

Whitepaper

A photograph of three business professionals in a meeting. A man with a beard and glasses on the left, a woman in the center holding a tablet, and a woman on the right. They are all looking towards the right side of the frame.

3 Key Trends Shaping Talent Strategy in 2023

What TA and TM need to know to get ahead of the changing labor environment

For Talent Acquisition and Talent Management teams, the ongoing labor shortage is all too real. Looking at historical trends, more than double the average number of people are quitting their jobs each month¹. In 2021, some industries, including food service and hospitality, had quit rates higher than 6%². The staggering numbers are particularly daunting for talent teams responsible for filling these jobs.

And the problem isn't going away any time soon. Even after two years of historic resignation rates, one iHire survey showed that 7 in 10 talent leaders believe the hiring market is getting more difficult³. Another survey found that nearly 40% of employees are considering leaving their jobs in the next three to six months, a percentage that hasn't changed since 2021⁴.

Given these challenges, companies increasingly need to devote more resources towards acquiring talent to fill open roles and retaining internal talent to minimize turnover. And yet, that same iHire survey revealed that recruiting budgets are decreasing despite the increasing imperative to hire. In short, teams are being asked to do more with less.

While the 30,000-foot view on the state of talent acquisition as we look ahead to 2023 presents some obstacles, HR professionals have weathered adversity in the past and will continue to do so. While the challenges facing Talent Acquisition and Talent Management are myriad, they're arising at a time when HR teams have digital resources at their disposal to help supplement and optimize previously manual hiring efforts. Despite unprecedented volatility, talent teams have innovative and flexible solutions available to overcome the challenges of today (and tomorrow).

By understanding the trends that talent acquisition professionals will encounter in 2023, teams can begin planning for the future and put processes in place to thrive in uncertainty.

¹ <https://www.zippia.com/answers/how-significant-is-the-great-resignation-compared-to-past-historical-trends-in-job-quits/>

² <https://www.zippia.com/advice/great-resignation-statistics/>

³ <https://totalent.eu/five-important-trends-for-talent-acquisition-in-2022-and-2023/>

⁴ <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/the-great-attrition-is-making-hiring-harder-are-you-searching-the-right-talent-pools>

In this whitepaper we'll look at three key trends for the coming year, what implications they'll have on broader hiring efforts, and how HR teams can act now in preparation for the challenges ahead.

TREND #1

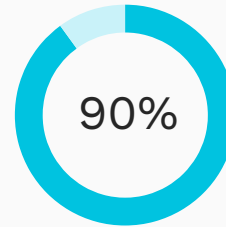
Talent Acquisition and Management Teams Need to Be Agile

One thing we keep hearing from organizations is they're focused on being able to respond to (and to proactively get ahead of) whatever labor, economic, and global trends come their way in 2023. While no one can foresee or control everything, talent leaders can control how they respond to and plan against volatility amidst doing more with less. As such, talent teams need to do all they can to focus on agility in 2023 in order to pivot at a moment's notice in response to any unpredictability or new opportunities.

Agility has long been an imperative for organizations. According to a survey by Deloitte, 90% of senior executives view agility as a top priority, while only 10% believe their organization is currently highly agile⁵.

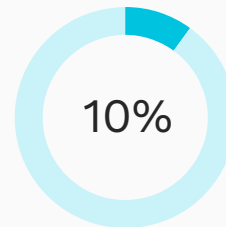
For Talent Acquisition and Talent Management leaders, agility applies to adaptability and the ability for HR teams to quickly adjust priorities based on hiring needs. In an unpredictable world where outside forces can upend established or long-running talent acquisition efforts, agility is paramount in addressing immediate needs.

Unfortunately, in hiring systems that aren't leveraging modern tech tools, a majority of bandwidth is spent on reactive hiring efforts instead of being able to forecast staffing needs and adjust development and succession planning accordingly. What's worse, in many of these outdated systems, recruiters and hiring managers are left to handle a large percentage of the hiring process manually. Whether coordinating the logistics of interviews or checking references traditionally over the phone, too much time is being spent performing tasks that can be easily handled by automated systems.



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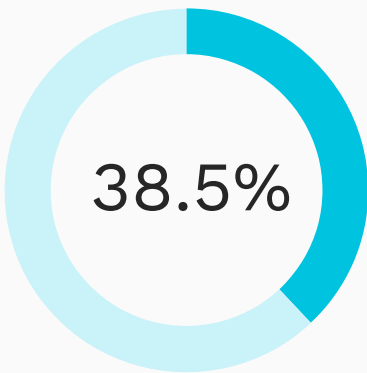
⁵ <https://www.forbes.com/sites/stevedenning/2019/05/23/understanding-fake-agile/?sh=2b932f314bbe>

In the hiring process, there exists a significant gap between who candidates are and what their skillset is and the requirements of the position. One study showed that 38.5% of jobseekers believed that companies had unrealistic expectations or too-specific requirements for their job postings, and many applied for a job even if they felt they didn't meet those requirements⁶.

This gap of experience and expectation is difficult to bridge and can create a lose-lose situation for both candidates and organizations. Companies know what they want out of a candidate, and candidates know what their experience is. The issue is filling that gap, and finding great-fit candidates for the position is too often a manual process left to hiring managers, resume screening, and intuition that is vulnerable to unconscious bias.

Leveraging automation and modern HR tech throughout the talent lifecycle frees up valuable talent acquisition time and enables more proactive talent management efforts. For instance, automation can move high-potential candidates right from matching to scheduling an interview without labor-intensive, repetitive tasks. Gaining back time formerly spent scheduling and rescheduling interviews allows recruiters and Talent Acquisition leaders to focus more on higher value aspects of their job that deliver business impact.

For mobility and development, tech solutions like assessments can be used post-hire to inform succession planning, skills gaps training, and more. Enabling more efficient and insightful upskilling and re-skilling provides L&D and mobility teams more agility when planning and allocating talent for current and future needs.



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⁶ <https://www.humanresourcesonline.net/10-recruitment-trends-to-keep-an-eye-on-in-2023>

TREND #2

Mobility and Talent Development Are the Top Priority

The current labor crisis is concerning, and long-term projections aren't much better. With a large number of Baby Boomers retiring in the coming years, gaps in the labor force are going to need to be filled by Millennials and Gen Z. Unfortunately, with lower birth rates, there just simply aren't as many people available to fill those positions⁷. The Great Reshuffle has also exacerbated skills gaps, as experienced talent take their learned skills elsewhere and leave significant holes in need of filling by newcomers who have potential but not the pedigree.

For hiring teams, this scarcity in labor pools signals the imperative to do more with less. Rather than relying on a readily available supply of external talent, organizations are going to need to do three things. First, shift their focus to developing talent internally. Second, identify potential early in the employment process. And third, foster talent development and mobilization to grow into new roles that need filling by high-potential internal seekers.

Shifting focus from external hiring efforts to internal development & promotion has a host of related benefits for Talent Acquisition and Talent Management teams. First and foremost, you can use newfound agility to tap into an often-under-explored source for filling open roles: your existing workforce with potential to grow their skills. Additionally, upskilling internal talent has major cost savings benefits over time. One study by Josh Bersin showed that hiring externally for a position can cost six times as much as promoting from within⁸. And third, fostering a culture of internal advancement helps with retaining top internal talent and strengthens your employer brand with both internal and external job seekers.

These benefits are being taken to heart by organizations. A 2021-2022 Randstad RiseSmart survey revealed that 87% of employers believed that a minimum of 10% of open jobs at their organization could be filled with internal promotions in the future, which represented an increase over 71% in the first quarter⁹.

How organizations put these internal development and mobility opportunities into practice can take on many forms. What's clear is that these

SCARCE LABOR POOLS REQUIRE A CHANGE IN TACTICS



Shift focus to developing talent internally



Identify potential early in the employment process



Foster talent development and mobilization in high-potential internal seekers

⁷ <https://www.axios.com/2022/01/22/labor-shortage-work-jobs-data>

⁸ <https://joshbersin.com/2019/10/build-vs-buy-the-days-of-hiring-scarce-technical-skills-are-over/>

⁹ <https://www.randstadrisemart.com/blog/us-employers-are-increasingly-adopting-internal-mobility-engage-retain-employees-heres-why>

initiatives require a synergy and close collaboration between Talent Acquisition and Talent Management, two groups that sometimes operate independently of one another. By understanding the skill sets of new hires right from the selection process, Talent Management teams are better prepared to identify high-potential talent and start developing key skills right away.

In addition to hiring external talent, organizations need to focus on in-role growth through training and development. This continuing education process not only strengthens an employee's skill set in the long run, but also has the added benefit of demonstrating the organization's investment in their longevity within the company, which promotes retention.

For internal talent, organizations need to focus on in- and out-of-role growth. This is where synergy between Talent Acquisition and Talent Management becomes paramount. When Talent Acquisition teams communicate current and future role openings, Talent Management teams

can work to identify current team members who are potential candidates for re-skilling or up-skilling to fill those positions.

Instituting a more informed hiring process enabled by objective data can dramatically bolster these internal mobility goals as well. In the hiring process, candidates can be given [assessments](#) to identify their strengths and weaknesses for certain roles. By truly understanding a candidate's strengths, skills gaps, and potential when they're still in the selection stage, Talent Management can identify internal seekers who show aptitude for advancement and can begin upskilling or filling skills gaps immediately.

What's more, within the hiring process itself, Talent Acquisition teams can paint a vivid and realistic picture of different avenues for advancement within the organization. Being sold on the opportunity for promotion or the promise of further training and development can help the company stand out compared to other employers.



TREND #3

The Rise of Data and Consolidation

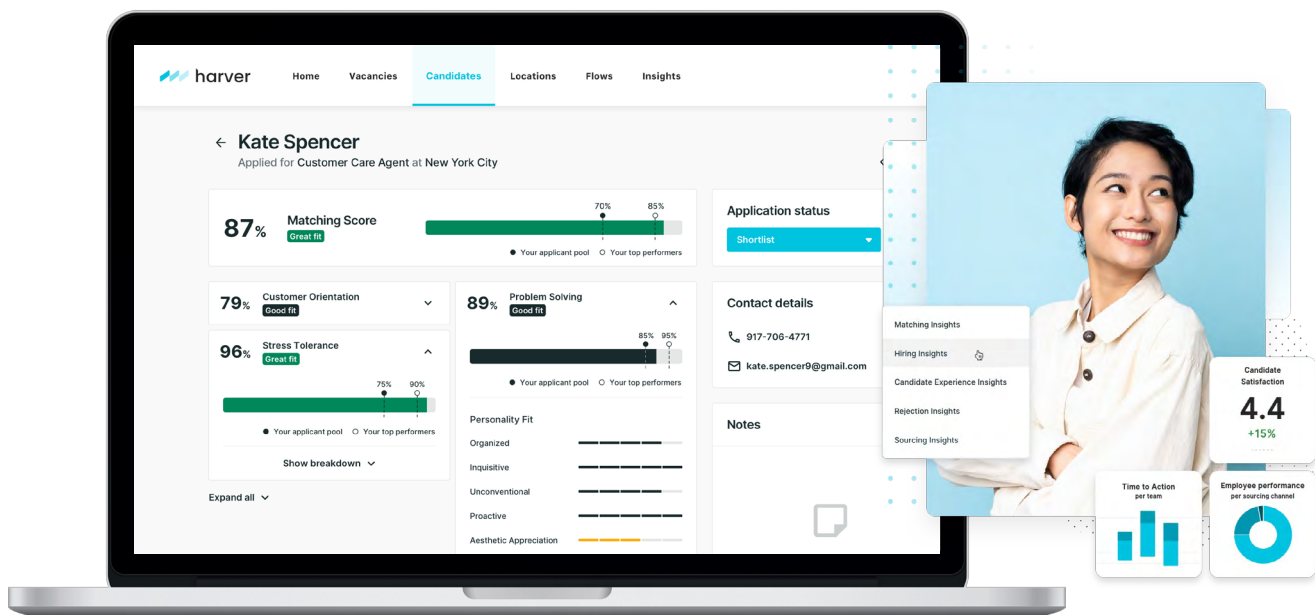
Data is becoming increasingly essential to Talent Acquisition and Talent Management. In fact, successfully navigating the first and second trends highlighted in this whitepaper hinges on an HR team’s ability to quantify and build a business case surrounding agility and mobility efforts, backed by metrics other key stakeholders can understand the value of overall.

Looking ahead to 2023 and beyond, the importance of data will continue to increase. Business intelligence more regularly includes HR, putting added pressure on talent leaders to demonstrate justifications for their decisions within the context of the broader business. Rather than simply reaching hiring quotas, HR teams have an exciting opportunity to “earn their seat at the table” by showing how their efforts drive revenue and profitability for the business.

This data-driven approach to HR operations is gaining in prominence under the broader heading of talent intelligence. This new pillar of business intelligence leverages AI, machine learning, and data consolidation to better understand not only a business’ internal talent needs, prospects, and future forecast, but how these needs play into the overall labor force.

In the past, many HR teams have worked within a rudimentary system of talent intelligence in which talent teams would collect data points from a number of disparate sources. Consolidating this dispersed data for analysis was difficult and time-consuming, hindering timely and agile action, including building business cases for the talent decisions they made.

Over time, however, companies developed their own systems for building insights, often cobbling together a talent intelligence platform that pulled in information from a host of sources, including their ATS, HRIS, and CRM.



As we look to the future, HR teams will need to focus more on data and tech consolidation rather than building larger networks of disjointed talent intelligence systems.

Thankfully, solutions are emerging that enable talent acquisition and management teams to connect their disparate data systems into one platform. By deploying a unified solution for data intelligence, HR teams are able to place internal hiring and talent metrics within the same analytical structure as broader industry trends, which can help inform hiring efforts and how they will impact the business.

Some of the benefits of implementing a unified talent intelligence platform include:

- Staying ahead of current labor market trends
- Discovering talent patterns across the organization
- Managing talent acquisition costs
- Reducing employee turnover
- Identifying urgent hiring needs

Relying on a unified talent intelligence system takes the meticulous manual work out of data analysis for HR teams, leveraging AI and ML to generate easy-to-understand reports which can be used to build a business case for talent acquisition efforts.

Turning Adversity into Triumph

Talent Acquisition and Talent Management teams have been on the front lines of the labor force and skills gaps crises. While these current trends will likely persist in the year to come, hiring process automation, end-to-end talent management platforms, and consolidated HR data can help organizations successfully navigate these challenges.

Understanding the trends that will guide the near future of talent strategy and process, and deploying the solutions to help mitigate some of the challenges now, will pay dividends for years to come.

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the future of hiring optimization?**

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