



# Recruiting Pressure Continues Despite Cooling Job Market



*HRO Today* Flash Reports are a series of ongoing research initiatives that address today's topics of interest in the HR community. These are focused briefs that can be used to support business decisions and discussions among industry practitioners and thought leaders.

This report examines the perceptions of recruiting pressure today and 12 months from now. Further, it examines whether pre-employment screening providers are offering the right services and executing those services well, given the amount of pressure recruiters are experiencing.

This study was sponsored by background screening firm **Cisive**.

## Methodology

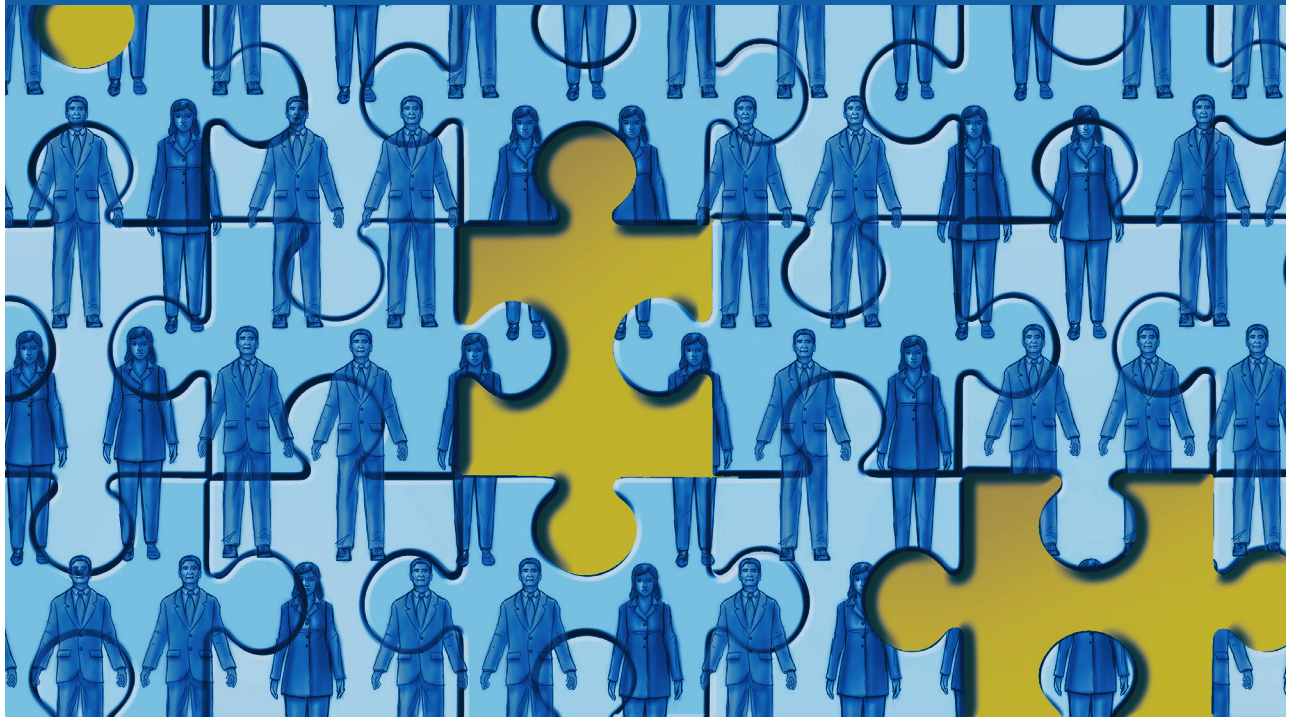
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Between August 22 and November 3, 2022, a series of emails were sent to subscribers of *HRO Today* magazine and *HRO Today* newsletters, inviting them to take part in an online study. Respondents were at manager-level or above within their human resources departments. They were also screened to ensure that they were familiar with their organization's use of a pre-employment screening provider. The total number of usable surveys was 50, and all respondents were from North America.

## Background

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It is a confusing time for the job market. The unemployment rate remains low, consumer spending high, but concerns of a recession grow as the tech sector continues to report layoffs of thousands of workers. These contrasts make workforce planning more challenging than ever before with recruiters being tasked to meet organizational workforce objectives, even when those objectives are in flux.



## KEY FINDINGS

There were five key findings produced by this research:



1. **Recruiters are feeling more pressure now to recruit than they did 12 months ago.** Recruiting pressure remains prevalent today. While responses vary by industry, 89% of recruiters agree they are feeling the pressure (68% completely agreed and 21% moderately). Given near historic low unemployment rates of 3.7% in the US, this level of stress is not surprising.



2. **Recruiting pressure is not going away any time soon.** Overall, 92% of recruiters agree they anticipate the pressure will continue to remain high 12 months from now (70% completely agreed and 22% moderately). However, increasing concern over a recession may change hiring plans for many organizations.



3. **Pre-employment screening providers' services help make hiring decisions.** Most respondents (85%) agreed they do help with hiring decisions, with nearly one-half (48%) agreeing completely. While the scope of services is often narrow, the value is an essential part of the hiring process.



4. **Satisfaction with pre-employment screening support elements is generally high but can be improved.** Across the nine support elements offered by pre-employment screening providers, satisfaction is generally high; though only one area, an easy-to-use interface, had at least one-half expressing they were very satisfied with it. This suggests that top pre-employment screening providers have opportunity to distinguish themselves with these support elements if they can deliver superior performance.

The area where pre-employment screening providers can improve the most is integration with existing HRIS or ATS, as less than one-half (46%) were satisfied (23% were very and 23% moderately). Ideally, an application programming interface (API) should seamlessly integrate with current applications, either with an HCM (human capital management) platform or Applicant Tracking System.



5. **Off-boarding is not a top-of-mind service background screening providers can offer.** Most respondents stated that off-boarding is performed in-house or that they felt the function, as it related to screening, was not needed. While pre-employment screening providers want to expand their portfolio of services, off-boarding will prove to be only a niche offering.

DETAILED FINDINGS:

## Extent of Agreement about Greater Pressure to Recruit Candidates

*To what extent do you agree that you feel greater pressure to recruit candidates more quickly today than 12 months ago?*

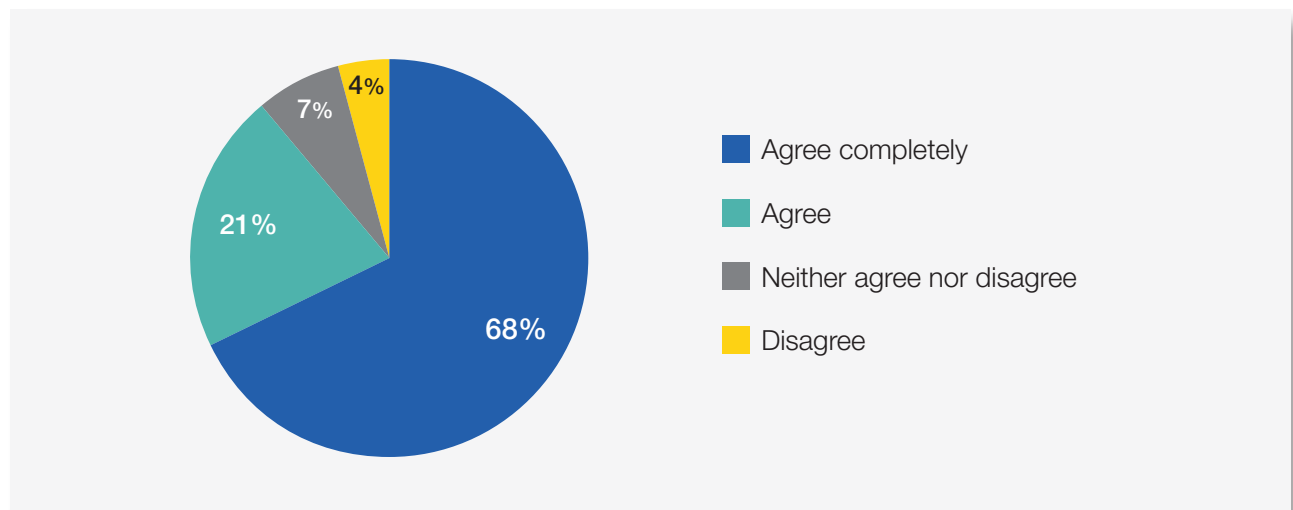
Study participants were asked to indicate their extent of agreement about if they felt greater pressure to recruit candidates more quickly today than 12 months ago. The results were very clear. Over two-thirds (68%) completely agreed they feel more pressure with another 21% agreeing, resulting in an average score of 4.54 on a scale of 1 to 5.

Attitudes about recruiting have been evolving over the course of 2022 and are very dependent upon the hiring company industry. As of the end of October 2022, the US unemployment rate is 3.7% with approximately 6.0 million officially

unemployed—a 62% reduction from ten years ago. Most organizations are not even looking to employ that 3.7%, they are looking for the ‘already employed’ – who currently enjoy their present company’s efforts to retain them, in addition to daily inquiries for other opportunities from remote-based employers across the country.<sup>1</sup>

Internally, the pressure results in a truncated hiring process with few steps, occurring over days as opposed to weeks, including scheduled ‘debriefs’ with internal staff directly involved in the interview process immediately following interviews so decisions can be made and offers sent to candidates. Concerns over this rapid pace include recruiter mental health and wellbeing along with low quality hires.<sup>2</sup>

### Extent of Agreement about Greater Pressure to Recruit Candidates



## Extent of Agreement with Forecast for Recruiting Pressure One Year Away

*To what extent do you agree that you anticipate the pressure to recruit candidates will remain very high 12 months from now.*

Respondents were asked to forecast if they felt the pressure to recruit candidates will remain very high 12 months from now. Overall, most anticipate the pressure will continue. Over two-thirds (70%) completely agreed that the pressure would remain very high while another 22% agreed. No one disagreed.

But how will opinions change over the next 12 months? In its third pulse survey of 2022, PwC found that 26% of executives are planning to reduce the number of full-time employees over the next 12 to 18 months. In their August 2022 Pulse Survey, 50% said they had either implemented overall headcount reductions or had a plan in place to do so. At that time, 23% said they had already implemented headcount reductions.<sup>3</sup>

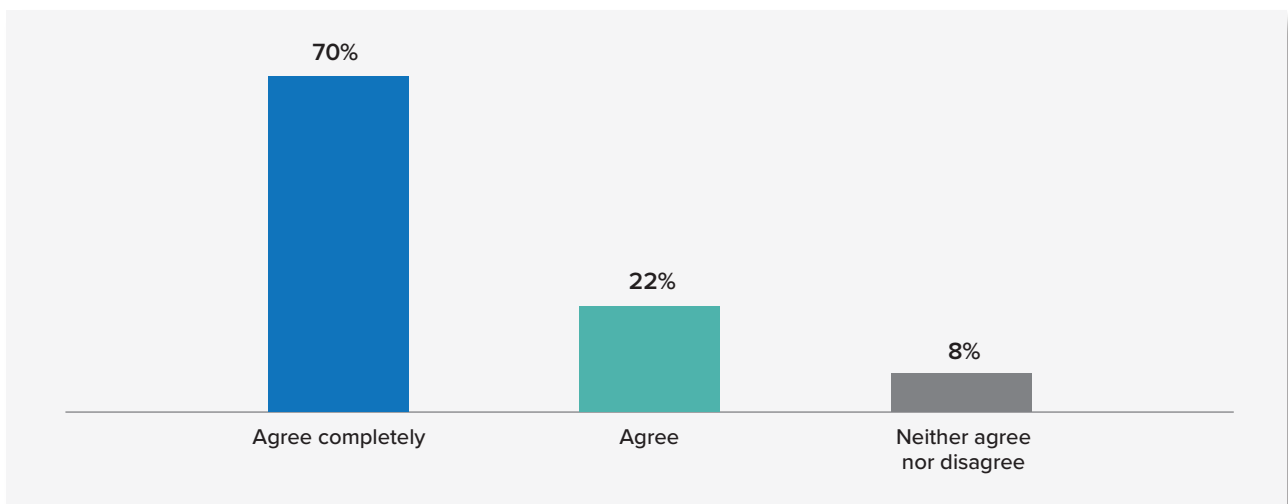
Seemingly overnight, the tech industry flipped from aggressive growth, hiring sprees, lavish perks and boundless opportunity to layoffs and hiring freezes.<sup>4</sup>

Layoffs.fyi, a crowdfunded site that tracks layoffs, estimates that over 800 companies have cut nearly 130,000 jobs in 2022. Those companies include Meta, Twitter, and Amazon, along with over 500 startups.<sup>5</sup>

Another study conducted in October 2022 by KPMG revealed that about 46% of the CEOs are considering downsizing their employee base over the next six months, while almost 39% have already implemented hiring freezes.<sup>6</sup> Certainly, those working in the tech sector, such as Meta, Twitter, or Amazon have felt the rapid change in employment as all three tech giants have announced layoffs of thousands of workers.

So, while there are indications the 'Great Resignation' may be winding down due to ongoing economic unrest, the report also revealed that 58% of CEOs expect the recession to be mild and short. Eight out of 10 anticipate a recession over the next 12 months, with more than half expecting it to be mild and short.

### Extent of Agreement with Forecast for Recruiting Pressure One Year Away



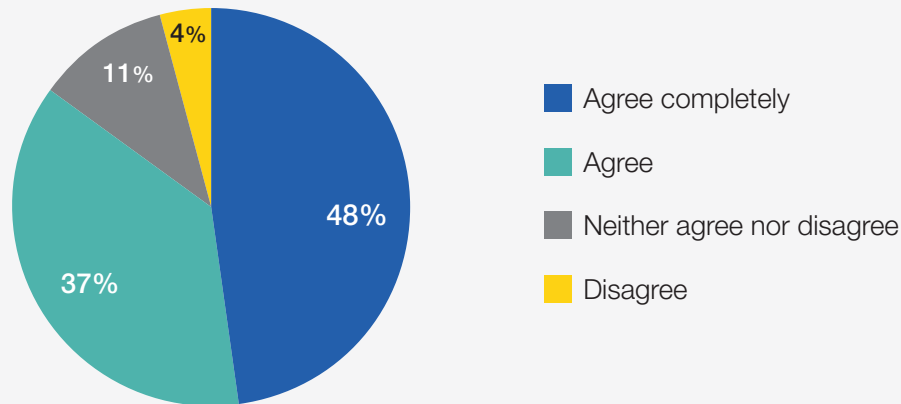
## Do Pre-Employment Screening Providers Offer Services Needed to Make Decisions?

*To what extent do you agree that your pre-employment screening provider offers the services you need to make confident decisions about candidates.*

Study participants were asked if they felt pre-employment screening providers offer services needed to make decisions. Most (85%) agreed that they do, with nearly one-half (48%) agreeing completely.

While pre-employment screening does not tell recruiters who to hire, it does tell them who not to hire. The need for background screening information: identification verification, criminal record check, eligibility, location (tax implications), education and employment verification, are all critical elements in the decision-making process.

### Do Pre-Employment Screening Providers Offer Services Needed to Make Decisions?



## Satisfaction with Support Elements

*Please indicate your satisfaction with each of the support elements below from your pre-employment screening provider.*

Respondents were asked to indicate their satisfaction with nine different support elements from their pre-employment screening provider. Satisfaction is generally high, though only one area had at least one-half expressing they were very satisfied with it. This suggests that top pre-employment screening providers have opportunity to distinguish themselves with these support elements if they can deliver superior performance.

The area with the highest level of satisfaction is an easy-to-use interface, with 92% very satisfied/satisfied, and the only area with at least one-half very satisfied. Ease-of-use is basically table stakes in any application. It is assumed that the provider offers a platform that is quickly understood, easy to navigate, and provides meaningful information used in recruiting decision making at a glance. Items like relevant reporting metrics, report customization and mobile-friendly access can all be components of the interface.

The next highest area of satisfaction is customer support, with 84% satisfied. Elements of customer support include: dedicated 800# and email addresses, 24/7 support, often through the use of AI-powered chatbots, dedicated representatives that are equipped to address daily questions, compliance considerations, status updates, and other related issues, as well as assistance with system integration during program implementation.

Compliance satisfaction is tepid, with 77% satisfied but only 39% very satisfied. Compliance involves following the rules and regulations set forth by the Fair Credit Reporting Act and local ordinances.

These requirements generally need employers to conduct background checks that are accurate, transparent, and fair to consumers. They are important to adhere to so that an employer is not fined. Further, compliance also includes abiding by the standards set by the Equal Employment Opportunity Commission (EEOC) Discrimination Regulations.

Positive candidate experience also had 77% satisfied, though only 35% were very satisfied. While the red-hot job market has started to show signs of cooling down, in October 2022 the US unemployment rate was a very low 3.7%,<sup>7</sup> organizations nationwide are still scrambling to fill vacancies, and that means a positive candidate experience is essential. According to a recent study by LinkedIn, nearly two-thirds (65%) of candidates say a poor interview experience makes them lose interest in a job.<sup>8</sup> A poorly conducted background check can result in lost candidates, lost business, and potentially make the hiring company vulnerable to compliance violations.

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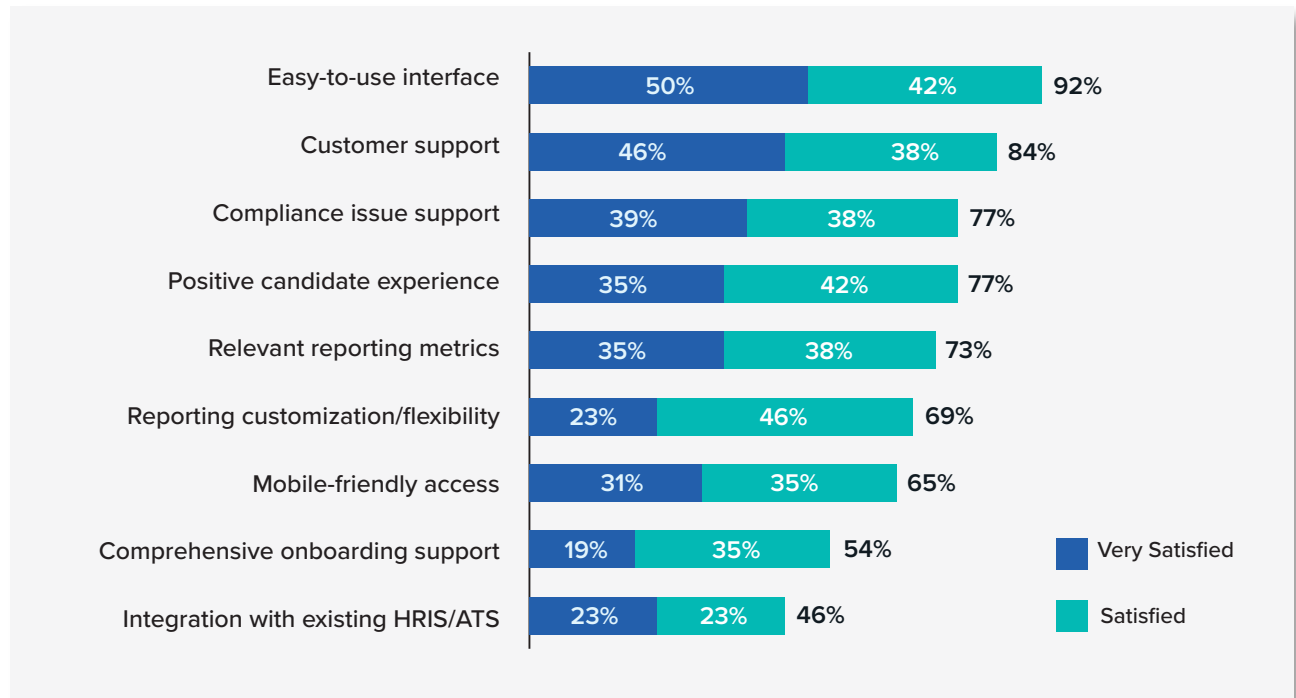




The area with the least satisfaction is integration with existing HRIS or ATS, as less than one-half (46%) were very satisfied or satisfied, and only 23% were very satisfied. A provider's API should seamlessly integrate with existing applications, either directly with an HCM (human capital management) platform or

with third-party onboarding solutions. The technology should have the capability to initiate a background check, view and manage candidate screening data, and receive status updates within an applicant tracking system (ATS).

### Satisfaction with Support Elements





## Use of Pre-employment Screening Provider for Off-boarding Work

*Study participants were asked if they used their pre-employment screening provider for off-boarding work. None of the respondents indicated that they did use their provider for off-boarding needs.*

The follow up question, which was open-ended, asked for respondents to state why they do not use their pre-employment screening provider for off-boarding purposes. Below is a selection of some of the comments left.

Most respondents stated that off-boarding was done internally, or that they felt the function as it related to screening was not needed.

Pre-employment screening that can offer off-boarding assistance will have to build demand for the service, such as why it's important to conduct the screening. It's not currently top-of-mind, and until the case for doing the checks is made, few HR executives are not likely to look towards any pre-employment screening providers to provide the service.

*"Because we don't complete a background screening on employees who are leaving our company"*

*"We have another excellent vendor for those services."*

*"We prefer a one-on-one exit interview on off-boarding policy."*

*"I'm not aware they have such services. We handle off-boarding in-house."*

*"We have our own process and systems for off-boarding purposes."*

*"I'm not sure why we don't. We should probably look into this further!"*

*Finally, what is the most significant way your background screening provider can facilitate your hiring process going forward?*

What clients demand from their pre-employment screening provider has not changed in the last several years: the expectation for a rapid turnover of accurate results. How the provider delivers that and what additional services can be part of that mission can vary, however. In addition to the table stakes of result speed and accuracy, there were other comments left that could result in a more value-added service.

*"Be a true partner to us. We basically use the system with no support or interaction with the provider. We do not have a designated account manager, so customer service does not exist."*

*"Customer support, knowledge of our business, customizations as needed."*

*"In all -- Better client experience. Better employee experience. Better client support overall and in vendor management, especially in the space of DPA's."*

*"Timeliness and asking more in-depth questions, probing, instead of checking the box."*

*"We need support to better understand social media screening, including best practices and support for policy development."*

## Notes

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