

The State of Hiring in 2023

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A perpetual challenge for any talent acquisition or human resources professional is finding and attracting the right talent for the right roles.

To learn more about the specific recruitment challenges being faced, we had over 30 conversations with senior talent acquisition professionals from a variety of industries like tech and finance. Through our initial conversations in 2021 we uncovered what had changed in recruitment since pre-covid, and during our final conversations in Q4 2022, we wanted to learn the current state of hiring and how it has continued to evolve.

Due to the competitive nature of hiring top talent, it will forever be a challenge in the industry to find, attract, choose, and equip the best candidates, but the dynamics of how to compete will change as the market changes.

This report sheds light on these past and present hiring challenges. In it, you'll find new and creative strategies that talent acquisition professionals are employing, research and statistics that tell a story about the state of hiring, and emerging trends that could impact the future of recruitment. Specifically, we've identified the following five recruitment challenges that have been affecting HR professionals and have evolved over time:

- 1 Finding a balance between in-office, hybrid, and remote work.
- 2 Compensation and salary inflation.
- 3 Navigating hiring in a volatile market.
- 4 Volume and quality of applications.
- 5 Keeping culture and community strong.

We hope you enjoy this report as much as we loved putting it together.

CHALLENGE 1

Finding a balance between in-office, hybrid and remote work

Why this was a challenge in 2021

With the pandemic came the digitization of the workforce, and although not all work can be done remotely, a 2021 study found that there was about “four to five times more remote work than before the pandemic” ([McKinsey](#)).

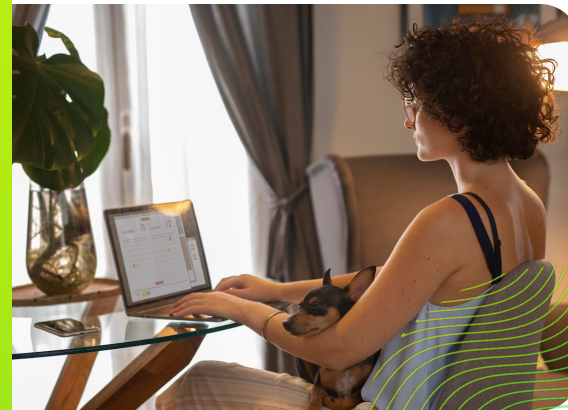
This was a lot of time spent working away from the office for employers and managers who were unprepared for remote work environments. Initially, it was challenging for many people to wrap their heads around remote systems, train teams remotely, and systemically reorganize towards hybrid or remote work environments. In some cases, managers who were more comfortable with a digital-forward workspace needed to be hired.

Why this is still a challenge today

People’s lives have changed; we now live in a very remote world with a workforce interested in flexibility, and it can be difficult for traditionally in-office workplaces to adjust to shifting employee mindsets. While flexibility used to mean working from home once a week, for many it’s now about finding a healthier balance between work and personal life. In fact, 81% of workers are looking for flexibility in their schedules ([Slack](#)). This could look like running errands or picking up children during the workday, for example, then working extra hours to make up the time ([CPA Practice Advisor](#)). Overall, workers realized they could learn and work from home effectively and are prioritizing this environment, and companies who choose to work fully in-office are finding it challenging to attract candidates.

Additionally, many workers moved to smaller towns or got rid of their cars, so now those office spaces aren’t being properly utilized

and it’s an extra cost on the bottom line for employers. Companies who went remote during the pandemic who want their employees to return to the office are seeing increased attrition.



How organizations are overcoming the challenge

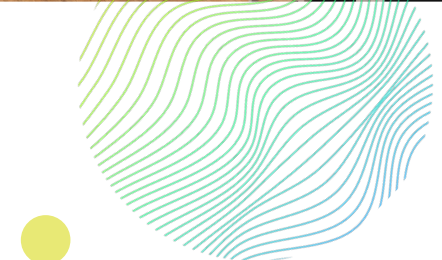
Companies are increasingly hiring for remote roles where possible, which also opens up these roles to qualified candidates in other cities, and for hybrid roles when the candidates of choice are closer to home (74% of employers now offer hybrid working arrangements, according to [Forbes](#)). For hybrid roles, some companies allow employees to choose which days they go into the office – it can be difficult for employees to give up the flexibility that they're used to.

To prepare for a remote or hybrid work environment, employers should also: centralize their information systems so everyone has access, train everyone on the same messaging platform to increase communication, and optimize job postings and look for candidates with specific criteria who will thrive remotely ([Forbes](#)).

For the challenge of unused offices, many companies are subleasing their workspace to offset the cost, or [are selling their offices completely](#) and downsizing to shared spaces. Another way companies are utilizing underused office space is setting 1-2 days for employees to be in the office, which can maintain some flexibility of remote life and support the camaraderie and learning through osmosis of in-office work. To help prevent attrition when switching from remote to fully in-office, some companies are increasing salaries and offering limited flexibility to individuals who are harder to replace.

Trends and future of the challenge

- > Most candidates are looking for remote or hybrid roles, especially in tech. In the US, the interest in remote work has increased by 24% since 2021, and by 16% for hybrid work ([Owl Labs](#)). They also want ownership over the decision on where to work and on what days, not to be told, and will benefit from this flexibility in terms of productivity.
- > Even though 85% of respondents in a recent survey said they were interested in hybrid or fully remote positions (some would even accept a 16% pay cut on average to get it), only 22.9% of jobs posted in January were advertised as remote ([Robert Half](#)).
- > Some companies are going all in and offering a nomadic lifestyle to match what candidates are looking for, while others are less interested in embracing remote or hybrid models and are returning to the office full time.



CHALLENGE 2

Compensation and salary inflation

Why this was a challenge in 2021

2021 was an extremely competitive hiring market, and it was difficult to compete with the compensation that top talent was getting from companies that could offer higher salaries. At Sales Talent Agency, we saw some offers beaten with counter offers that were 30-40% higher due to the location of the company, like Silicon Valley.

There were more open tech jobs than candidates looking for work at this time, and the competition that followed increased overall compensation (in our Q3 2021 market report for tech roles in Canada, there were over 23,364 open jobs and 8,230 candidates open to opportunities). Additionally, US-based companies were hiring top talent in Canada, and could offer higher salaries because of the exchange rate.

Why this is still a challenge today

Top candidates in the market have a lot of choice when it comes to selecting a new role. In terms of compensation, it's a challenge for companies to remain competitive and offer attractive enough packages to candidates who have plenty of options to choose from – especially with rising inflation and the risk of a recession. It's also a challenge for employers to retain candidates with so much choice available (which is more noticeable for lesser known companies, as larger firms often have more to offer).

Additionally, some candidates are being lost in the final hiring stages because of compensation. Top candidates that are looking to leave are still receiving counter-offers from their current employers because, now, they are more willing to invest in retaining candidates than hiring new ones. This is because it's significantly more expensive to replace employees, and it can disrupt team cohesion and add ramp up time to manage. This is all particularly pronounced in the tech space, where it's difficult to compete with tech startups and larger firms like Apple and LinkedIn.



How organizations are overcoming the challenge

Companies are conducting pay band exercises and employee engagement surveys on compensation, and updating their compensation packages, to ensure they are competitive, which has decreased overall turnover. Leaning on strong benefits packages and career stability can allow an organization to compete with higher salaries.

Understanding what candidates are looking for and offering it can also help businesses who can't compete with higher salaries: according to a Gallup poll, 61% of jobseekers prioritized personal well-being and a better work-life balance, 58% said they want the ability to do what they do best, and 53% needed stability and job security ([Gallup](#)).



Trends and future of the challenge

- > Inflation plays a large role in determining whether or not compensation packages are competitive. In North America, for example, average real wage growth was 0% in 2021, and in the first half of 2022, it dropped to -3.2% ([International Labour Organization](#)). This means that wage increases aren't on par with inflation, so some compensation packages that were competitive last year won't be anymore.
- > Companies are becoming more flexible with pay and benefit structures to compete. However, some companies that offered company stock to remain competitive had it backfire. For example, Amazon's corporate workers took a 15-50% income cut after their share value dropped ([Wall Street Journal](#)).
- > The salary increases that have happened due to inflation aren't likely to go backwards, although quarterly wage inflation has been on a downward trend, going from rising at 5.8% annually in Q1 2022 to 4% in Q4 2022 ([Axios](#)).
- > Current compelling benefits being offered include: new paid time off options (like ½ day Fridays), unlimited vacation time, more sick days, closing for end of year holiday weeks, home office expenses, co-working space allowances, hybrid work environments, wellness weeks, and gym memberships.



CHALLENGE 3

Navigating hiring in a volatile market

Why this was previously a challenge

An uncertain market, like in the first year of the pandemic, made finding and hiring top talent more difficult as risk averse candidates were not looking to leave their positions. There was a brief reprieve with the “Great Resignation” in 2021 and early 2022, where employees were leaving their current roles for better pay and workplace cultures. But, even in that market, there was fierce competition for talent and it was difficult to attract candidates.

Because of this competition, many companies couldn’t find enough qualified candidates for open roles – especially for jobs with a specialized skill set like in software. These companies had to adjust their job requirements and in some cases hire under-qualified candidates, then spend more time training them.

Why this is still a challenge today

Since the latter half of 2022, the global economy has been volatile and there’s a recession risk, leading to mass layoffs and hiring freezes worldwide. This shift in the economy and job market conditions has started to reverse the trend of the “Great Resignation,” and top candidates are now prioritizing stability and are reluctant to leave their jobs. Or, if the best are looking for work, there is fierce competition to find and attract them.



How organizations are overcoming the challenge

Companies are adjusting or improving their compensation packages (base salaries, bonuses, on-target earnings, benefits) to address turnover issues and attract the best candidates. And to create larger candidate pools, companies are offering hybrid work models for a compromise, since some candidates can only commute long distances 1-2 days per week. Another way to overcome risk averse candidates is to build a strong brand, possibly through an about us or careers page, to better connect with candidates and inspire them to join your story ([LinkedIn](#)).



Trends and future of the challenge

- > Despite the trend of mass layoffs, many companies are still hiring, but they are being more selective and strategic in their hiring process, with some only focusing on filling critical roles. Although layoffs are grim, they don't always tell the whole story - Microsoft recently laid off 10,000 employees, but grew by 77,000 workers since the pandemic.
- > Candidate "ghosting" is a current trend that's complicating the hiring process, where candidates don't communicate or decline job offers even in the final stages of the hiring process. Candidates accepting counter offers from their current employer could explain why they're "ghosting" during interviews.
- > Good candidates are reluctant to change jobs, but companies can look to hire candidates who have recently been laid off and are open to new opportunities.



CHALLENGE 4

Volume and quality of applications

Why this was a challenge in 2021

The pandemic led to a surge in job applications, including many individuals who were unqualified for the roles they applied for, which made it more challenging for talent acquisition professionals to source and review candidates.

This resulted in recruitment processes becoming more time-consuming, particularly for companies hiring for a larger number of roles. For us, there were over 30% more applications to review during this time.

Why this is still a challenge today

The job market is currently in a state of flux, with some companies experiencing layoffs while others are growing and hiring. Still, sifting through applications is a challenge, as there are more candidates looking for roles than in the past. In Q1 2022, there were 92,400 B2B sales professionals in Canada open to opportunities, which increased to 104,500 in Q1 2023 ([STA](#)).



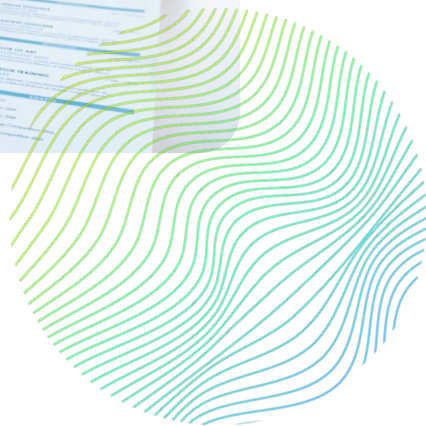
Some companies are seeing this higher volume of candidates but with worse quality overall, and some are finding there are fewer applicants for roles. Others are impressed with the recent quality of applications. Overall, the recruitment process is still taking longer to fill positions, especially for specialized roles that require specific candidate profiles.



How organizations are overcoming the challenge

Since hiring has slowed, some companies are working on speeding up parts of the recruitment process, like employment checks, to reduce the overall time to hire and act as quickly as possible to scoop up the best candidates. The interview process should still have multiple steps, however, but for a speedier approach, try to schedule these steps back to back in a shorter time frame.

Also, with so many layoffs, there are some great available candidates. Utilizing resources like social networks to fill key positions has proven useful for businesses that are hiring.



Trends and future of the challenge

- > Companies and industries that are seen as more stable or mission critical will likely see both increased quality and quantity of applications, because candidates are being more risk averse in a layoff-heavy environment.
- > For some companies, the current quality of inbound candidates has been better and they are benefitting from the changes in the market. Some other companies who sped up their recruitment processes are seeing a higher offer acceptance rate.
- > In the US, small to midsize companies make up most of the tech industry. A lot of these companies, who once couldn't compete with larger firms in terms of compensation, are now able to hire laid off talent ([USA Today](#)).



CHALLENGE 5

Keeping culture and community strong

Why this was a challenge in 2021

Pre-pandemic, companies were able to cultivate culture and community in-office relatively easily, but maintaining these aspects in remote environments is challenging.

Additionally, workers were prioritizing diversity, equity and inclusion in the job search process post-2020 and were only choosing and staying at companies that closely aligned with their values. This meant that even if you found and attracted the right candidates, there wasn't a guarantee they'd stay in the role – or even accept an offer – if the workplace culture wasn't inclusive, so organizations needed to implement strategies to diversify their workforce. Some employees also felt that these efforts were only public-facing and wanted internal corporate practices and cultures to align, especially within certain industries like tech ([Forbes](#)).

Why this is still a challenge today

Keeping culture strong is still a challenge, especially for remote and hybrid teams who spend less time in person together, and companies need to implement strategies to make it easier for teams to connect.

Given the market volatility and cultural changes, candidates are even more invested in choosing the right company and are asking more questions beyond DEI to assess the business and workplace culture, including benefits, growth opportunities, runway, and leadership. Recruitment professionals need to be prepared to answer these questions in the interview process.



How organizations are overcoming the challenge

Some companies in remote-first environments are promoting collaboration through off-site meetings and company trips, or interactive meetings weekly to share work and provide feedback. To maintain boundaries in remote work, companies are also creating a clear division between work and personal time.

Additionally, there is an increased focus on using gender-neutral language and providing training to address bias and encourage diversity in the recruitment process. Other ways to improve DEI efforts in recruitment include: standardizing interview questions

and reviewing them to avoid stereotyping, trying something new by sourcing candidates through different platforms, and ensuring diversity is reflected in your current team ([BetterUp](#)).



Trends and future of the challenge

- > Some companies are choosing to stay remote or hybrid, while some are choosing to go back to the office. For those returning to the office, most professionals agree there should be a business reason, like being more successful or learning the job faster in-office.
- > Some organizations are seeing a higher ratio of women candidates, and while this could be a signal of progress, there are other factors at play. Women were more likely to leave work during the pandemic ([McKinsey](#)), and could now be returning to the workforce. Also, after 2021's push for diverse hiring and the recent sweeping layoffs, women and people of colour are disproportionately affected because they're newer to the organization and because of systemic biases ([Fast Company](#)), and they could now be looking for new work.
- > Questions about DEI and culture are important and becoming more common, but some recruitment professionals note that other factors like runway and professional growth are more top of mind for candidates choosing a company.
- > With layoffs sweeping the tech industry, DEI roles are often one of the first to get cut, which is a risky decision if progress hasn't yet been made ([Bloomberg](#)).



The State of Hiring in 2023

We hope that this report provided new approaches and strategies to solve some of the most common challenges facing recruitment professionals today.

This includes: finding the balance in work environments, compensation inflation, navigating this volatile economic environment, an increase in application quantity, and keeping community and culture strong.

As you've likely noticed, there is conflicting data from industry leaders to consider when planning for the future. But, whether companies are looking to hire top talent or are more invested in retaining their teams, it's important for both to acknowledge what candidates are looking for from their employer.

For B2B professionals in North America, this includes the following top 5 factors from most to least important: excellent compensation and benefits, good work-life balance, open and effective management, colleagues and culture that inspire employees to do their best, and job security (LinkedIn Talent Insights).

Beyond what candidates are looking for in a role, it's also important to consider what they need from their employers and action these values company-wide. Measurable and reasonable performance goals, a commitment to their learning and development, empathy as they grow and evolve, and trust in their work ethic will all inspire employees to bring their best selves to the workplace.

So, if your solutions include a candidate-first approach, you'll be well on your way to overcoming the hiring challenges 2023 and beyond have in store.



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Kristin Condon earned her HR Management post-graduate degree in 1999 and has now spent 23 years building a career in human resource strategy with a particular focus on recruitment and talent acquisition for sales professionals at all levels. Kristin is a Partner and Chief Customer Officer for Sales Talent Agency, Canada's largest sales-specific recruitment company. Over the past 14 years with STA, Kristin has helped companies like Rogers, Clearbanc, Citron and Thomson Reuters build their sales infrastructures at both the direct sales and executive levels, and has influenced more than 4,000 sales hires. Kristin's expertise is helping business leaders and talent acquisition professionals find, attract, choose and equip elite salespeople to develop highly effective revenue growth teams.

Thank you to our participants!

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