



Recruiting Agility and Flexibility in a Recession



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

This report examines Talent Acquisition professionals' views about a recession in 2023, and what the impact of a recession is on hiring plans. Further, an examination of how organizations view their recruiting function's flexibility, agility, and ability to capitalize on technology to meet changing needs is made.

This study was sponsored by **Resource Solutions**, though the sponsor of the study was not revealed to study participants.



Methodology

Between January 19 and March 3, 2023, 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. Study respondents were at the manager level or above within their human resources departments. The total number of usable surveys was 63, and respondents were from North America.

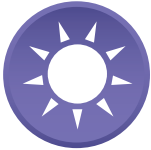
Background

A national recession can completely derail workforce planning, forcing organizations to rethink priorities and adjust quickly to changing economic winds. But how well organizations' recruiting function can respond to market changes often underscores the importance of flexibility and agility in their recruiting structure composition.



Executive Summary

This study revealed five key findings about the recession's impact on hiring plans and how organizations view their ability to react to market conditions.



Overall, a recession is not viewed as vastly changing hiring plans for most in 2023.

Opinions about the current state of the US economy vary by the definition of recession, by economist and by day. But two-thirds (66%) of recruiters in our study indicated they felt the economy is in a recession, more than doubling the number that felt the economy was not (28%). When asked about the impact a recession would have on hiring in 2023, nearly three-quarters (71%) indicated a negative impact. However, over one-half (58%) indicated only a slightly negative to moderately negative impact.



Organizations struggle to scale their recruitment function in economic downturns.

Nearly one-half (44%) consider scaling their recruitment function to be either very difficult or difficult, almost twice the percentage who indicated early/very easy (25%).



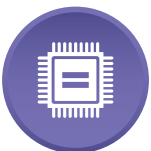
There is a significant gap between the importance of recruiting flexibility and organizations' self-assessment of how well they achieve it.

Virtually every (91%) TA leader considers their organization's recruiting function's flexibility to be important. However, only just over one-half (57%) rate their flexibility as excellent or even good. This finding speaks to the overall recruiting function, as most (76%) consider their HR/TA infrastructure to be flexible.



There is also a significant gap between the importance of recruiting agility and the organization's self-assessment of how well it is achieved.

Overall, 89% considered agility an important part of their organization's recruiting function. However, only one-half (50%) rate their agility as either excellent or above average. Again, there is a significant gap between the stated importance of agility and a self-assessment about how well the organization's recruiting function is achieving agility. Outside business partners can improve both flexibility and agility by providing easily scalable recruiting solutions that can be deployed quickly and to an extent that meets the organization's needs.



The recruitment technology used only partially meets clients' expectations about capabilities.

Respondents indicated their extent of agreement with a series of six statements that explored how well the respondent's recruitment technology provided the benefits described. The average score across all areas was a pedestrian 3.39/5.00. While Artificial Intelligence (AI) still isn't producing usable results for many if it is being used at all, technology is often not even allowing recruiters to focus on business intelligence and insights.

DETAILED FINDINGS

2023 Recession Outlook

Do you feel the US economy is currently in a recession?

Study participants were asked if they felt the US economy is currently in a recession. Two-thirds (66%) indicated they felt the economy was in a recession, more than twice as many that felt the economy was not (28%).

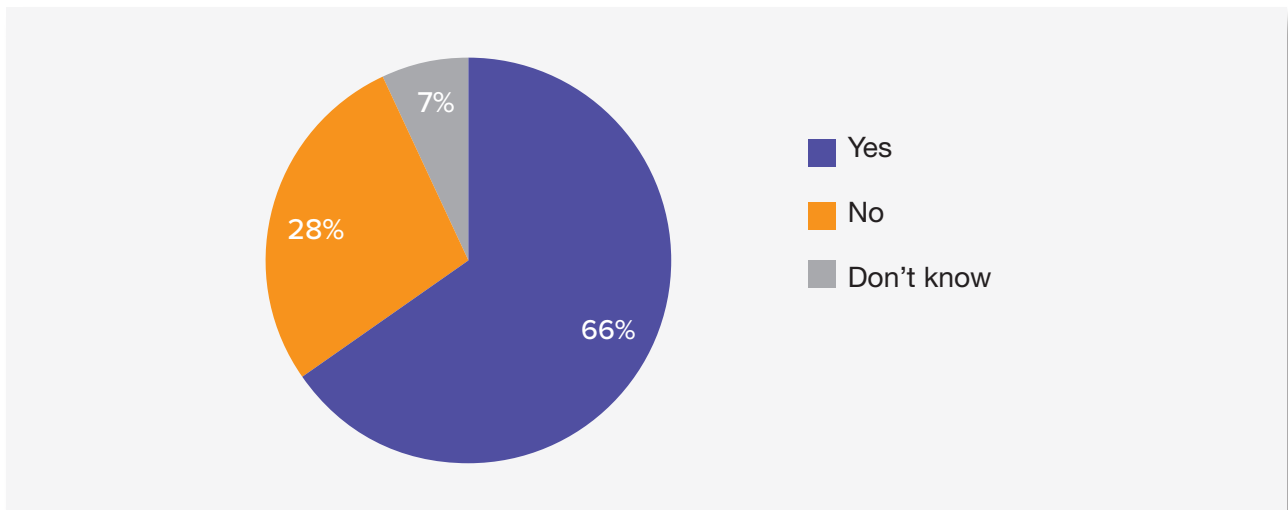
Opinions about the status of the economy vary considerably right now. Many economists agree that the U.S. is, for now, not in a recession. The January 2023 gross domestic product report showed the U.S. economy grew by 2.9% in the fourth quarter of 2022, following growth of 3.2% in the quarter before. That's more than enough to overcome one technical

definition that a recession equals two consecutive quarters of negative growth.¹ The strongest parts of the economy are concentrated in the labor market, thanks to low unemployment and the large number of unfilled jobs.

However, a January 2023 Morning Consult survey finds that 46% of U.S. adults believe the country is currently mired in a recession, while another 25% expect one within the next year.²

So far, consumers seem to be enduring high inflation better than they did in 2022, and hopefully prices will continue to moderate in the months to come.³

2023 Recession Outlook



Impact of a Recession on 2023 Hiring Plans

How would a recession impact your hiring plans in 2023? Here, a negative impact indicates hiring fewer employees, while a positive impact means hiring more employees.

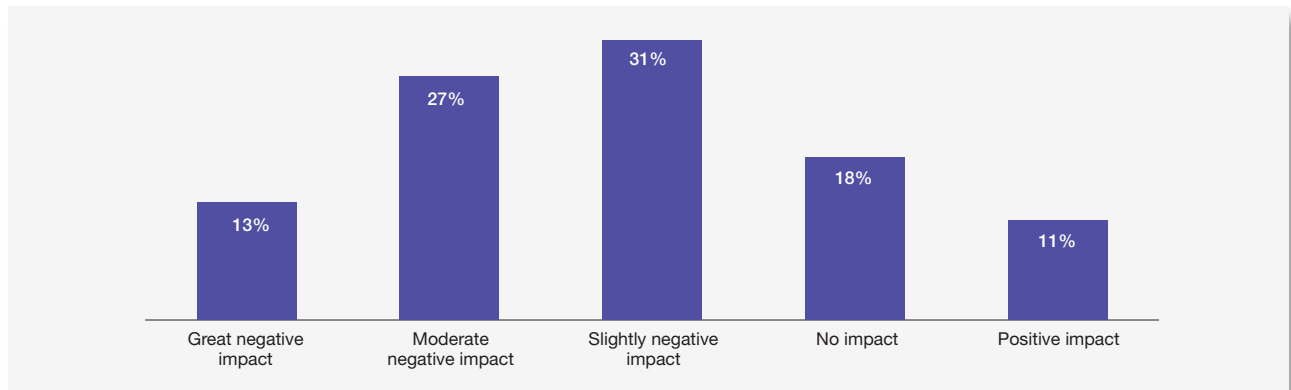
Respondents were asked to indicate the impact a recession would have on hiring in 2023. Nearly three-quarters (71%) indicated a negative impact, though over one-half (58%) of that was a slightly negative to moderately negative impact. Overall, a recession isn't viewed as vastly changing hiring plans for most during the year.

How a recession will precisely impact the job market is unknown. The Great Recession of 2008 continues to haunt the memories of many business owners

and laid off employees. The United States endured a decline of 5.1% in GDP as a country, saw 8.7 million jobs disappear, hiring freezes, and discouraged job seekers. It took almost five years to recover the jobs lost during the 18 months of the Great Recession.⁴

Few economists expect an economic slowdown of that magnitude, and in fact, there is still hope for a "soft landing." The unemployment rate is at 3.4%, the lowest since May 1969, according to the latest jobs report. Meanwhile, there is a record number of job openings, which increased to 11 million as of December. The hope is that there will be an elimination of those open vacancies rather than an elimination of existing jobs.⁵

Impact of a Recession on 2023 Hiring Plans



Interestingly, those respondents who stated the economy was not currently in a recession were much more likely to indicate that a recession would have a

great or moderate negative impact on hiring plans in 2023, 60% vs. 35%, respectively.

Impact of a Recession on 2023 Hiring Plans By Belief Economy is in Recession	IN A RECESSION	NOT IN A RECESSION
	Great/Moderate Negative Impact (net)	35%



Extent of TA Infrastructure Flexibility

How flexible is your HR/Talent Acquisition infrastructure in addressing quickly changing recruiting needs?

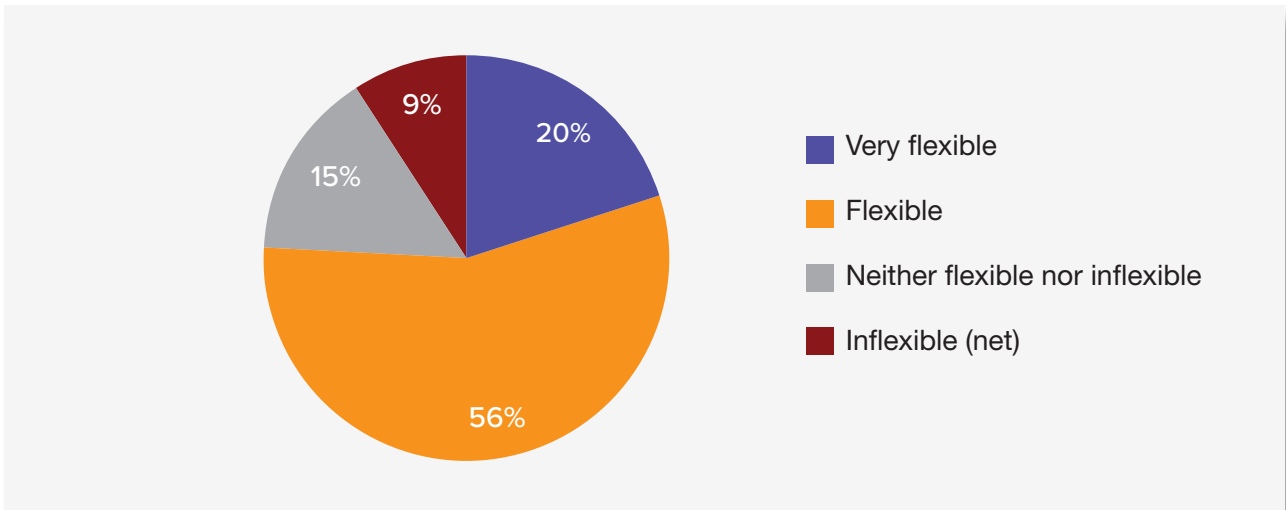
Study participants were asked to indicate how flexible their HR/TA infrastructure is in addressing quickly changing recruiting needs. Over three-quarters (76%) consider their infrastructure to be either very flexible (20%) or flexible (56%).

Flexibility in the HR/TA infrastructure must be reflected across the organization. Market conditions in 2023

continue to be volatile, and organizations plans must include adaptability and agility.

For TA, flexibility means TA can shift quickly. That shift can include variability in volume, the types of jobs being filled, and skills needed to fill them, and for many organizations, where the recruiting will take place to accommodate regional and local nuances.

Extent of TA Infrastructure Flexibility





Extent External Business Partners Enable Flexibility

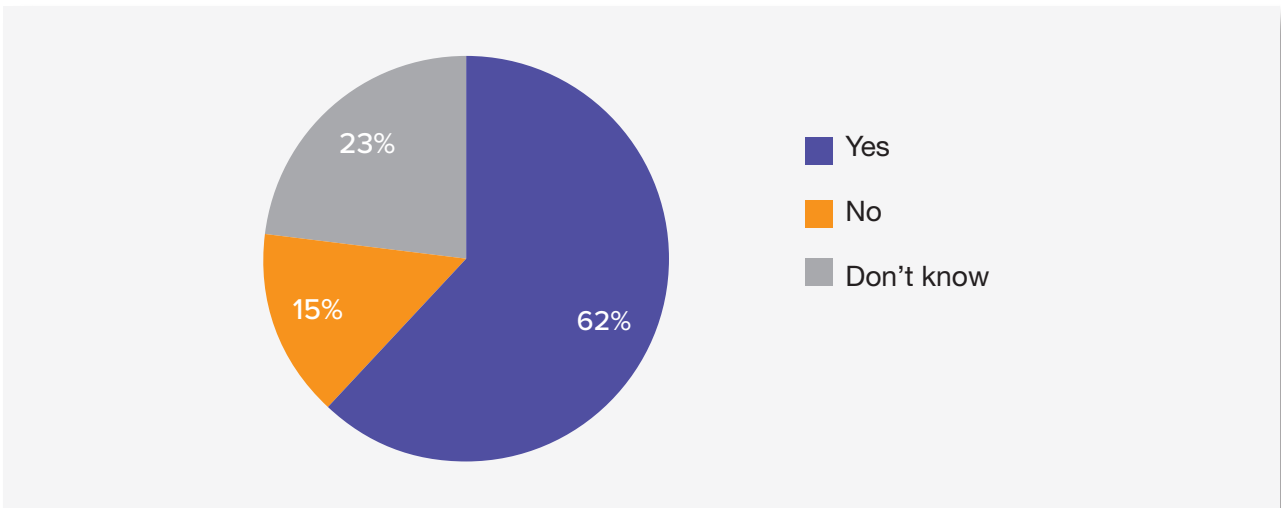
Do you feel you have external business partners that enable your recruitment function to be flexible in the face of changing market conditions?

Respondents were asked to indicate if they felt they currently had external business partners that would enable their recruitment function to be flexible in the face of changing market conditions. Nearly two-thirds (62%) felt they did, leaving 38% either without those partners or unsure if they already had them.

Business partners, such as Recruitment Process Outsourcing (RPO), or Managed Service Providers (MSP) service providers can enable recruitment

flexibility. Use of an RPO can allow organizations to quickly scale up the recruitment function during peak periods of demand or when unique skill sets are particularly at a premium. RPO options themselves are flexible, with project-based or multiyear contracts, sourcing on demand, and modular options available depending on what is needed to provide options to the existing team. Contingent workers can also be used in lieu of employees to temporarily meet organizational labor requirements when hiring is not optimal or the nature of the assignment is not long-term.

Extent External Business Partners Enable Flexibility





Difficulty in Scaling Recruitment Function

How difficult is scaling your recruitment function in economic downturns/recessions (excluding COVID)?

Study participants estimated their degree of difficulty in scaling their recruitment function in economic downturns. Overall, 44% consider scaling the function to be either very difficult or difficult, nearly twice the percentage who indicated easy/very easy (25%).

It is crucial that a recruiting team is flexible in roles and skills, with the ability to easily scale up or down.⁶

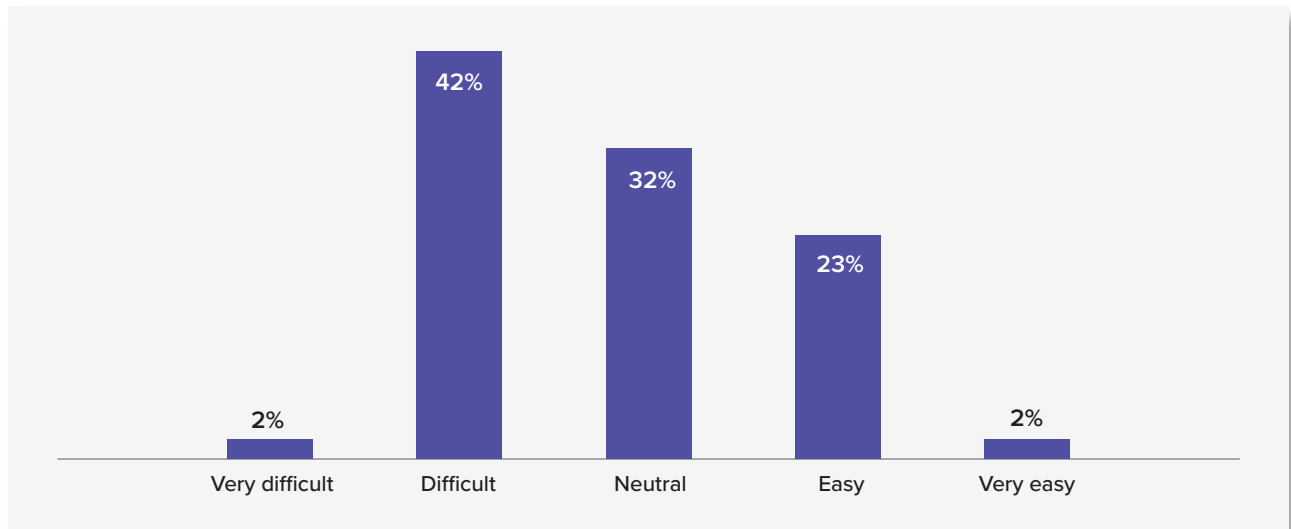
When a company needs to expand quickly, it also needs to grow the internal team to add the capacity and skills necessary to scale. But when there are economic downturns, reducing capacity may be necessary. Where does an organization re-deploy

recruiters when there are no roles to recruit? Often, they are let go.

Laying off any staff, recruiters or otherwise, is always difficult. Aside from the human considerations of putting former employees through emotional and financially difficult times, there are business costs such as severance packages and employee buyouts, and potentially legal counsel. There is also the loss of institutional knowledge as well as a network of contacts that can make replacing a recruiter down the road difficult.

And of course, a strong signal is sent to the rest of the organization that may lead many, some of whom were brought into the organization by the recently released recruiter, that employees are disposable.

Difficulty in Scaling Recruitment Function



HR Recruitment Technology Self-Assessment

Please indicate your extent of agreement with each statement below about your HR recruitment technology.

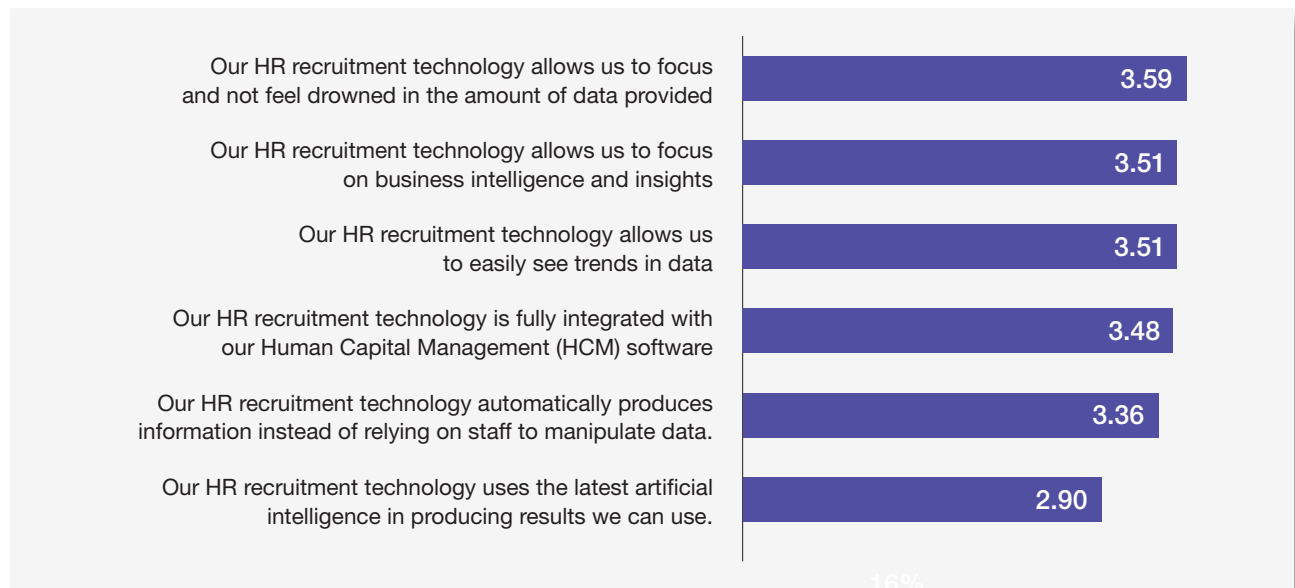
Respondents indicated their extent of agreement with a series of six statements about HR recruitment technology. Each of the statements explored if the respondent’s recruitment technology provided the benefit described. Overall, the recruitment technology being used only partially met with partial agreement about capabilities, with an average score across all size areas of 3.39/5.00.

The area with the least agreement was “Our HR recruitment technology uses the latest artificial intelligence in producing results we can use, with an average agreement of 2.90. While the promise of AI remains strong, most organizations are not yet fully taking advantage of it.

The next least agreed with statement was “Our HR recruitment technology automatically produces information instead of relying on staff to manipulate data,” with an average agreement of 3.36. Information conveyed immediately through Key Performance Indicators with corresponding benchmarks is a major objective of an HR recruitment system. But if there are too many time-consuming machinations, drill downs and a suboptimal user interface to get to the relevant data, part of the value of the system is lost.

The other areas explored all had average scores of about 3.50/5.00, suggesting respondents clearly saw the possibility of enhanced capabilities beyond what was currently being delivered.

HR Recruitment Technology Self-Assessment – Extent of Agreement



16%

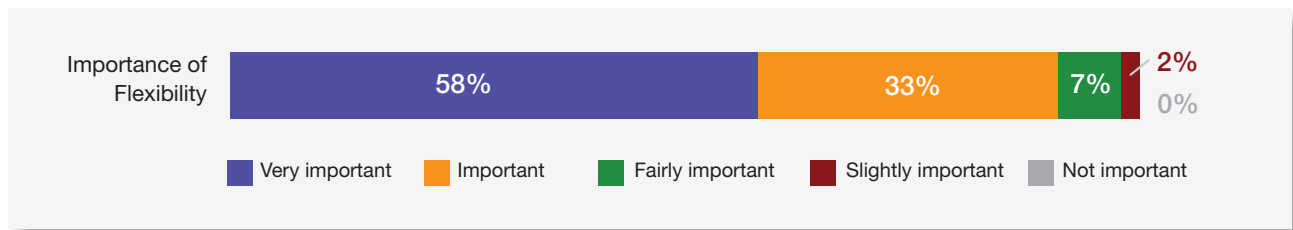
Importance vs. Assessment of Recruiting Flexibility

Importance of Recruiting Flexibility

Overall, how important is flexibility within an organization's recruiting function?

Respondents were asked to rate how important recruiting flexibility is within their organization's

recruiting function. Overall, 91% considered it very important or important, with an average rating of 4.47/5.00. Clearly, recruiters find flexibility essential.



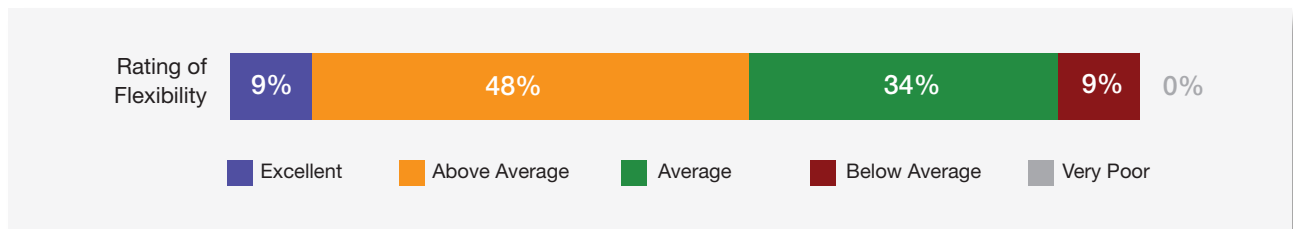
Rating or Recruiting Flexibility

How would you rate your recruiting function's flexibility?

Study participants were then asked to rate their organization's recruiting function's flexibility. Just over one-half (57%) rate their flexibility as excellent or good, with an average score of 3.57/5.00. There is a significant gap between the

importance of recruiting flexibility and organizations' self-assessment of how well they achieve it.

Respondents previously expressed their difficulty in scaling their recruitment function, so it is consistent that they would rate their recruiting flexibility as mediocre despite acknowledging its importance.



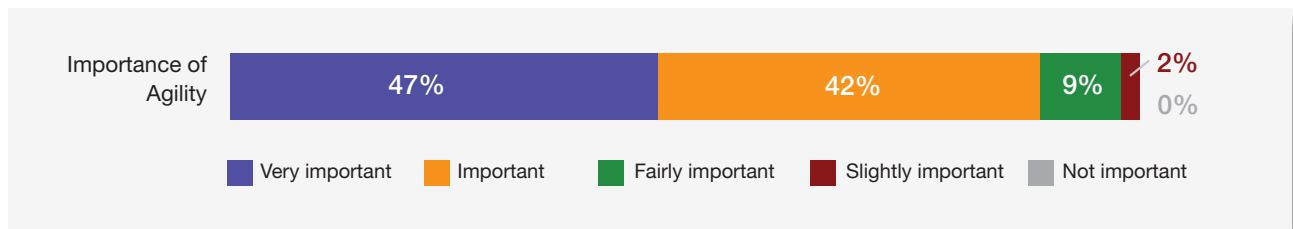
Importance vs. Assessment of Recruiting Agility

Importance of Recruiting Agility

Overall, how important is agility within an organization's recruiting function?

Respondents were asked to indicate how important agility is within an organization's recruiting function.

Overall, 89% considered it very important or important, with an average score of 4.31/5.00. TA leaders agree that agility is key for recruiting.

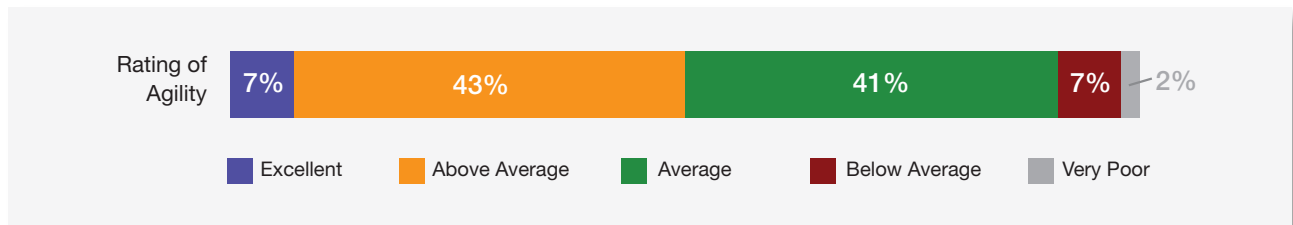


Rating of Recruiting Agility

How would you rate your recruiting function's agility?

Study participants were then asked to rate their organization's recruiting function agility. One-half (50%) rate their agility as either excellent or above average, with an average score of 3.45. Again, there is a significant gap between the stated importance of agility and a self-assessment about how well organizations recruiting function is achieving agility.

Recruiting agility helps organizations to respond quickly to short-term changes, behavioral transformation, job market changes and technology advances. Without the ability to respond swiftly to change, organizations will fall behind and miss out on hiring top talent.



Notes

1. Wile, Rob. "Is the U.S. economy really heading for a recession? Here's what economists think," *CNBC News*, January 31, 2023. <https://www.nbcnews.com/business/economy/are-we-in-a-recession-2023-economy-federal-reserve-interest-rates-rcna67826>
2. Jacobson Snyder, Amanda. "Nearly Half the Public Thinks the Country Is in a Recession. Another Quarter Expect One Within a Year," *Morning Consult*, January 23, 2023. <https://morningconsult.com/2023/01/23/nearly-half-of-public-thinks-us-is-in-recession/>
3. Tepper, Taylor. "Are We in A Recession Yet?" *Forbes*, February 3, 2023. <https://www.forbes.com/advisor/investing/are-we-in-a-recession/>
4. "Monthly Labor Review," *U.S. Bureau of Labor Statistics*, April 2018. <https://www.bls.gov/opub/mlr/2018/article/great-recession-great-recovery.htm>
5. Konish, Lorie. "Economists still worry recession could be on the way. But here's how a soft landing may still be possible." *CNBC*, February 15, 2023. <https://www.cnbc.com/2023/02/16/economists-worry-about-a-recession-but-a-soft-landing-may-be-possible.html>
6. Kolam, Hariharan. "Hiring Flexibility and Scalability in A Time of Flux," *Forbes*, December 7, 2022. <https://www.forbes.com/sites/forbeshumanresourcescouncil/2022/12/07/hiring-flexibility-and-scalability-in-a-time-of-flux/?sh=4c1196875a2c>



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