

2023 Talent Trends

Recruitment Challenges, Skills Shortages,
Skills-Based Hiring, and AI in HR





Methodology

The survey was fielded electronically to a random sample of HR professionals from the active SHRM membership from February 1, 2022 to February 17, 2022.

In total, **1,688** members participated in the survey. Academics, students, consultants, and retired HR professionals were excluded. Respondents represented organizations of all sizes in a wide variety of industries across the United States.

Note: For comparison purposes, a subset of the questions asked to respondents in the 2022 survey replicated questions from a previous SHRM survey. All pre-2022 data was sourced from the following: [*The New Talent Landscape, SHRM, 2016.*](#)

Key Findings

- Over **9 in 10** organizations have had difficulty recruiting for full-time regular positions in the last 12 months, up *23 percentage points* from six years ago.
- Nearly **2 in 5** organizations report that the positions they've hired for in the last 12 months have required new skills.
- Despite the potential for remote work and upskilling/reskilling to expand employers' access to talent, the percentage of employers who have **expanded their geographic search region** when recruiting has increased *only 2 percentage points* (from **34%** to **36%**) and the percentage who are **training existing employees to take on hard-to-fill positions** has increased *only 1 percentage point* (from **42%** to **43%**) in the last six years.
- **3 in 4** organizations offering apprenticeships or returnships say these programs have been *somewhat* or *very* effective in addressing talent shortages.
- **56%** of organizations use pre-employment assessments to gauge applicants' knowledge, skills, and abilities during the hiring process. While **78%** say these assessments have improved the quality of their organization's hires, **36%** also say these assessments have increased their time-to-fill, a critical metric in the current talent market.
- Nearly **1 in 4** organizations use automation and/or AI to support HR-related activities. Of those that source automation or AI tools from a vendor, **only 2 in 5** say their vendor(s) are very transparent about the steps taken to ensure the tools protect against bias.
- Of HR professionals whose organizations offer educational assistance, only **30%** say their organization takes advantage of Section 127 of the Internal Revenue Code, which allows employers to offer up to \$5,250 in educational assistance as a tax-free benefit to employees. **1 in 3** are unsure.

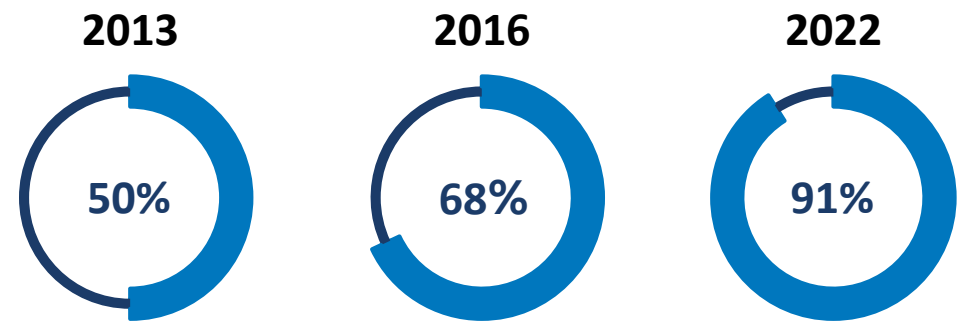


Recruitment Challenges & Skills Shortages

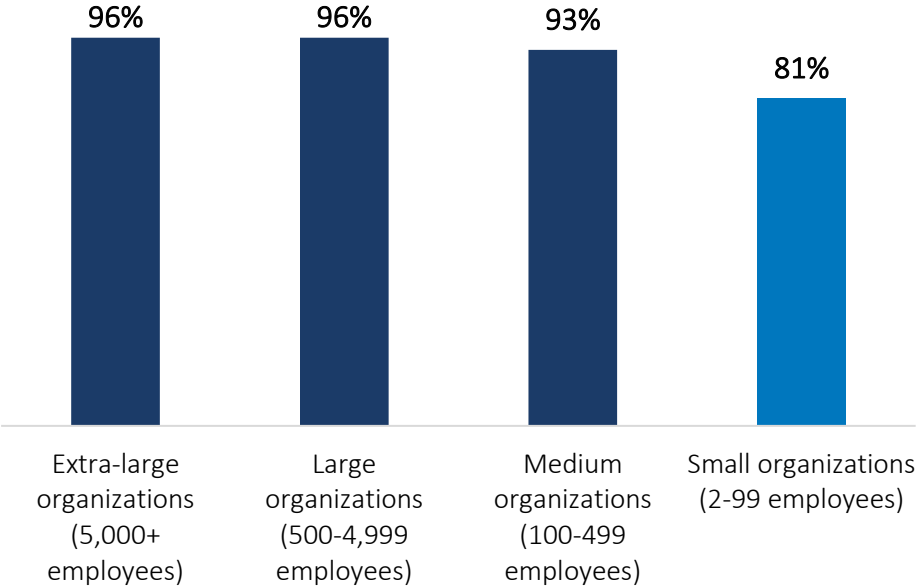
Over 9 in 10

organizations have had difficulty recruiting for full-time regular positions in the last 12 months.

Percentage of organizations reporting difficulty recruiting for full-time regular positions in the last 12 months



Extra-large, large, and medium-sized organizations are more likely to report difficulties recruiting for full-time regular positions in the last 12 months than **small organizations**.

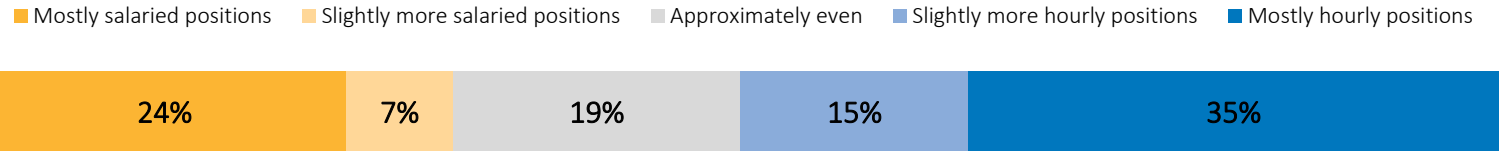


Organizations operating **in-person** or via a **hybrid approach** are more likely to report difficulties recruiting for full-time regular positions in the last 12 months than organizations operating **remotely**.



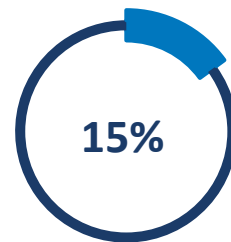
The positions businesses are having the toughest time filling include hourly, entry-level and mid-level non-managerial positions.

Do the open positions your organization is having the most difficulty filling tend to be hourly or salaried positions?

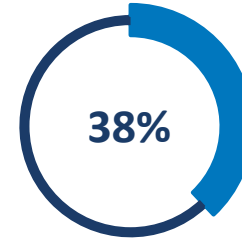


Which types of positions is your organization currently finding difficult to fill?

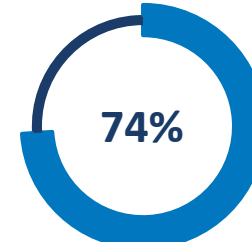
**Question was select all that apply.*



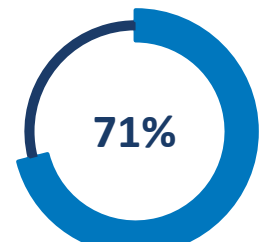
Senior or executive-level positions



Mid-level (managerial) positions



Mid-level (non-managerial) positions



Entry-level positions











Why Organizations Are Experiencing Recruitment Challenges

Supply & Demand Challenges	
Low number of applicants	75%
Competition from other employers	65%
An increase in candidate “ghosting”	54%
The local market isn’t producing enough qualified job candidates	30%
Lack of interest in type of job among job seekers	29%
Qualified candidates are not interested in moving to the local area	23%

Skills Challenges	
Candidates don’t have the needed work experience	40%
Candidates don’t have the right technical skills	35%
Candidates don’t have the right soft skills	26%
Candidates don’t have the needed credentials / certifications	16%
Candidates don’t have the right basic skills	14%
Candidates do not have high enough levels of education	9%

Compensation & Benefits Challenges	
Salaries are not competitive for the market	41%
Inability to offer flexible work arrangements	34%
Candidates reject compensation package	27%
Relocation package not competitive or not provided	7%
Candidates reject benefits package	6%

Recruitment Challenges by Industry

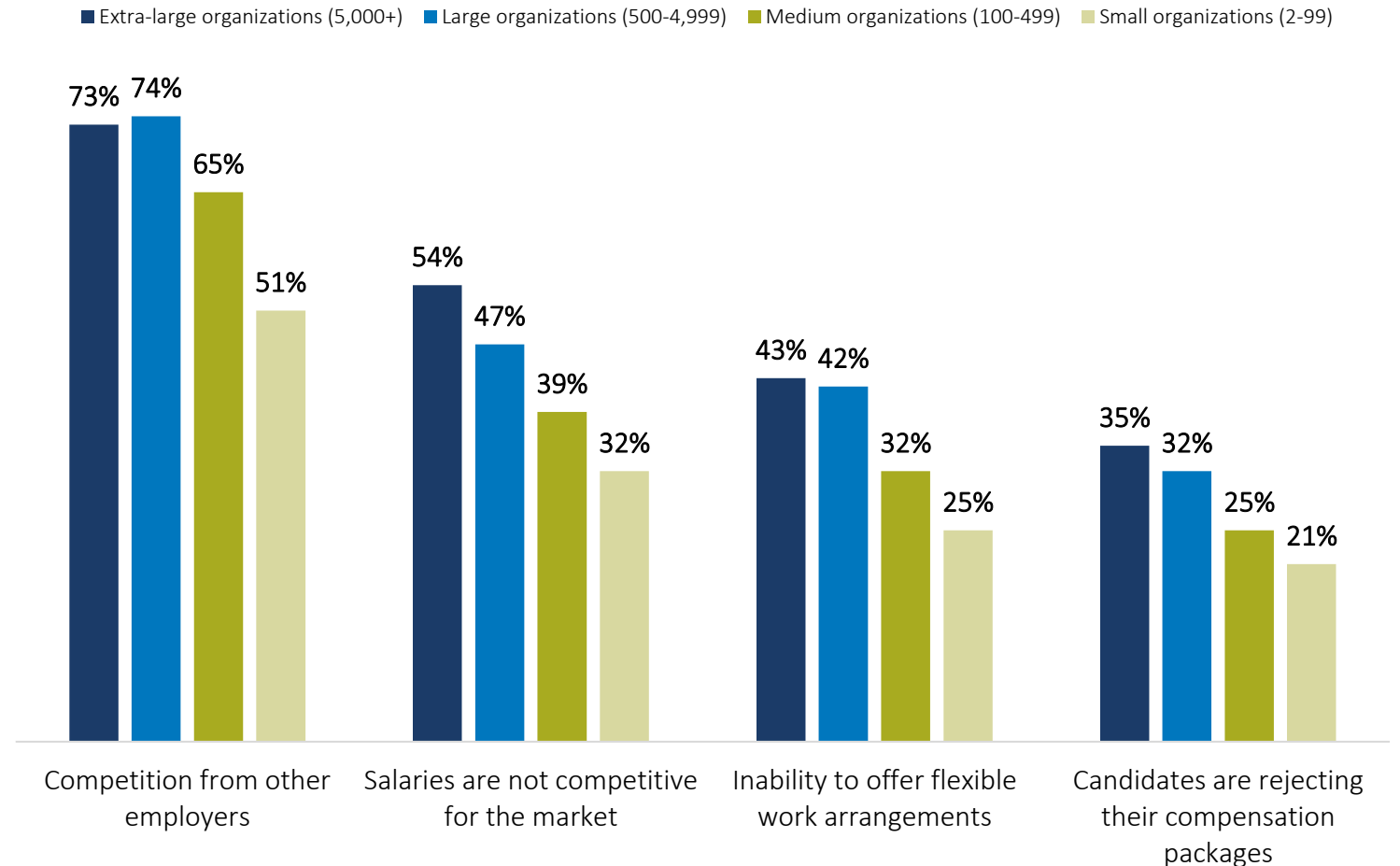
<p>Industries most likely to report candidates don't have the right workplace soft skills <i>(versus 26% for all industries)</i></p>	<p>Admin, Support, & Other Services</p> <p> 44%</p>				
<p>Industries most likely to report that candidates don't have the needed credentials / certifications <i>(versus 16% for all industries)</i></p>	<p>Government & Education</p> <p> 29%</p>	<p>Healthcare & Social Assistance</p> <p> 28%</p>			
<p>Industries most likely to report candidates don't have the right technical skills <i>(versus 35% for all industries)</i></p>	<p>Construction, Utilities, Agriculture, & Mining</p> <p> 52%</p>	<p>Professional, Scientific, & Technical Services</p> <p> 49%</p>	<p>Manufacturing</p> <p> 47%</p>		
<p>Industries most likely to report an increase in candidate "ghosting" <i>(versus 54% for all industries)</i></p>	<p>Hospitality, Food, & Leisure</p> <p> 71%</p>	<p>Wholesale/Retail Trade, Transport & Warehousing</p> <p> 71%</p>	<p>Healthcare & Social Assistance</p> <p> 66%</p>	<p>Manufacturing</p> <p> 63%</p>	

Recruitment Challenges by Organization Size

Larger organizations are more likely than smaller organizations to report recruitment challenges tied to competition from other employers.

These employers are also more likely to report challenges related to uncompetitive salaries, candidates rejecting their compensation packages, and an inability to offer flexible work options.

Percentage of organizations, by size, reporting the following recruitment challenges

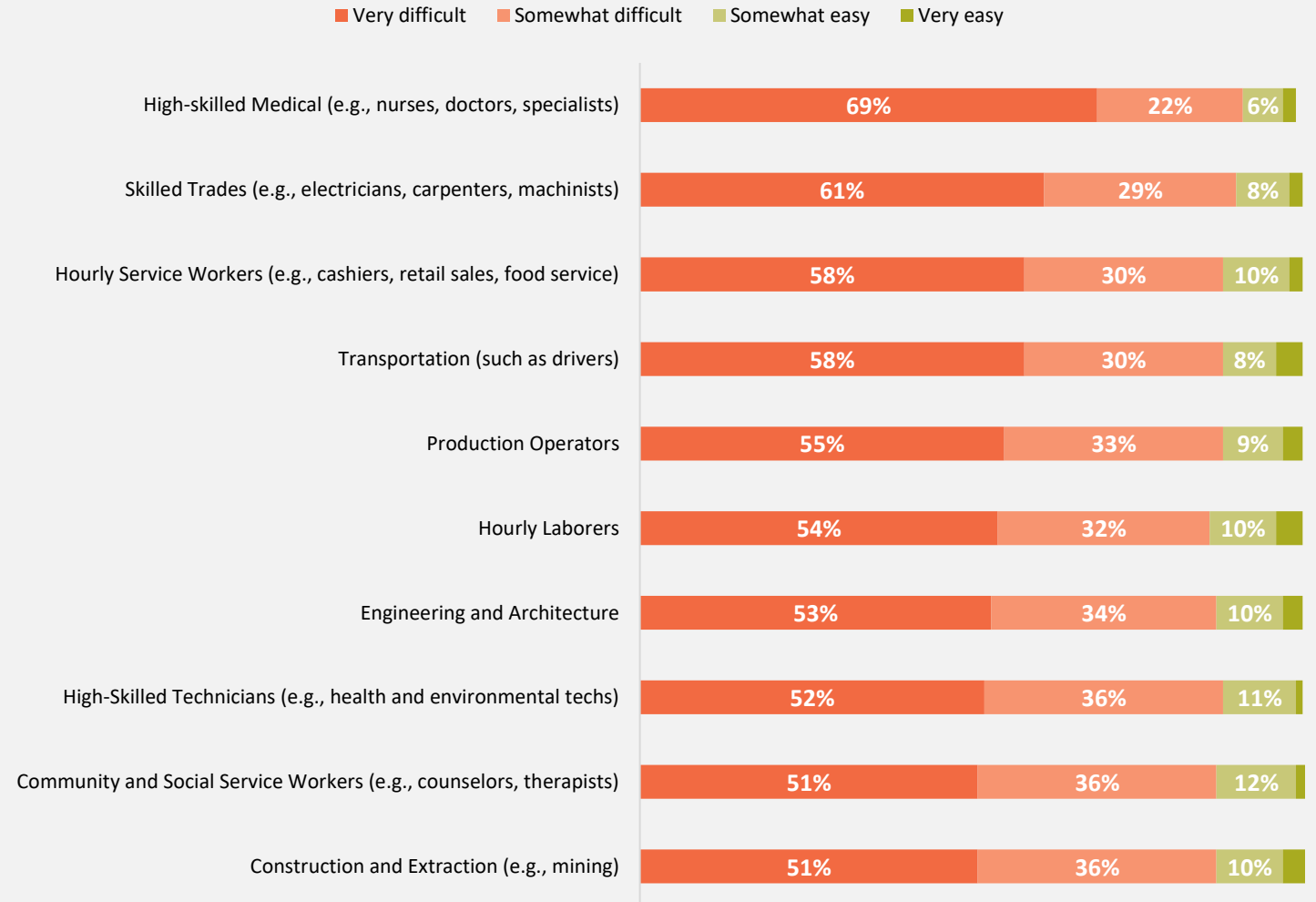


The current job market does not seem to be sparing any industry.

Organizations have had difficulties filling a wide variety of positions in the last 12 months, with the top ten most difficult-to-fill positions shown in the figure on the right.

Difficulty filling positions in the last 12 months, by job category

**Top 10 most difficult positions to fill*



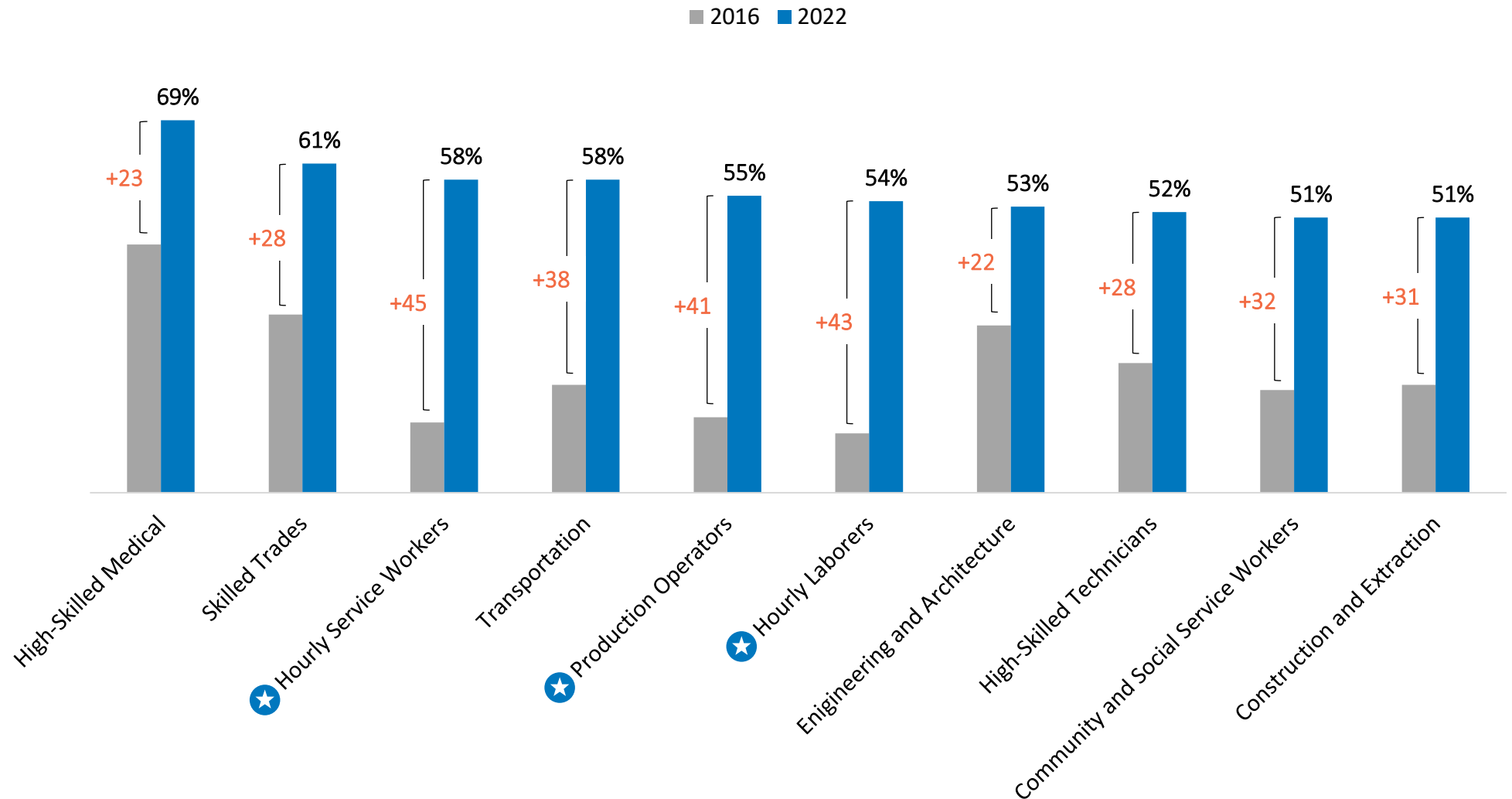
*For a full list of job categories, please see the Appendix.

Seven of the top ten positions organizations had the most difficulty filling in 2016 remain in the top ten list *six years later*.

For example, **high-skilled medical positions** and positions in the **skilled trades** were the 1st and 3rd most difficult to fill in 2016, respectively. These positions remained at the top in 2022.

New to the top ten include positions such as **hourly service workers, production operators, and hourly laborers**. Notably, only a minority of organizations identified these as **very** difficult to fill in 2016.

Percentage of organizations reporting the following position types were very difficult to fill in the last 12 months

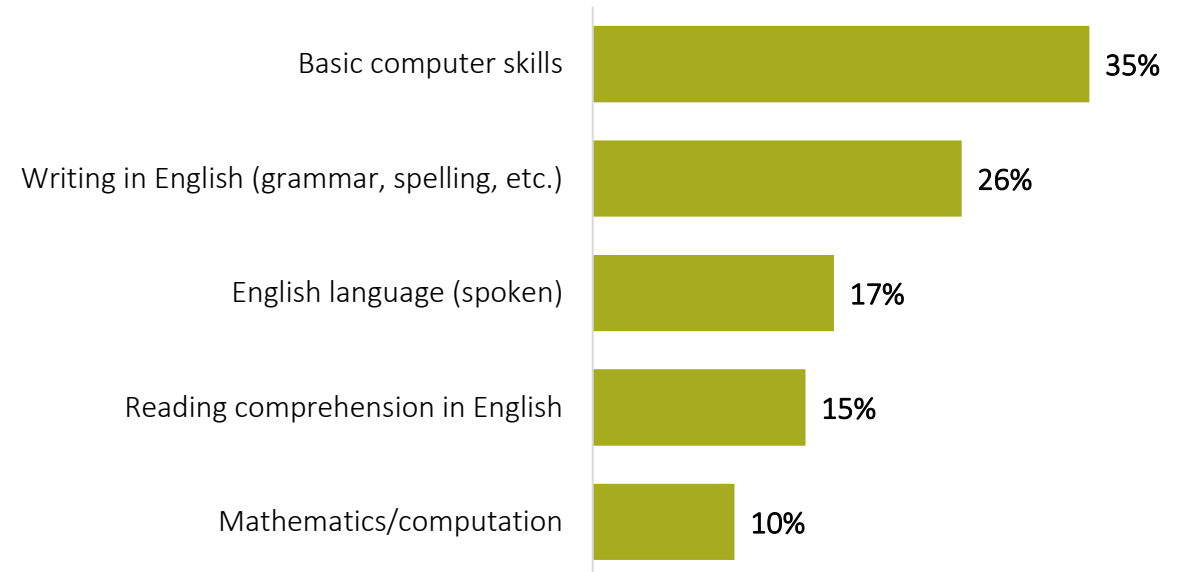


★ Indicates a job category that entered the top 10 list in 2022

Over half
of organizations (55%)
report at least one
basic skill or knowledge
gap among applicants
in the last 12 months.

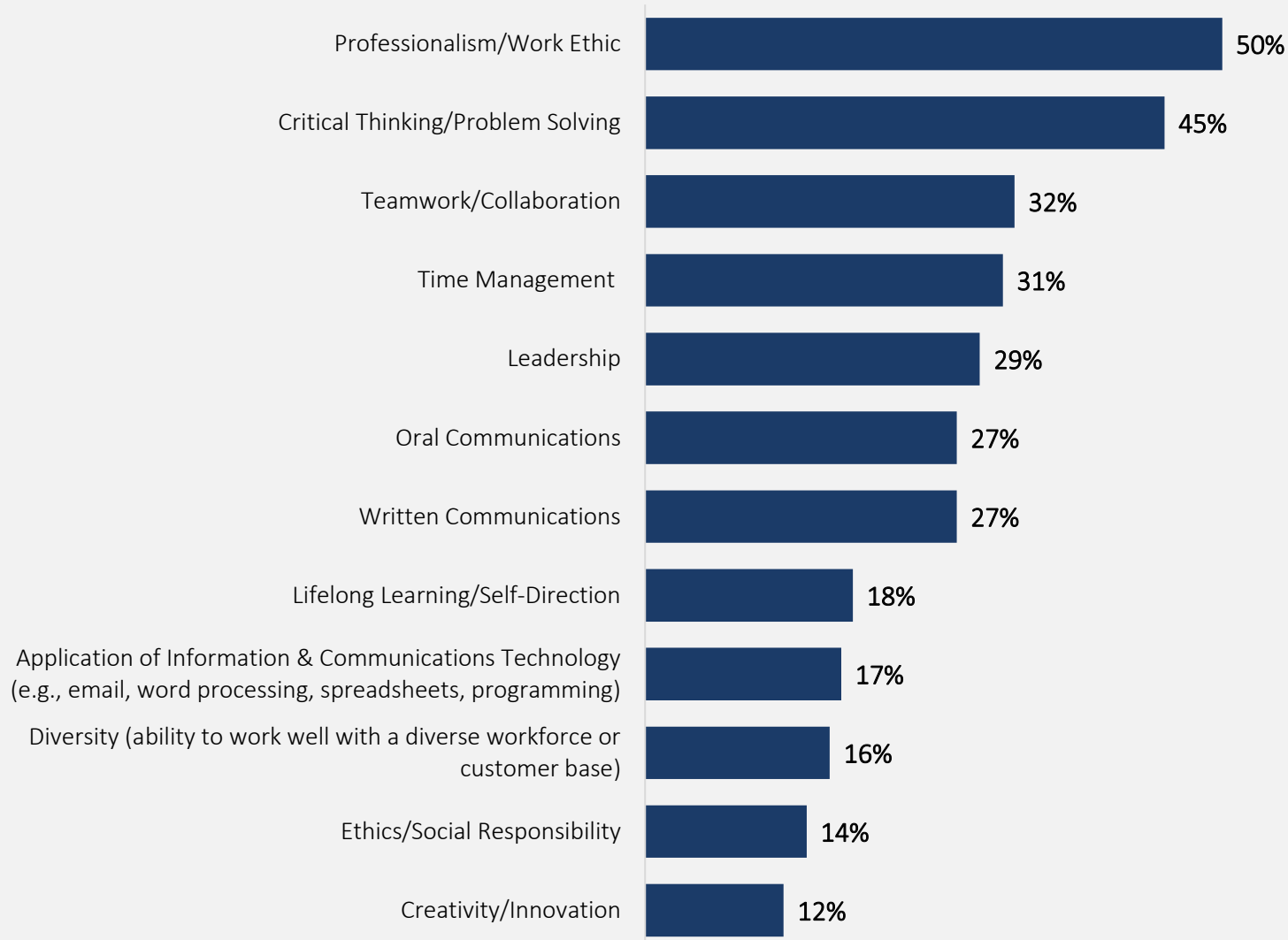
**Top 5 basic skill or knowledge gaps organizations
report among job applicants in the last 12 months**

**Question was select all that apply.*



Applied skills gaps organizations report among job applicants in the last 12 months

**Question was select all that apply.*



Applied skills gaps vary across different types of organizations



Skills gaps related to the application of **information and communications technology** are more prominent among applicants to remote organizations (**27%**) and hybrid organizations (**20%**) than among applicants to in-person organizations (**10%**).



Skills gaps related to **professionalism/work ethic** are more prominent among applicants to in-person organizations (**57%**) than among applicants to hybrid organizations (**48%**) or remote organizations (**40%**).

Nearly 2 in 5

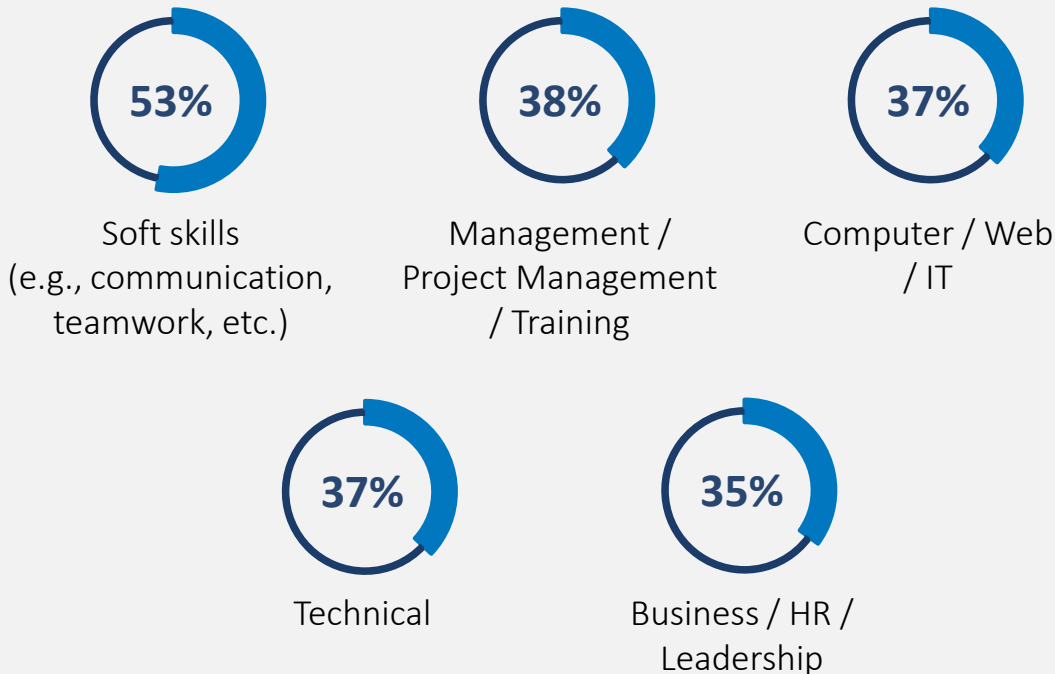
organizations report that the positions they've hired for in the last 12 months have required new skills.

Of those organizations, **86%** report that it has been *somewhat* or *very* difficult to find qualified individuals for these positions.



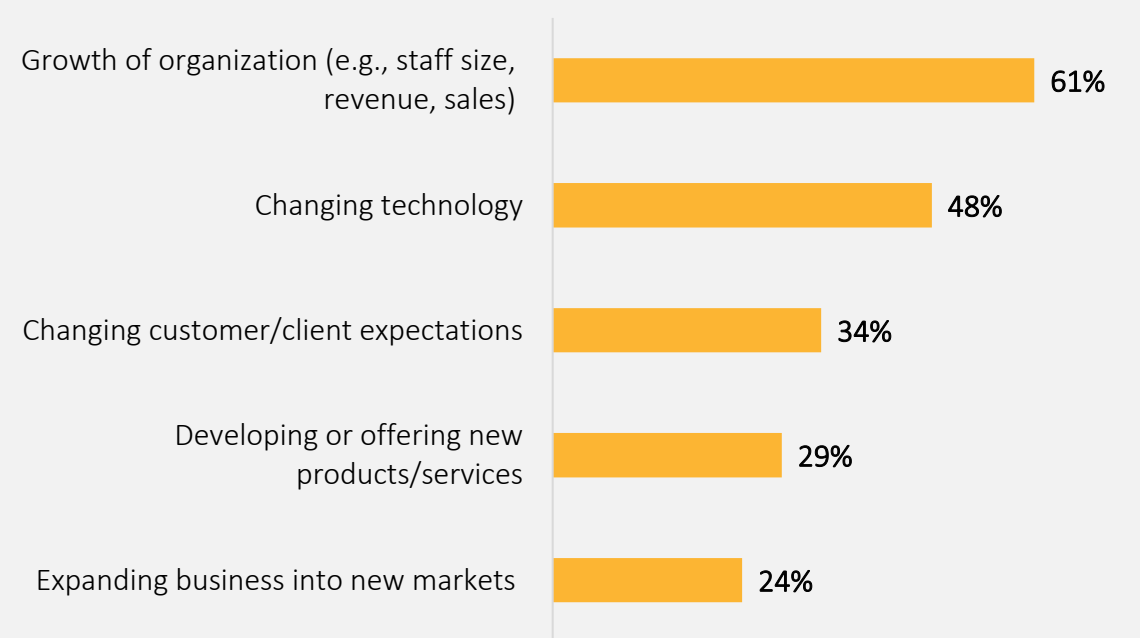
Top 5 new skills that positions have required

**Question was select all that apply.*



Top 5 reasons positions have required new skills

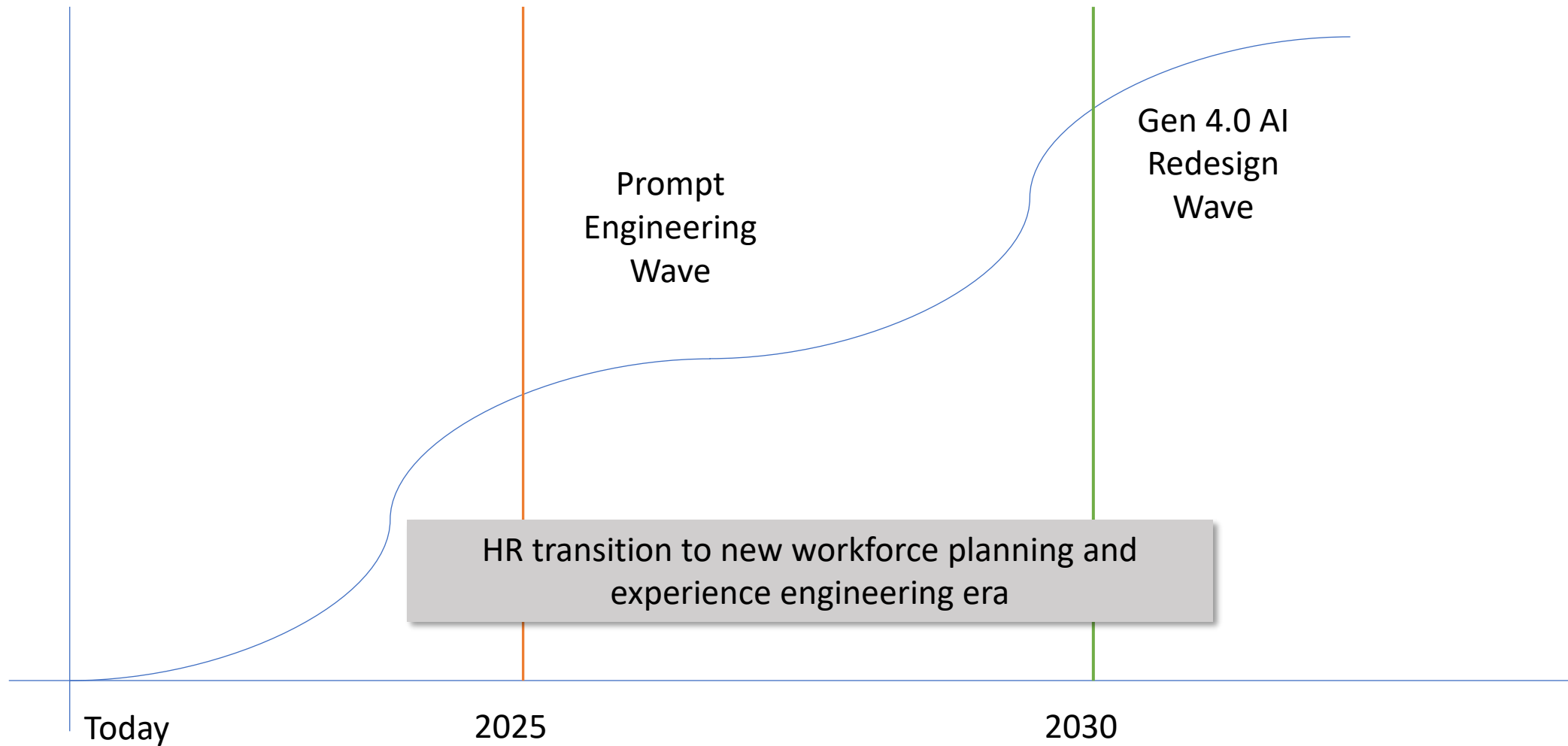
**Question was select all that apply.*



Prompt Engineering



Evolutions in the Making



FUTURE- MONGERIN G & AI

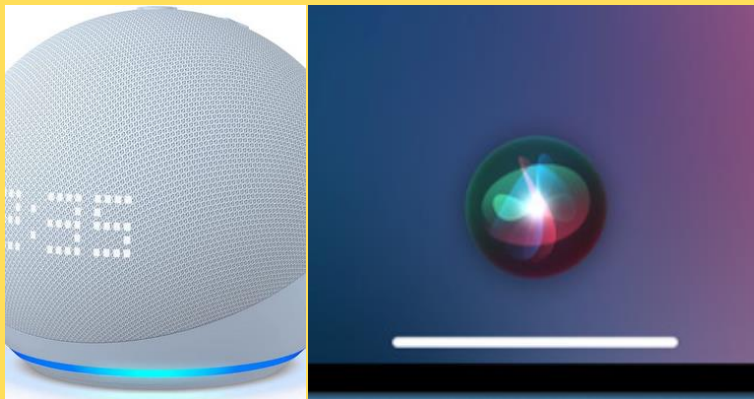
Technological advancement persists

Technological advancements in AI, automation, and machine learning give rise to new possibilities across all industries.

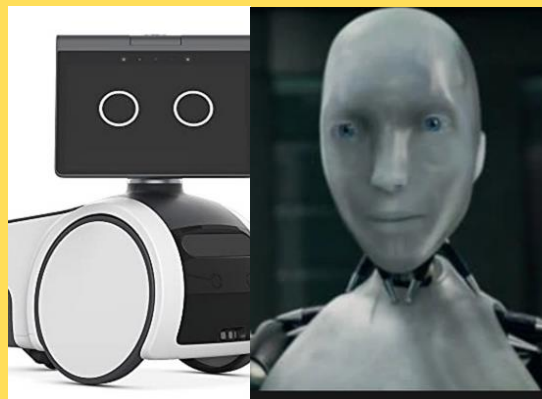
Perceptions around AI & its effects change

Human responses are typically consistent when it comes to reactions around AI and its impact. Most follow three stages from acknowledgement of possibilities to future-mongering.

Stage 1



Stage 2



Stage 3



Thank You!

Dr. Alex Alonso
Chief Knowledge Officer
Knowledge@shrm.org

