



# Staffing Industry Trends Report



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The staffing industry was impacted by the pandemic but rose to the challenge of the Great Reshuffle. There's no question that recruitment is becoming more strategic. As business leaders look externally for expertise, there's a growing opportunity to advise the executive table on all aspects of talent strategy.

The rise of Generative AI (GAI) is reshaping the playing field for both staffing professionals and candidates. A shift towards skill development and skills-first hiring promises to change the way recruiters attract and search for talent. The growing influence of Gen Z also means employers need to rethink their employer branding and Diversity, Equity, and Inclusion (DEI) initiatives. And that's all before we get to the often-thorny issue of compensation.

Here are some of the key headwinds and trends affecting the staffing industry.





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### Employer branding and DEI are growing in importance

The younger generation is far more focused on the importance of an inclusive work environment, and as Gen Z comes of age in the workforce, the significance of DEI and employer branding is on the rise. Rumours of DEI's demise have been greatly exaggerated in recent times, with three out of four recruitment professionals reporting DEI hiring is not being deprioritized—in fact, nearly 20% say it's a higher priority than ever. To stay competitive, staffing organizations may need to reexamine their employer branding to ensure that it aligns with the values of candidates.



### The talent shortage is making recruiters broaden their search

A tight labour market means recruiters and staffing teams have had to get creative when filling roles, and that means looking outside the usual pool of candidates. Many companies are willing to move away from top-tier universities for talent, looking to state colleges and vocational schools for early career candidates. Skills are also playing a bigger role, with recent LinkedIn data revealing that recruiters are searching for relevant skills at five times the rate they search for college degrees. All this means less polishing of diplomas and more polishing up on skills.

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### Money matters

With rising inflation and stagnating real wages, compensation has emerged as the number one priority for candidates across the globe. Gone are the days when employers and recruiters could afford to be coy about wages—with pay transparency on the rise, job hunters and employees aren't shy about asking, "What's in it for me?" Recruiters need to have a good answer.



### Candidates still love remote work

Post-pandemic, candidates are still searching for the perfect work/life balance, whether that's a fully remote model or a hybrid work approach. But while 90% of professionals surveyed reported that their bosses want them back in the office, 72% said they'd accept a lower salary if it came with the flexibility to work from home. It seems some things money can't buy.



### Talent can afford to be choosy

While recruiting activity is down across the board, the market for talent remains tight and shows no sign of easing up. In a recent study, 57% predicted that over the next five years, the future of recruiting will be more favourable to candidates and employees than their employers. With talent in the driving seat, compensation naturally plays a sizeable role when selecting new opportunities, but learning and development aren't far behind on the list of priorities.



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### Generative AI will make recruitment more human

Far from being a threat, generative AI holds great promise for talent professionals, allowing staffing experts to spend less time on busywork and more time on the human aspects of their roles, things like listening to candidates, understanding their desires, and using strong client relationships to get right people in the right roles.

Sixty-eight percent of hirers surveyed in February 2023 said they were “very hopeful” or “cautiously optimistic” about the impact of GAI on recruiting. Freed from mundane, time-consuming tasks, recruiters will have more chances to employ soft skills such as problem-solving, adaptability, critical thinking, and perhaps the most important of all, empathy.

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### Skills-based hiring will become the gold standard

With major technological shifts raising questions about the viability of traditional business models, many organizations are looking for skills to unlock greater value from their existing resources.

Increasingly, hiring managers are organizing their workforce strategy around the skills they have and the skills they need; 91% of recruitment pros said that understanding a candidate's skills is a requirement for making informed talent decisions. Focusing on skills rather than credentials also helps diversify hires, invites new perspectives into the workforce, and gives previously overlooked talent a chance to shine.

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**Employers will offer more opportunities for growth, learning & upskilling**

New skills and career advancement are of high importance to younger workers: in fact, they're over 50% more likely to value moving up the ranks when compared to their Gen X counterparts. 76% of Gen Z employees see learning and development (L&D) as a key driver of work engagement.

L&D isn't just good for individual candidates, it's good for DEI too. When LinkedIn asked members how they'd like to see organizations become more inclusive of underrepresented groups, "increasing professional development and advancement opportunities" emerged as the top-ranked answer in several countries surveyed.



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