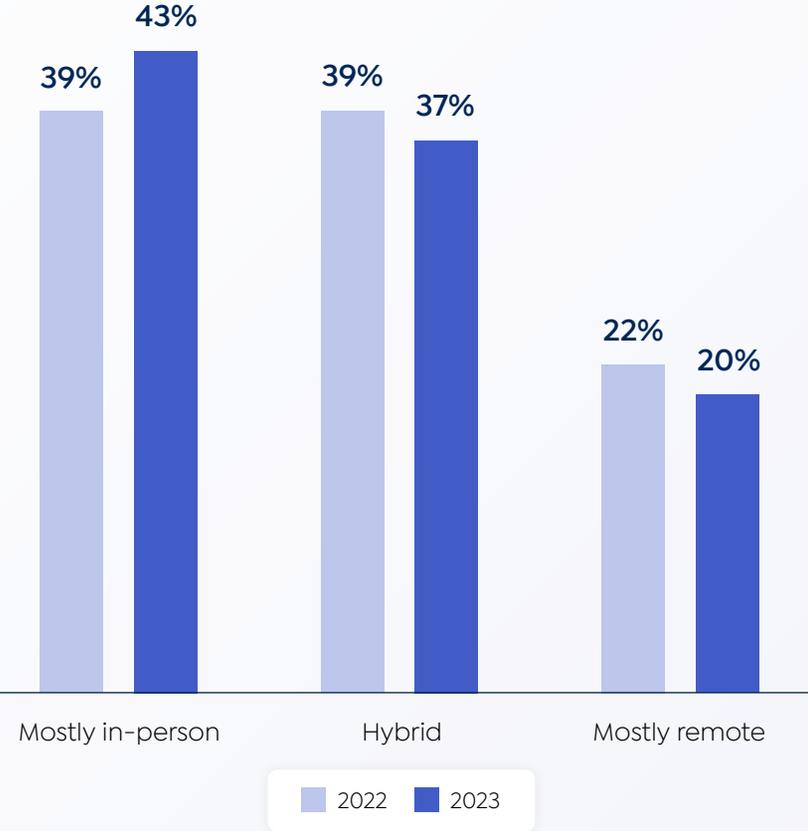
Internal mobility programs can help ease the pressure of today's talent shortage, yet only half of organizations offer them. Why?

The answer may simply come down to resources. Two-thirds of the largest organizations (2,500+ employees) offer internal mobility programs, compared to just 38% of the smallest (under 100 employees) organizations.

Remote, Hybrid, or RTO?

Remote work peaked during COVID-19. Since then, organizations have increasingly called their workers back into the office, some for one or two days, some for the majority of the work week. The largest group of survey respondents (43%) say they are primarily working in-person in 2023. 37% say they are working a hybrid schedule, while just 20% are mostly remote. The number of in-person workers increased by four percentage points from 2022 to 2023.

What work model does your organization use now?



« Food for Thought »»

Over the past year, more and more major companies started to call their employees back to the office, leading some to declare that “remote work is dead!” Yet this data shows a more muted story.

While the proportion of mostly in-person companies did rise, the increase is quite small, at just four percentage points.

Is there a “Remote Advantage”?

Do remote workplaces have an advantage when it comes to attracting and hiring top talent? Our data suggests they might! Remote organizations have an easier time finding candidates with the right skills, and they’re less likely to face high employee turnover.

«« Food for Thought »»

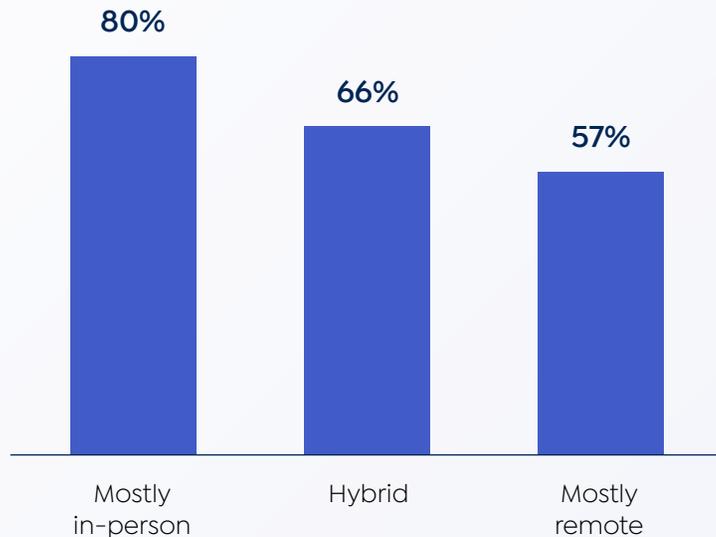
Many industries don’t have the luxury of deciding to work remotely. Manufacturing, healthcare, and hospitality are great examples of this.

But even for organizations that can make the choice, many are calling their employees back to work in the hopes of improving team collaboration and culture. The question is – do the pros of in-person work outweigh the potential cons hidden within these survey responses?

80%

of in-person workplaces struggle to find candidates with the right skills, compared to just 57% of remote workplaces.

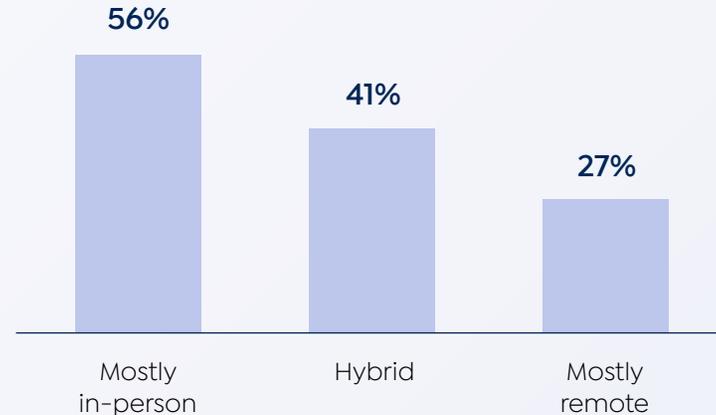
% of hiring professionals who struggle to find candidates with the right skills:



56%

of in-person workplaces struggled with turnover this year, compared to just 27% of remote workplaces.

% of hiring professionals who struggled with turnover this year:



02

AI and Hiring



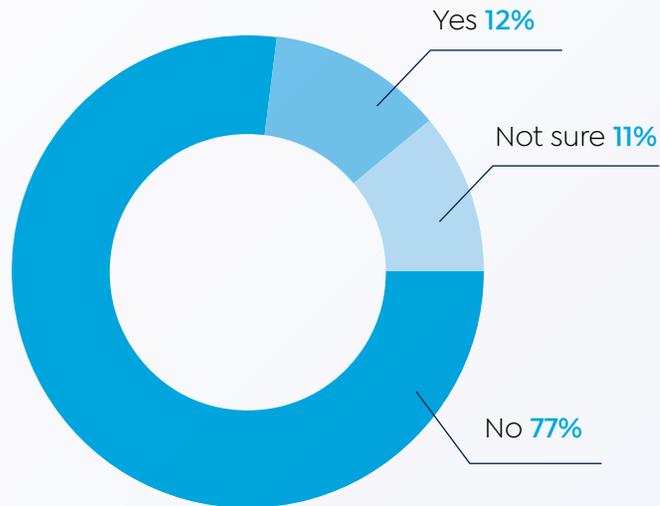
AI is still in the early stages of adoption for HR.

The rise of AI has been one of the hottest topics of 2023. Is it rapidly transforming the way we recruit and manage talent?

Perhaps not just yet. Only 12% of hiring professionals say they are using AI in their recruitment or talent management processes today. 77% say they aren't using it, while 11% aren't sure. This could be a sign that HR and recruiting teams have only just begun to adopt this new technology. It could also be a sign that many people aren't sure what the precise definition of AI is or understand what technology falls under the AI umbrella.

Of the small number of organizations that say they're currently using AI, it is used the most in the Technology, Finance, and Professional Services industries. We also found that bigger companies were more likely to be using AI than smaller companies, perhaps thanks to their access to bigger data samples and a greater need for scalability.

Do you use AI in your recruiting and/or talent management processes today?



Percentage of organizations that use AI in recruiting/ talent management:



« Key Takeaway »

HR and Recruitment are very people-centric disciplines. Therefore, it's not too surprising that this industry hasn't rushed all in on AI. And that's not a bad thing! After all, some of the earliest uses of AI in recruitment have led to major misses that have had the opposite of the intended effect, increasing bias and legal liability.

Ultimately AI has a lot of good to offer the world of recruitment. It just needs to be approached in a thoughtful, transparent, and ethical way.

AI has multiple uses in recruiting.

Of those who say they are currently using AI, nearly half say they are using it to develop their job descriptions. 36% are using it for talent sourcing, 34% are using it in the form of assessments or testing, 32% are using it for application screening, and 30% are using it for candidate communication.

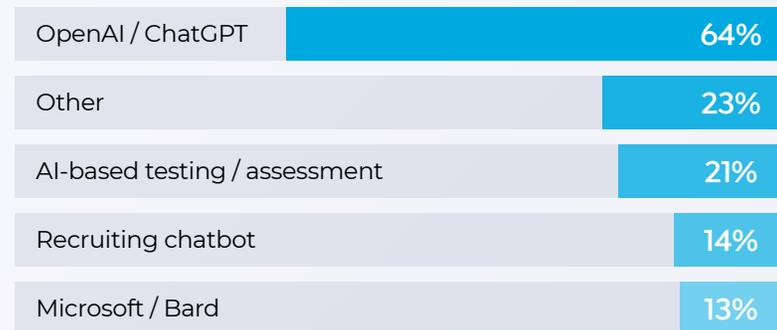
When it comes to a tool of choice, 64% are using a tool such as ChatGPT or OpenAI. 23% are using it in some other way – such as through a type of software that applies AI. 21% are using AI-based testing, 14% are using a recruiting chatbot, and 13% use Microsoft or Bard.



At which stage of the recruitment process is AI being used?*



Which AI tools are being used?*



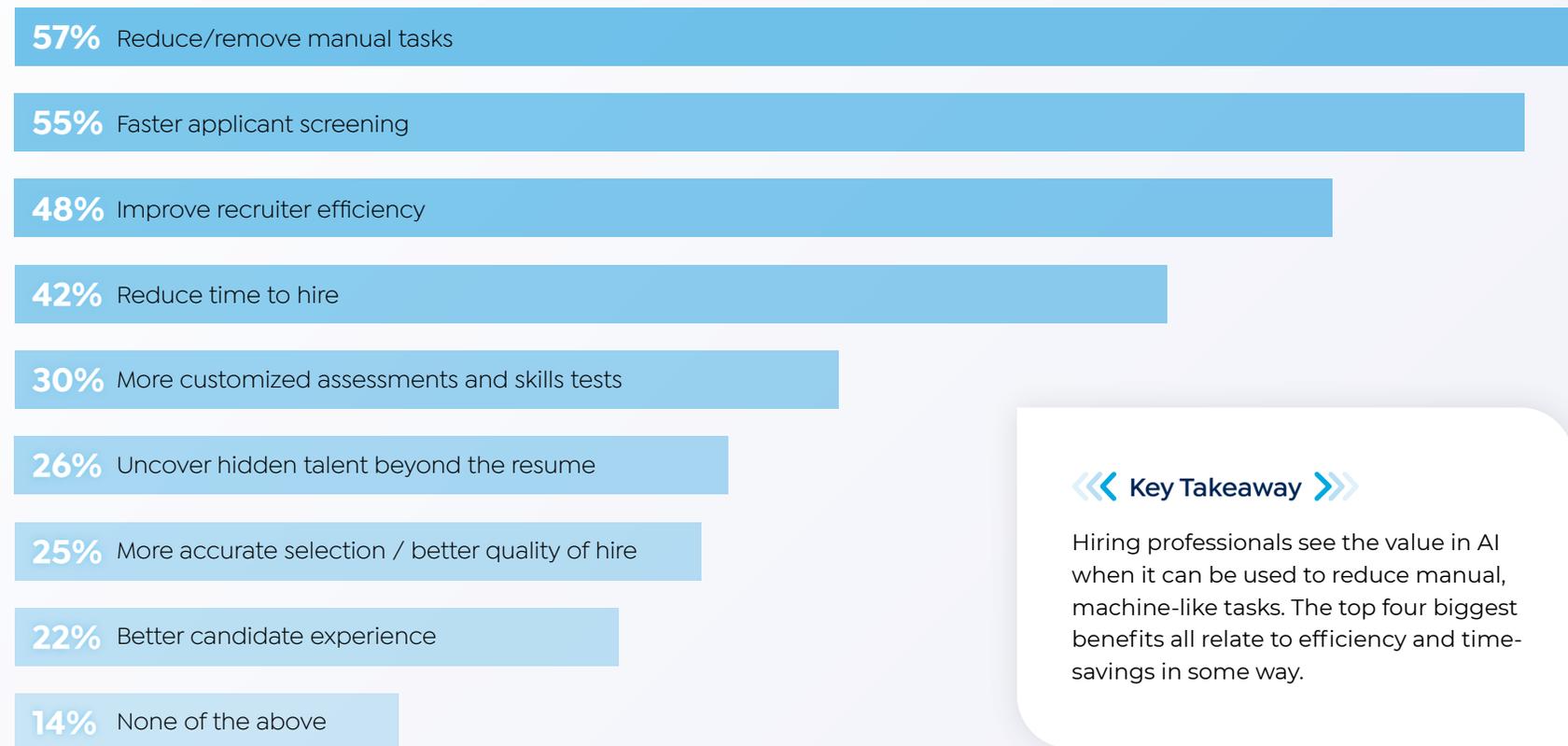
*These statistics are based on responses from the 12% of respondents who say they are currently using AI in recruitment / talent management.

AI can be a time-saver, according to hiring professionals.

While only 12% of hiring professionals are currently using AI, we asked the entire survey group to identify the biggest benefits that can come from using AI in recruitment. Over half of people believe that AI can help to reduce manual tasks (57%) and to screen applicants faster (55%). 48% believe that AI can help to improve recruiter efficiency, while 42% believe it helps to reduce time to hire. Meanwhile, 14% of respondents didn't believe that AI could deliver any of these benefits.



What do you think are the biggest benefits of using AI in recruitment?



« Key Takeaway »

Hiring professionals see the value in AI when it can be used to reduce manual, machine-like tasks. The top four biggest benefits all relate to efficiency and time-savings in some way.

Trust in AI has a way to go.

AI is not yet a trusted part of the recruitment process. A combined 40% of hiring professionals trust AI less than traditional recruitment methods, while only 16% trust it more. 44% think they're equally trustworthy.

Those who stated that they currently use AI are more likely to trust AI. A combined 27% of hiring professionals who currently use AI say they trust it more than traditional hiring methods.

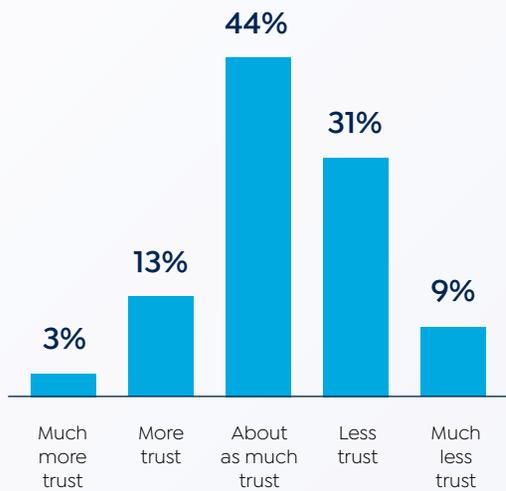
But what do job candidates think? According to our Candidate Experience Report, candidates were open to AI being used, with +50% agreeing that AI-based hiring can represent them accurately.

« Key Takeaway »

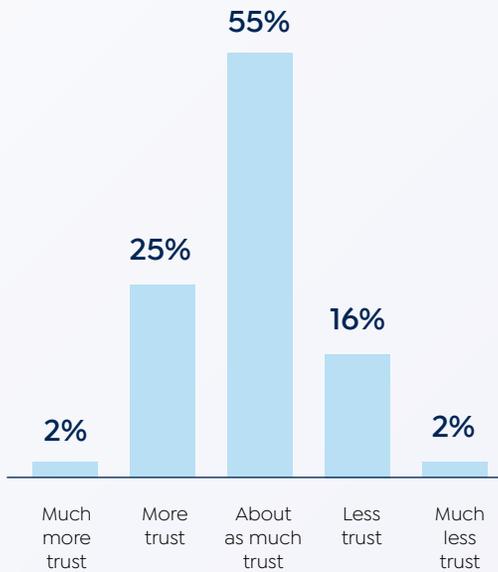
While traditional hiring methods feel familiar and safe, they aren't necessarily worthy of trust. For a long time, research has demonstrated that resumes and unstructured interviews can lead to biased and ineffective hiring decisions.

On the other side, AI isn't inherently worthy of more trust. When AI is applied in a data-driven, transparent, and ethical way, it can earn a trusted place in the hiring process. But if it is applied with less care, it can lead to the same problems as traditional hiring.

What is your level of trust in AI recruitment methods compared to traditional methods?

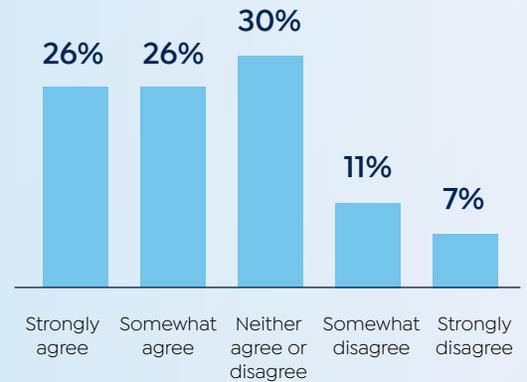


Among those who currently use AI:



FROM OUR 2022 CANDIDATE EXPERIENCE REPORT:

% of candidates who agree that AI-based hiring can represent them accurately:



03

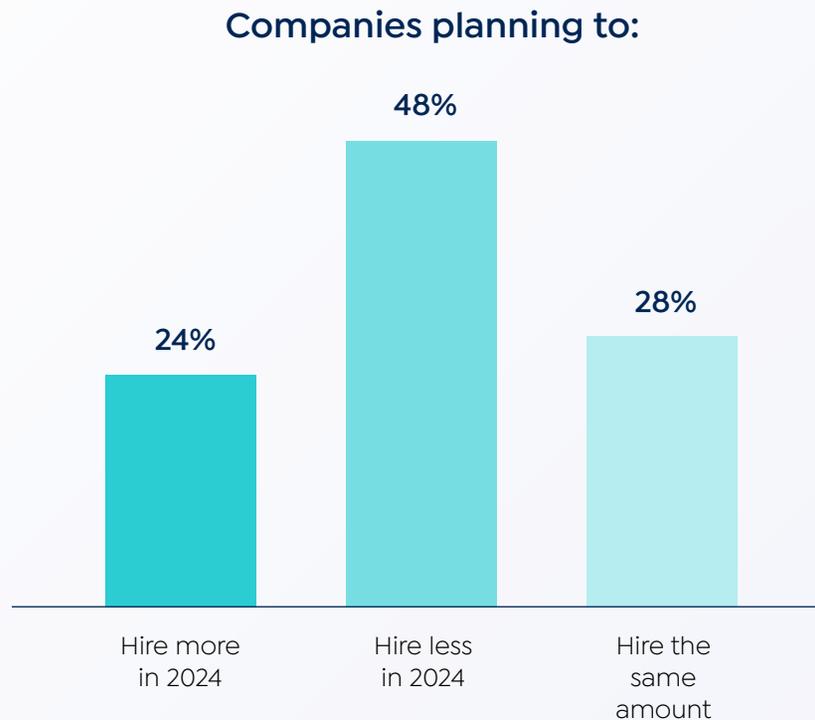
The Hiring Landscape



Hiring demand seems to have leveled out.

The flurry of hiring activity in 2022 may have finally leveled out in 2023. This year has been characterized by a great deal of economic uncertainty. From a bank collapse early in the year, to a rapid rise in interest rates, hiring freezes, and conservative spending, it's no surprise that hiring activity has fallen.

Overall, hiring professionals predict that their hiring volume will decrease by 3.6% in the next year. Nearly half (48%) of organizations predict that they will hire fewer people in 2024, while only 24% predict that they will hire more.



-3.6%

Overall, hiring professionals predict that their hiring volume will decrease by 3.6% in the next year.

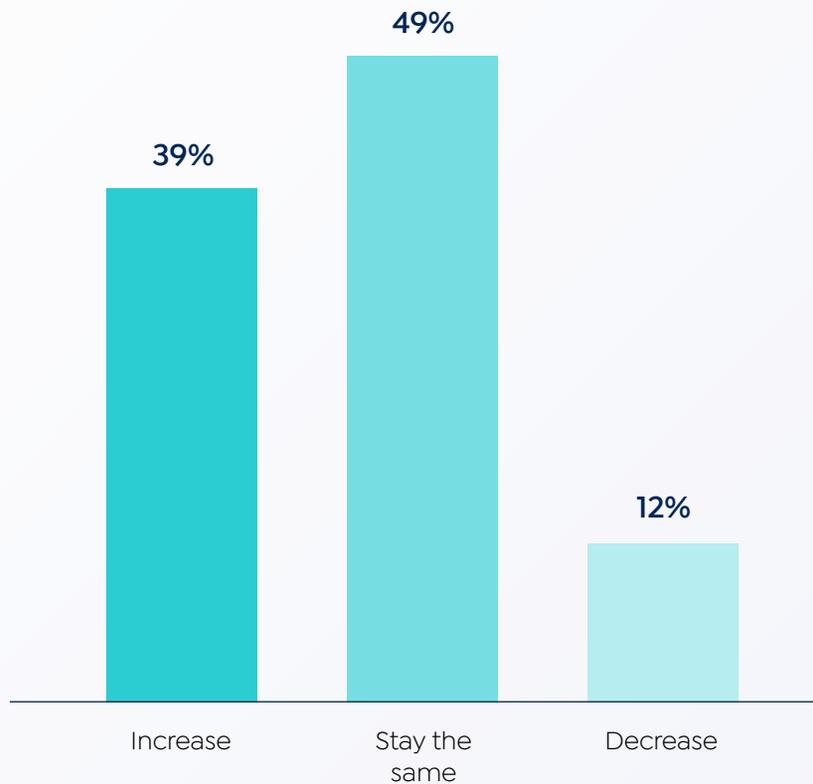
« Key Takeaway »

Hiring activity is a major economic indicator, but not a simple one. With high lending rates and an uncertain economic forecast, many organizations are likely taking a “wait and see” approach before picking up the pace on hiring.

Organizations will invest more in hiring and recruiting.

About half of hiring professionals believe their hiring and recruiting budgets will remain the same next year. However, 39% expect their budgets will increase, while only 12% expect it to decrease.

How will your hiring and recruiting budget change from 2023 to 2024?



« Key Takeaway »

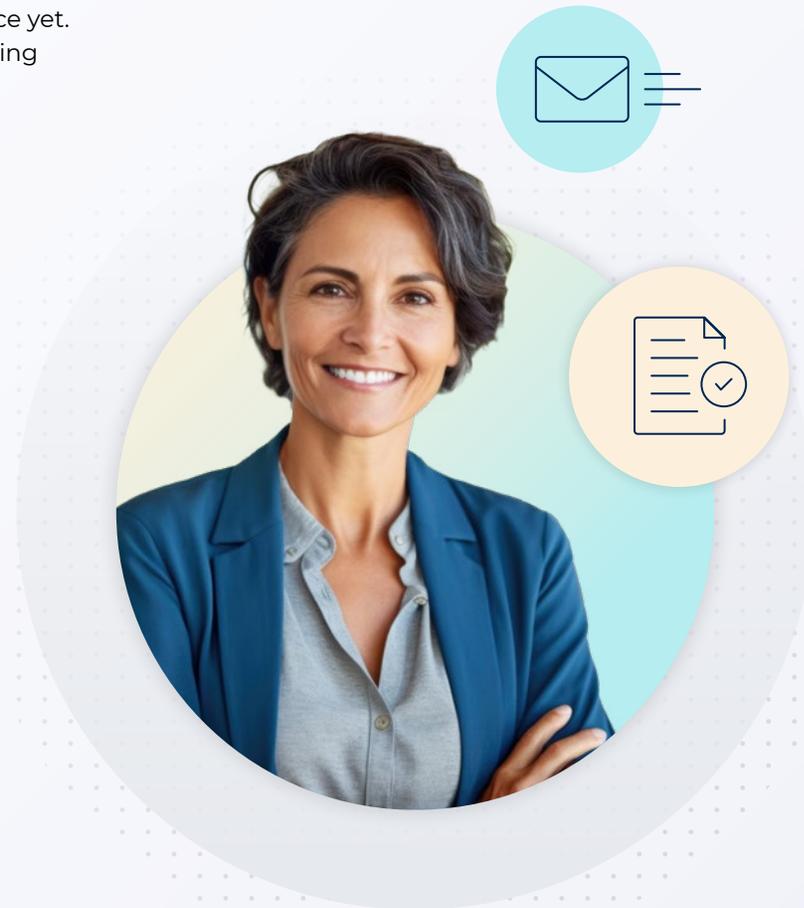
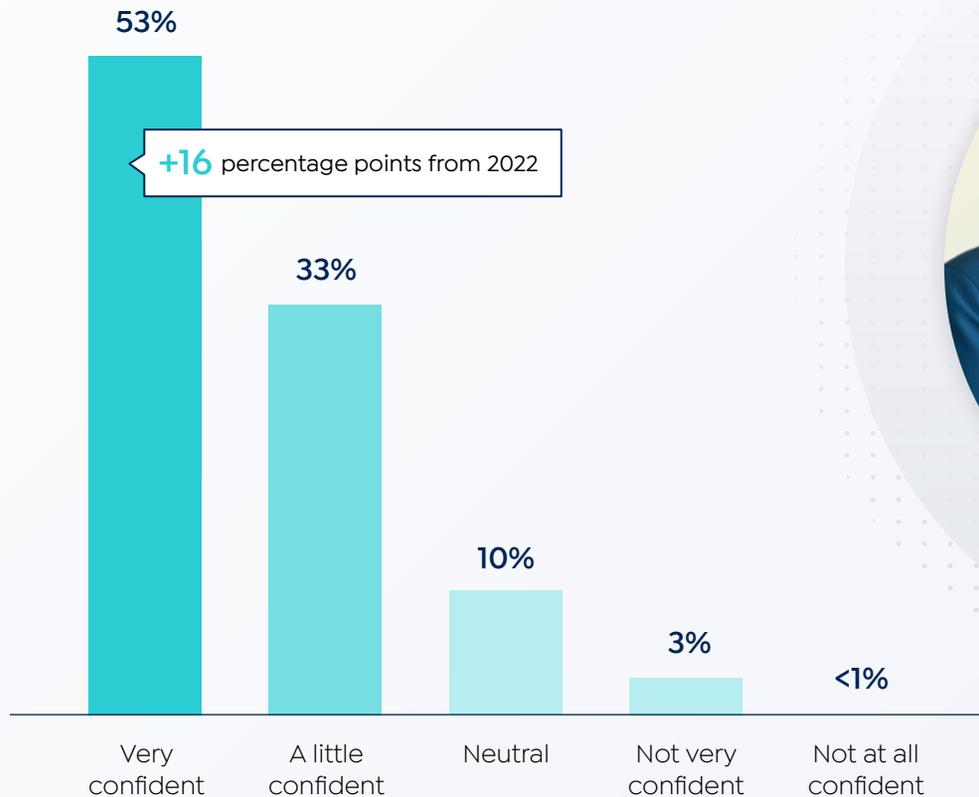
While employers expect to hire a little less next year, they do expect to increase their investments in hiring and recruiting next year, on average.

This could be a sign that companies are hunkering down with the resources they have, aiming to increase efficiencies and maximize ROI until the economy stabilizes.

Hiring professionals are confident in their hiring practices.

Every year, we ask hiring professionals how confident they are in their current practices. This year, the respondents displayed the highest confidence yet. Over half (53%) of hiring professionals are “very confident” in their hiring practices today, up 16 percentage points from last year.

How confident are you in your current hiring practices?



04

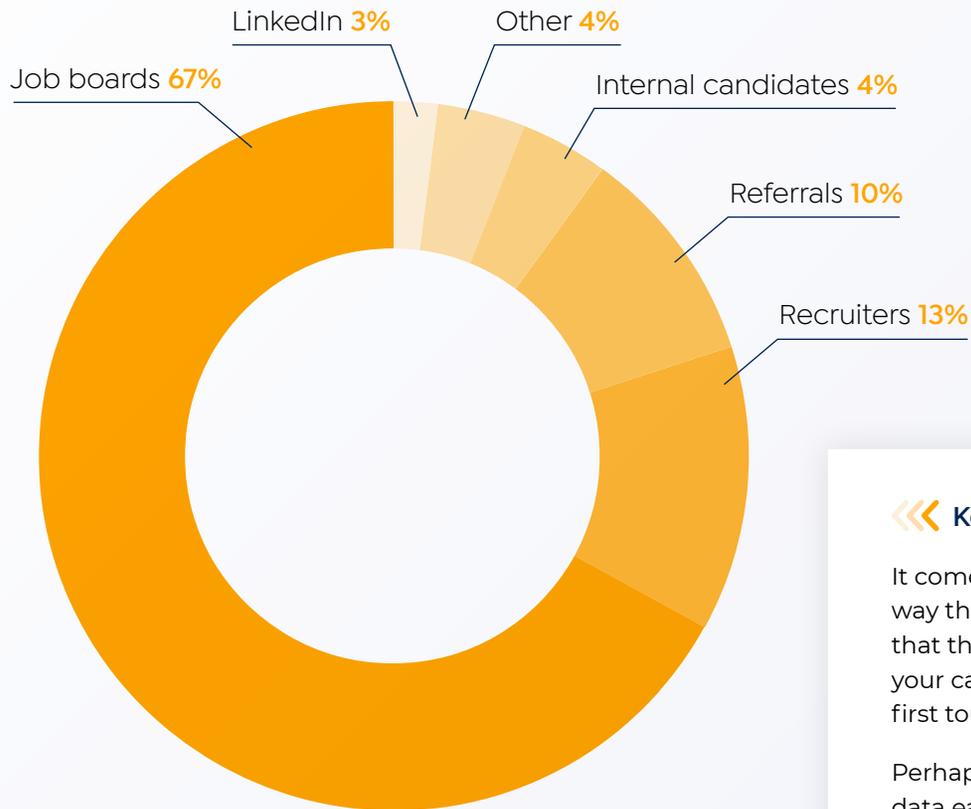
How Companies are Hiring



Job boards dominate sourcing.

We asked hiring professionals to select the single source that they use the most to source talent. Two-thirds of hiring professionals rely on job boards as their primary source of talent. 13% rely on recruiters, while 10% rely on referrals. 4% rely on internal candidates, 3% rely on LinkedIn, and a remaining 4% turn to some other area as the primary source for talent.

Where are you most often sourcing talent from?



« Key Takeaway »

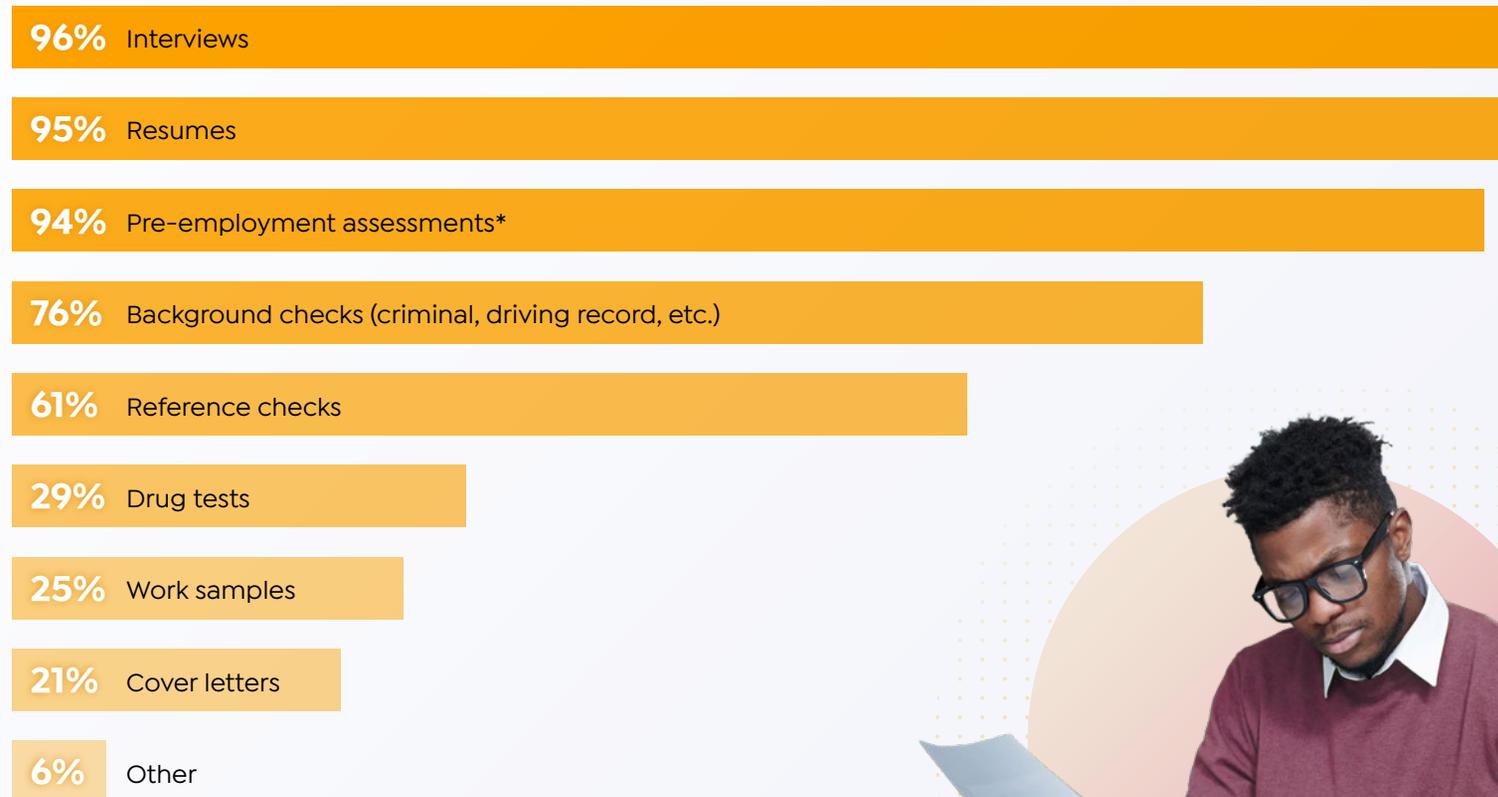
It comes as no surprise that job boards are the primary way that organizations are sourcing talent. It also means that the job description serves as the first impression for your candidates, so it's important to optimize this critical first touchpoint.

Perhaps AI is helping organizations optimize this step? The data earlier in the report showed that almost half of AI-based hiring practitioners were using it to develop job descriptions.

Resumes and interviews are core to hiring.

Nearly 100% of hiring professional in our survey say that they use interviews and resumes to make hiring decisions. These two selection methods have long dominated the traditional hiring process, and they're here to stay. Other most common selection methods include, pre-employment assessments, background checks, and reference checks.

Percentage of organizations using these selection methods:



**A majority of survey respondents are Criteria customers, which inflates the magnitude of this outcome. However, external data confirms that about 82% of companies use some form of pre-employment tests, in line with our result.*



Interviews and assessments are the MVPs of the selection process.

Not every selection method provides the same value in the hiring process. We asked hiring professionals how valuable they found each of the selection methods when it comes to helping them make the best hiring decisions. Interviews came out on the top as the most valued, followed by pre-employment assessments, drug tests, and background checks.

While resumes are one of the most commonly used methods for hiring, they only rank as the sixth most valuable when it comes to making good hiring decisions, suggesting that while they are widely used, they may not be that *useful*.



Ranked order of the most valuable selection methods:

- 1 Interviews
- 2 Pre-employment assessments
- 3 Drug tests
- 4 Background checks (criminal, driving record, etc.)
- 5 Work samples
- 6 Resumes
- 7 Reference checks
- 8 Cover letters

94% of hiring professionals find interviews “very valuable” when it comes to making the best hiring decisions.

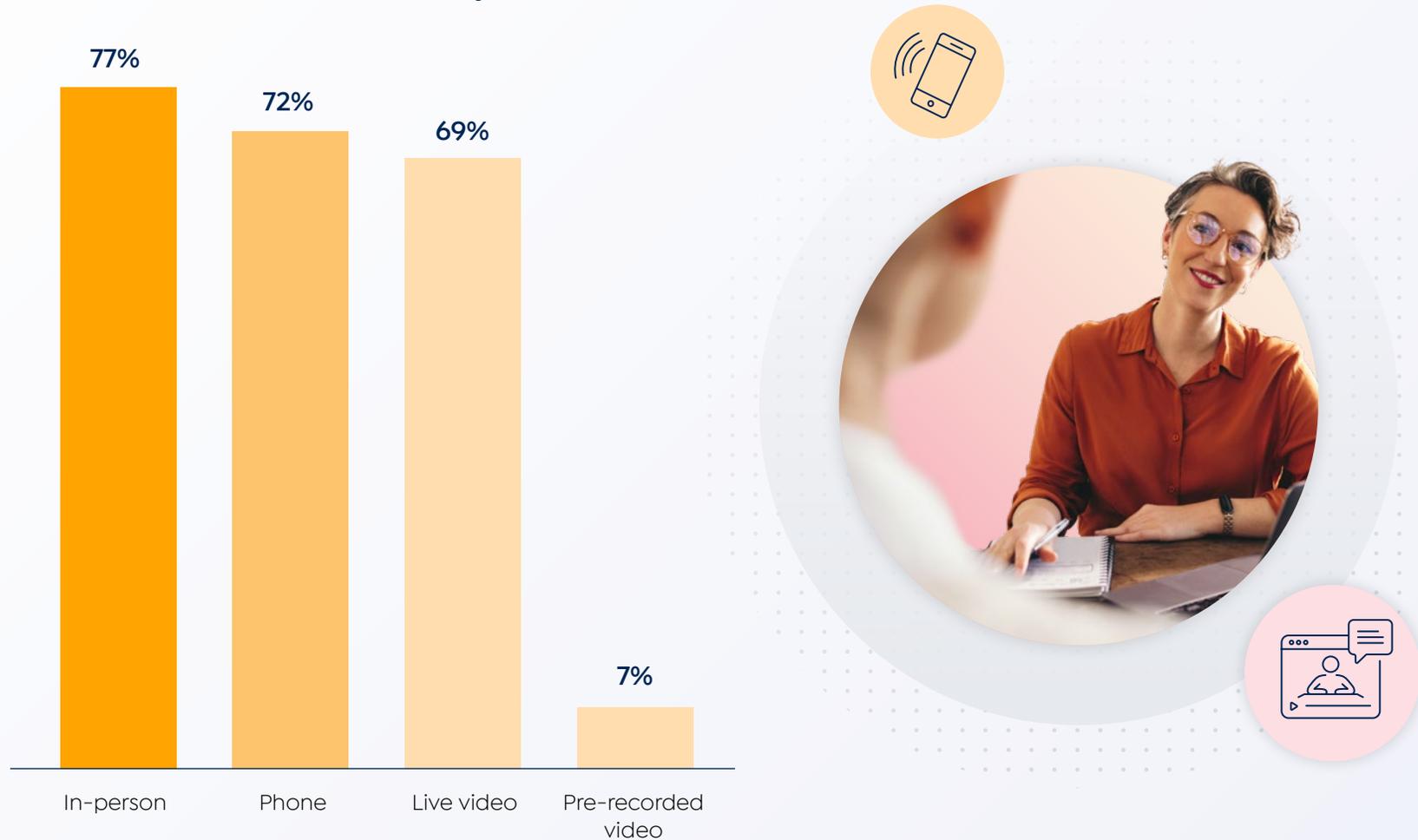
« Food for Thought »»

The two most valuable selection methods - interviews and assessments - also happen to be the most predictive of job performance, particularly when interviews are structured. Hiring professionals may find these methods the most valuable because they are actually scientifically correlated with better hiring outcomes.

There are many ways to interview.

As the most valued part of the selection process, interviews are used in a wide range of ways. 77% of organizations are conducting in-person interviews, 72% are conducting interviews over the phone, 69% are conducting live video interviews, and 7% are conducting pre-recorded video interviews.

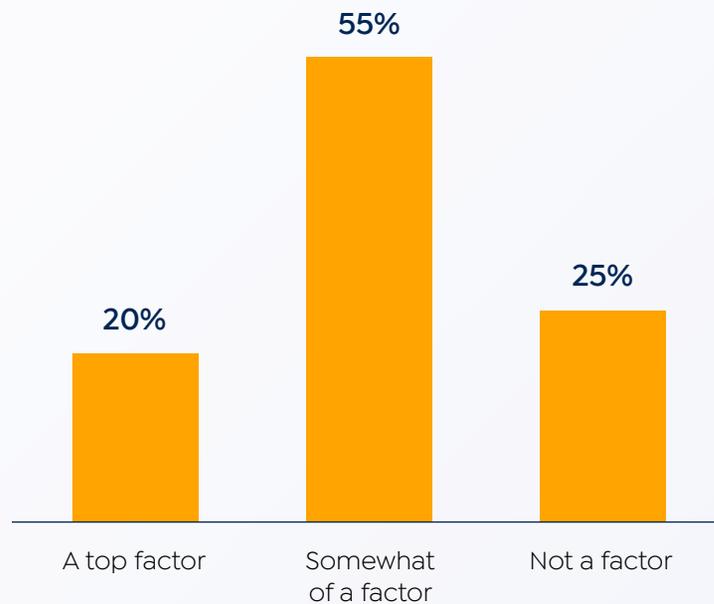
What kind of interviews do you conduct?



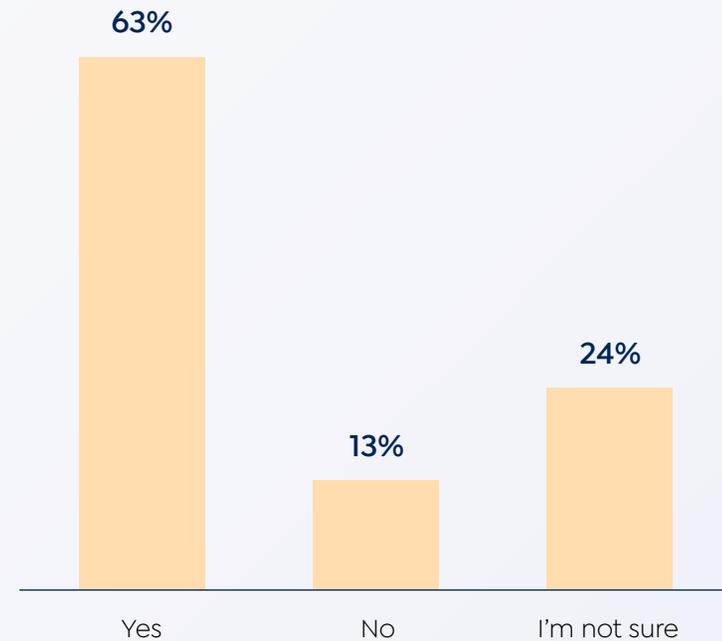
Diversity isn't always a top factor for making hiring decisions.

For most organizations, diversity doesn't play a huge role in hiring decisions. 20% of hiring professionals say that it's a top-factor in their decision-making, while 55% say it's somewhat of a factor, and 25% say it's not a factor. This may be because organizations feel they are already doing a good job on the diversity front. Most respondents (63%) feel that their organization's hiring process effectively attracts and retains diverse talent.

How much of a factor is diversity in your decision-making when hiring?



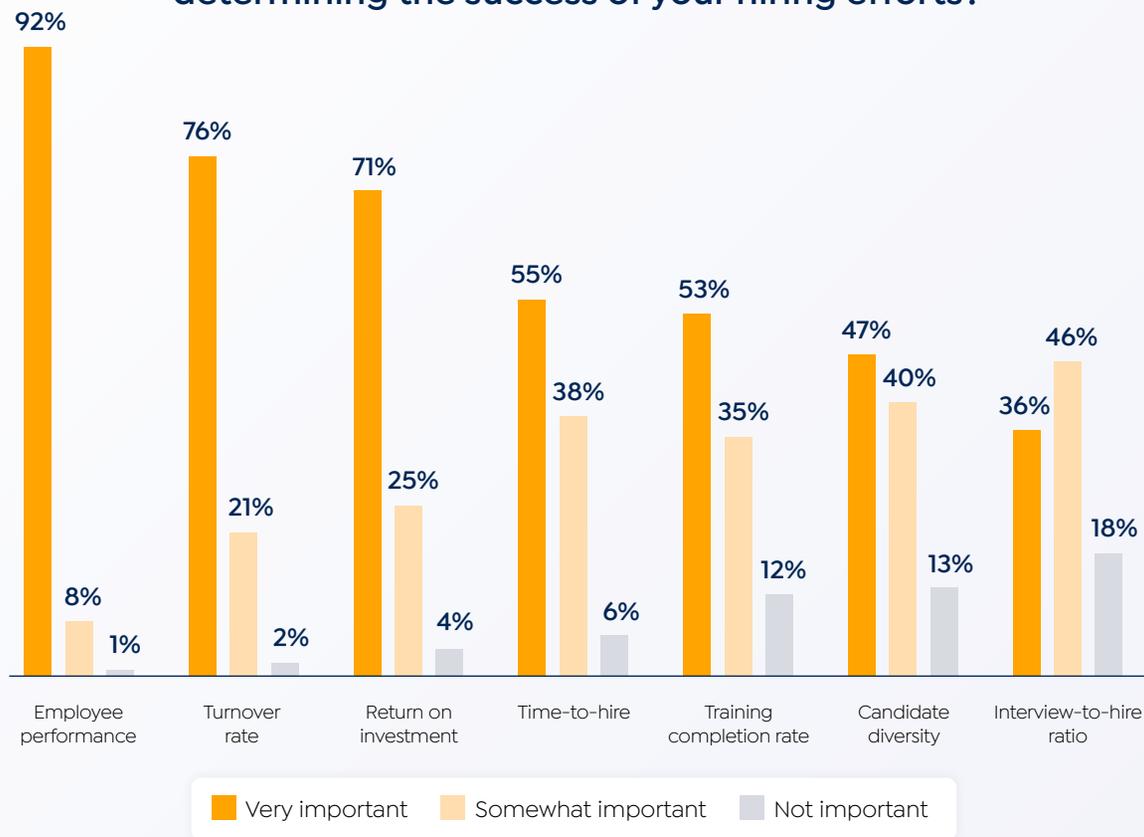
Do you feel your organization's hiring process effectively attracts and retains diverse talent?



Organizations rely on a range of metrics to determine hiring success.

How do organizations measure the success of their hiring and recruiting strategies? For hiring professionals, the most important metric by far is employee performance: 92% say this is very important for evaluating the success of hiring. Turnover rate and return on investment (ROI) are second and third in terms of importance. Meanwhile, candidate diversity and interview-to-hire ratio ranked the lowest in terms of importance.

How important are the following metrics when determining the success of your hiring efforts?



Key Takeaway

It's no surprise that employee performance is by far the most important metric for determining the success of hiring. After all, what is the purpose of hiring if not to find people who can perform well on the job?

It also highlights the importance of building a hiring strategy that is as predictive of job performance as possible.

05

Future Outlook



What are the top priorities next year?

Where will organizations put their energy next year? We challenged the survey respondents to select their top three biggest priorities moving into 2024. At the top of the list, turnover continues to be one of the most pressing issues facing hiring professionals, with 47% planning to focus on reducing turnover. 44% plan to upskill current employees, while 43% want to increase the efficiency of their hiring processes. 39% want to improve company culture, while 31% want to reduce costs.

Meanwhile, only 17% of organizations placed diversity into their top three biggest priorities for next year, while only 11% selected AI as a top priority.

Thinking about next year, which of the following are the biggest priorities for your department?



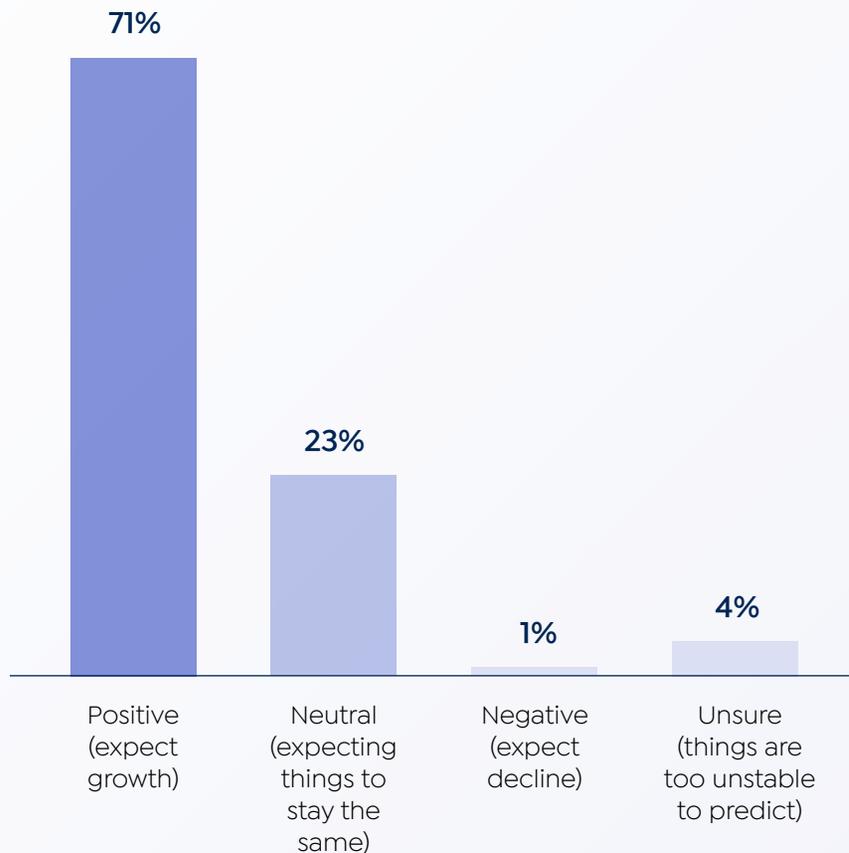
Key Takeaway

Many of the top priorities for 2024 are all about making the most of existing resources. From reducing turnover and upskilling employees, to increasing efficiency and reducing costs, employers today are taking a hard look at their current processes and seeking ways to optimize them. This includes optimizing the hiring process to ensure that they're attracting and retaining the best talent.

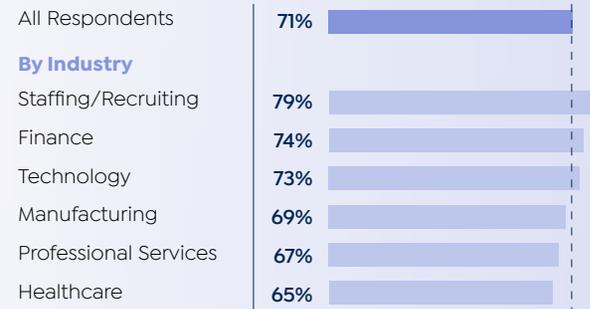
Optimism abounds for 2024.

Despite the uncertain economic landscape, most hiring professionals remain optimistic for next year. 71% of hiring professionals expect their companies to experience positive growth next year, 23% expect things to stay the same, and just 1% expect a decline. The level of bullishness varies by industry, with the Staffing/Recruiting, Finance, and Technology industries feeling a little more confident than Manufacturing, Professional Services, and Healthcare.

When thinking about next year, what is the outlook for your company?



Percentage of hiring professionals who expect growth next year:



Key Takeaway

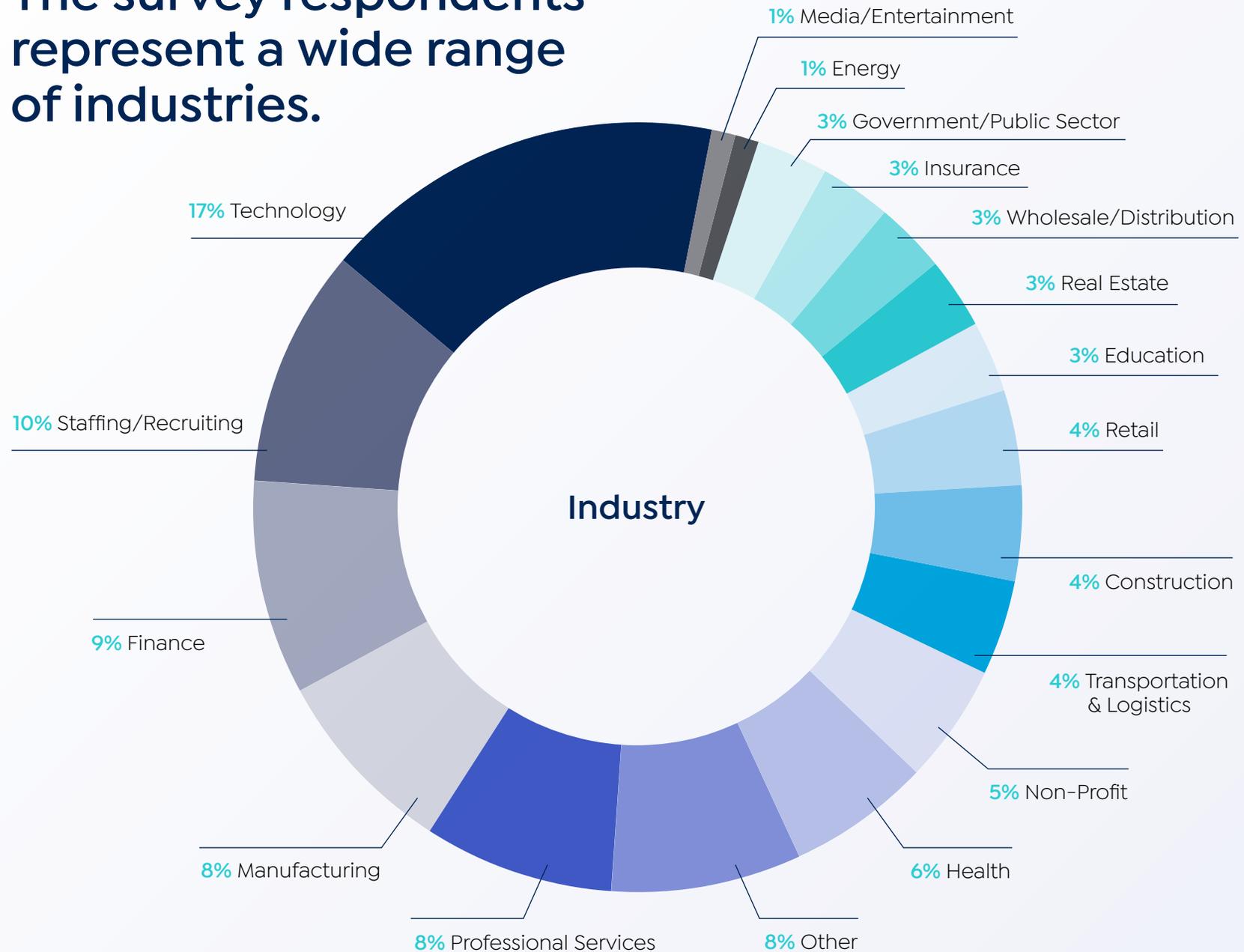
Are things looking up for the future? Our survey respondents certainly think so!

Regardless of what the future holds, hiring professionals have the right mindset to adapt and thrive in the face of new challenges in the coming year.

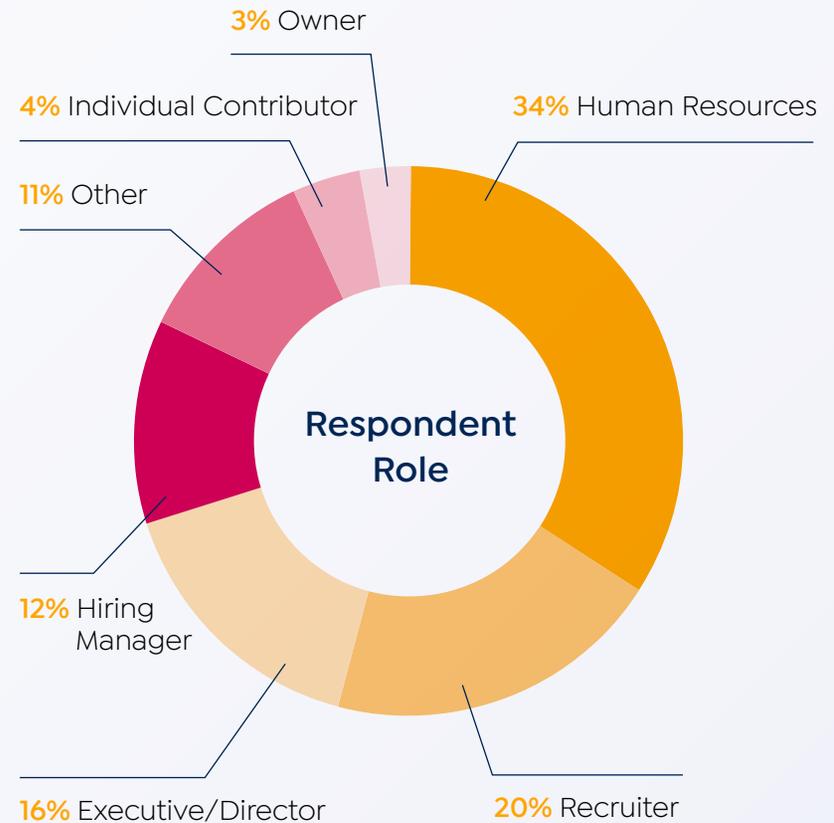
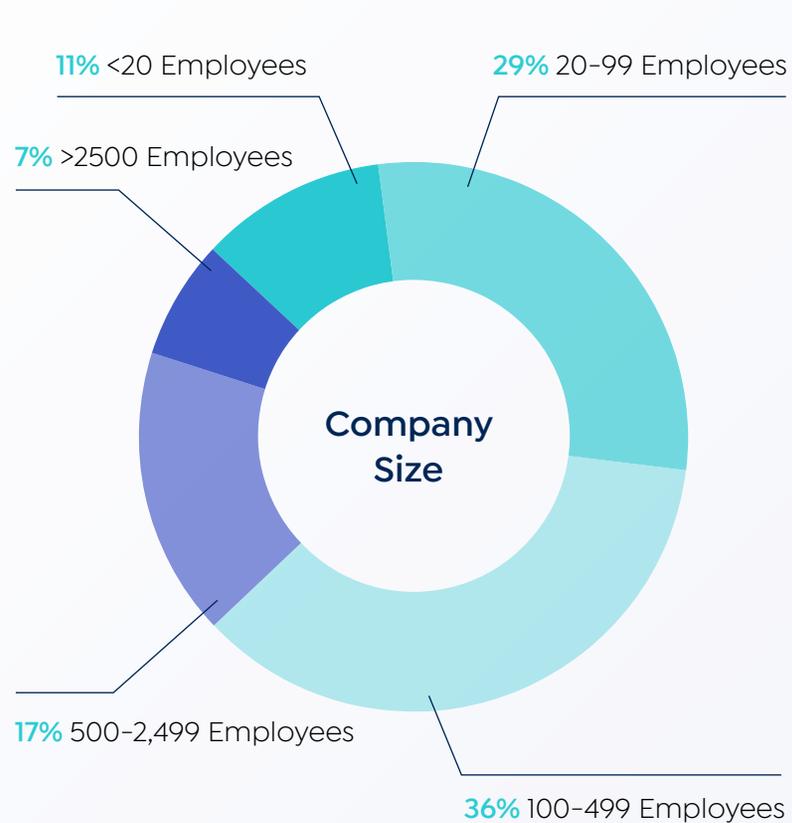
06

Survey
Respondents

The survey respondents represent a wide range of industries.



They come from companies of all sizes and hold a range of different roles.





Drive Talent Success with Criteria

Criteria is a talent success company that helps organizations make more objective, evidence-based talent decisions that both reduce bias and drive outcomes. Our world-leading tools include a comprehensive suite of rigorously validated assessments and structured interviewing tools that highlight the potential in every job candidate while providing an experience that candidates love.

www.criteriacorp.com