sense

State of Staffing
Report 2023 US + UK Edition

Data and trends from over **450** staffing leaders paired with **strategies + resources** for staffing success

How the Staffing Industry is Tackling 2023

As the economy recovers from the ravages of the pandemic and businesses aggressively resume hiring,

- How has the staffing industry responded?
- Have priorities changed?
- What challenges endure?

We surveyed **450+ staffing leaders** from over a dozen verticals to get insights and perspectives straight from the source.

Despite a barrage of negative headlines, news of layoffs, and talking heads debating a recession, the priorities, challenges, and concerns for staffing firms really haven't changed much since the earliest days of the pandemic.

While the outlook among staffing leaders is exceedingly positive, they also realize that to reach growth goals and be successful in any economic situation, staffing firms must operate efficiently and maximize productivity. They also overwhelmingly recognize the critical role technology plays in overcoming challenges and reaching goals.

"We hope that the data and insights shared in this report help guide your strategies and shape your successes in recruiting and sales for 2023."

Anil Dharni
Co- Founder/ CEO
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Participant Overview
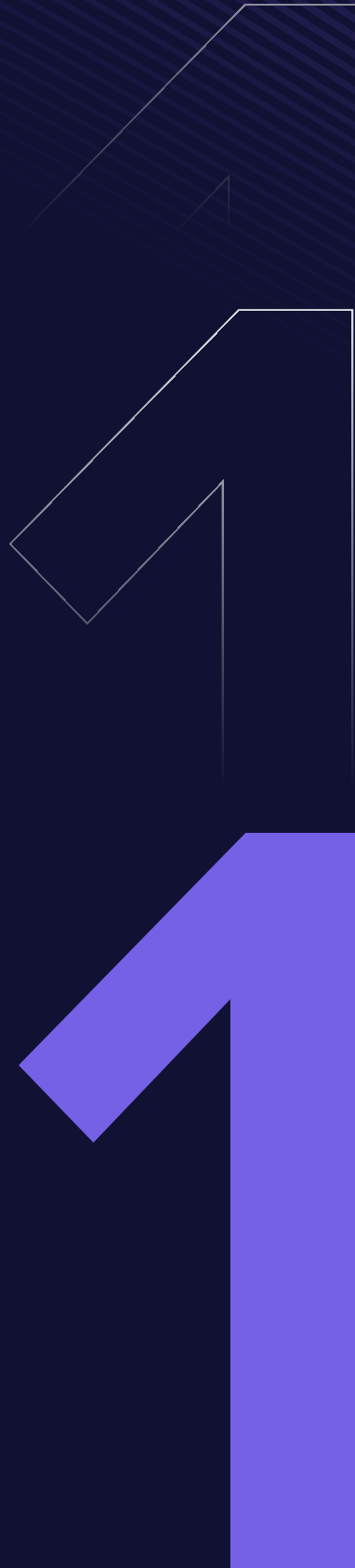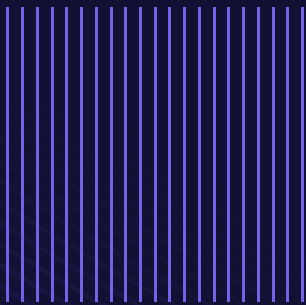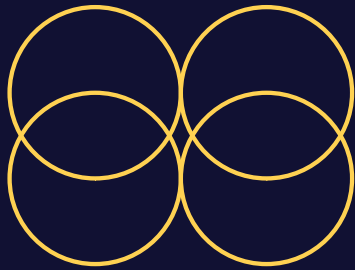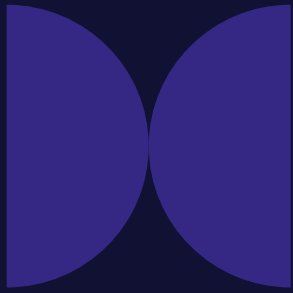
450+ staffing leaders

14 verticals

74% US-based, **20**% UK-based, **6**% other

Q. **What describes your role?**

	Role	%
■	Manager	35.2%
■	Director	18%
■	VP	12.7%
■	C - suite	12%
■	Recruiter	10.5%
■	Team Lead	8.9%
■	Owner/Partner	2.2%
■	Other	0.4%
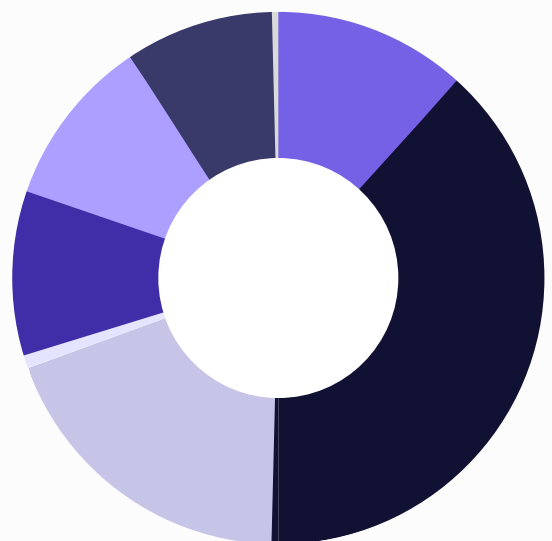
Q. Which of the following verticals does your organization serve?

Vertical	%
Accounting/ Finance	23.21%
Financial Services	34.38%
Healthcare/ Nursing	30.13%
Human Resourcing	45.13%
IT/ Engineering	34.15%
Legal	15.40%
Office/ Clerical	23.88%
Professional Services	22.54%
Transportation	19.87%
Manufacturing	25.45%
Light Industrial	15.40%
Other	5.58%
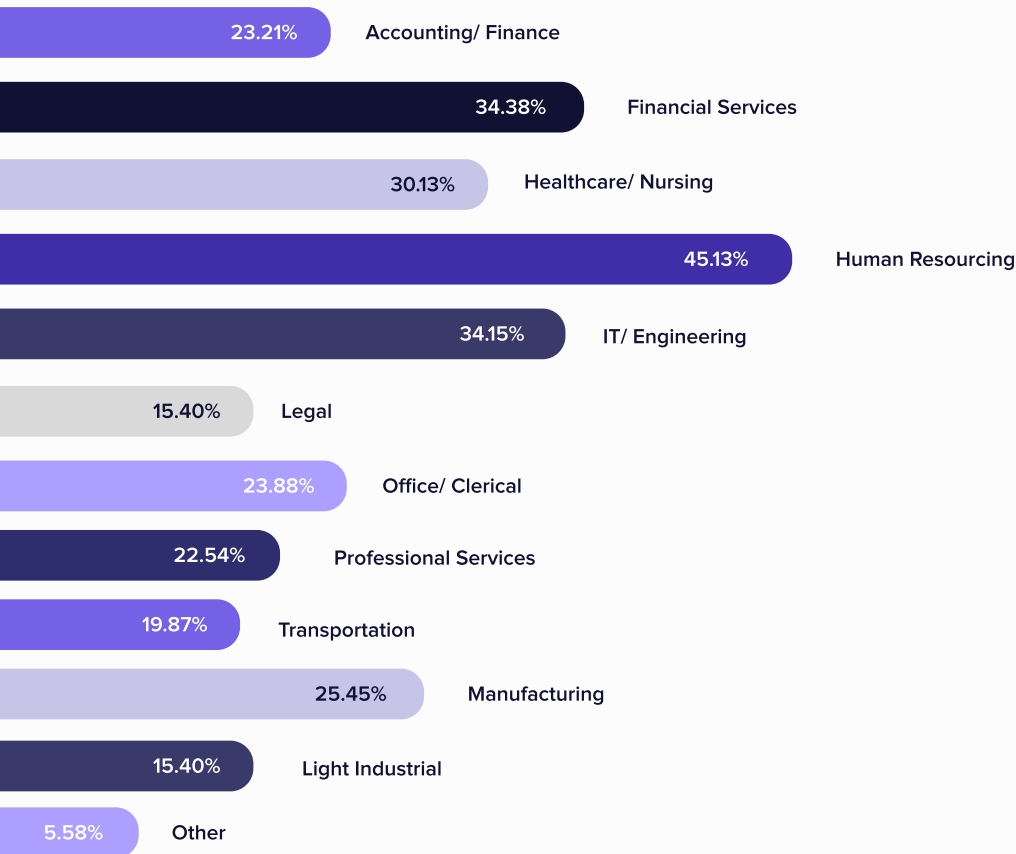
Q. What staffing services do you provide?

Service	%
Temp	23.8%
Temp-to-Hire	52.6%
Direct Hire	68.9%
Freelance	39.
MSP	23.44%
RPO	15.85%
Other	2.90%
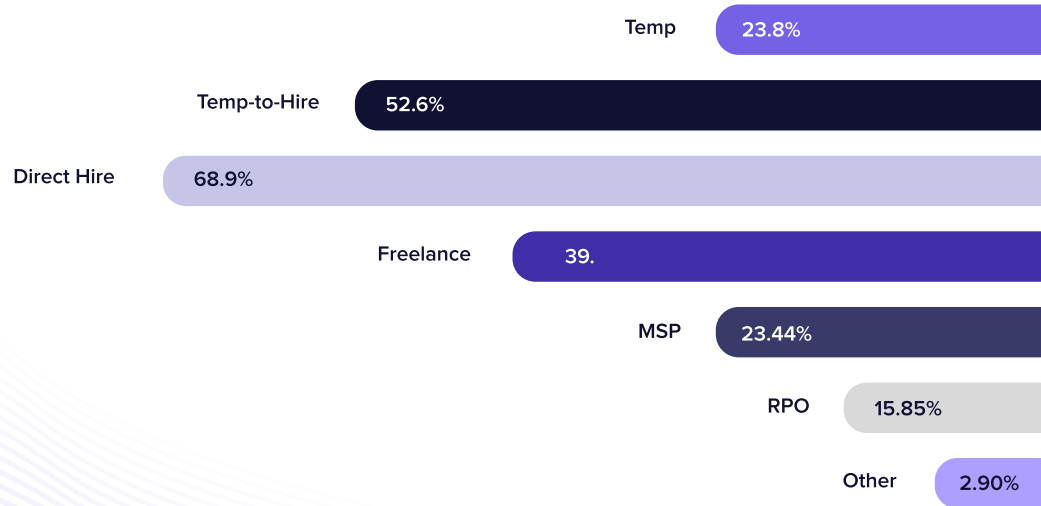
Growth Outlook

96% of respondents expect their staffing firms to GROW in **2023**

40% expect growth of at least **20%**

Expectations are generally less than the optimism in 2021 when the US was rebounding from COVID and seeing tremendous growth; however, overall optimism is high. Just over 2% of staffing firms expected no growth back in 2021, and that number remains in the single digits for 2023 at just under 4%
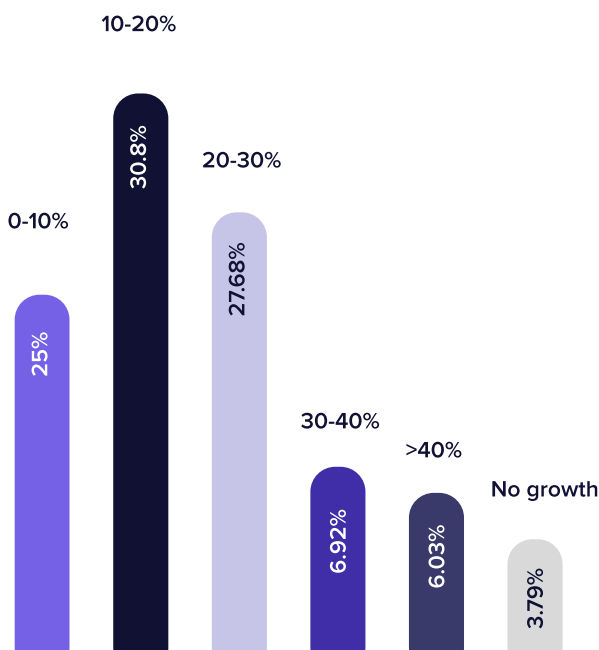
98% of respondents report that the current economic situation has impacted their staffing firm

Expectations of growth are balanced with a realistic look at today's market, and how organizations are shifting to both temper impacts now while preparing for any future economic downturn.

50% of respondents are cutting marketing

Nearly 1/4 are reducing internal headcount

Technology has never played a bigger role in helping staffing firms stay profitable and prepare for whatever the future holds. In particular, expect a consolidated tech stack to really shine as a "secret weapon" for 2023, as more staffing firms look to make their teams more efficient with technology that can empower recruiting, sales, and marketing to dramatically improve productivity and ROI.

Q.

compared to 2022, how much do you anticipate to grow in 2023?

0-10% — 25%
10-20% — 30.8%
20-30% — 27.68%
30-40% — 6.92%
>40% — 6.03%
No growth — 3.79%

Big
Goals

To reach growth goals in this or any economic situation, you need to prioritize the right metrics across your staffing firm.

1. 🔲 Time-to-hire

2. 🕐 Cost-per-hire

3. ➡️ Drop off rate

Cost-per-hire has usurped time-to-fill as the #1 performance metric for 2023, although time-to-fill came in just behind it at #2. And while redeployment rate was a Top 3 priority in 2021, it fell to fifth this year as drop-off rate continues to stay top of mind with staffing leaders as a major priority.

But, the percentages across top metrics were more balanced compared to 2021, as staffing firms zero in on the metrics most likely to move the needle and help them reach their growth goals in 2023.

71% of staffing firms cite increased productivity as their biggest internal goal for 2023

Productivity dominated our results in 2021 and is still at the top of everyone's lists for 2023. Why is this still the biggest goal? Why haven't staffing firms reached their productivity goals in the past two years?

Your tech stack should be a powerful tool to help improve productivity while creating better experiences for your recruiters and candidates. But the prevalence of one-off point solutions has, for some, created a bloated tech stack that makes recruiters less efficient.

A single, robust, talent engagement platform offers the functionality your staffing firm needs to maximize productivity and ROI while saving time (and frequently, even reducing your overall tech costs).

Q.

What are your biggest internal goals for 2023?

Cutting cost	31.03%
Improving productivity	71.43%
Increased retention	39.51%
Increased referrals	36.83%
Assessing strategic partners/vendors	32.14%
Other	1.79%

For detailed insights and recommendations to improve recruiter productivity, check out this guide from our blog.

94% of staffing firms say that the current economic situation has impacted recruiter performance.

Although staffing leaders are optimistic about 2023, they recognize that economic uncertainty has affected not only their sales team (and clients) but their recruiter performance as well.

There are a few core reasons for this trend. Layoffs and more candidates looking for work means recruiters are getting more responses than ever to their job postings. And as mentioned previously, productivity is cited as a top challenge. Data suggests that recruiters spend about half their days on administrative or repeatable tasks. When bogged down with this type of work, actually working through resumes and scheduling interviews becomes difficult.

Adding another layer is increased difficulty filling high-demand roles, which are more competitive than ever.

Technology plays a critical role in improving recruiter productivity and overcoming whatever hurdles the economy may throw at your staffing firm.

Q. How much has the current economic situation impacted your recruiter performance

A little	14.73%
A lot	22.70%
Not at all	5.80%
Somewhat	56.70%

For more recruiting tips for high-demand verticals, check out these resources:

Talent Engagement Strategies for Logistics and Transportation Recruiters

How to Successfully Engage Gen Z Talent for Healthcare Roles

Key Recruiting Challenges

Actively listening and being technologically proficient are the top qualities staffing leaders believe are most common among top recruiters.

There is an interesting shift from 2021, where relationship building and industry expertise topped the list. More staffing firms than ever realize just how critical it is to have and to maximize their staffing tech stack.

For tips to improve candidate engagement without bogging down your recruiters:

check out this resource from our blog.

Perhaps unironically, empowering your technologically-proficient recruiters with industry-leading technology frees them to be better listeners, build better relationships, and to embrace the other core traits found in today's most successful recruiters.

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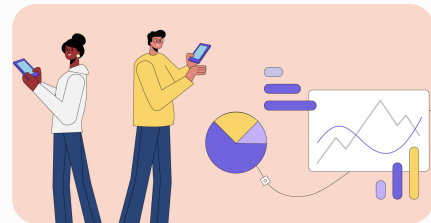
Sense is improving communication with our talent and clients, along with offering solutions to help retain and redeploy candidates.

Enterprise Staffing Customer

Source: Sense G2 reviews

Increasing recruiter efficiency is the #1 challenge for staffing firms

Work smart, maximize resources, be productive – operate *efficiently*. These have always been important for staffing firms, but now more than ever, they are a priority. A top challenge.

The theme is pervasive throughout this report, but being optimistic in any situation requires knowing that your staffing firm is operating like a well-oiled machine. And providing your team with the tools and technology they need to operate more efficiently keeps them happy and productive while contributing successfully to the bottom line.

Q.

Top challenges in the recruiting process (multiple responses allowed)
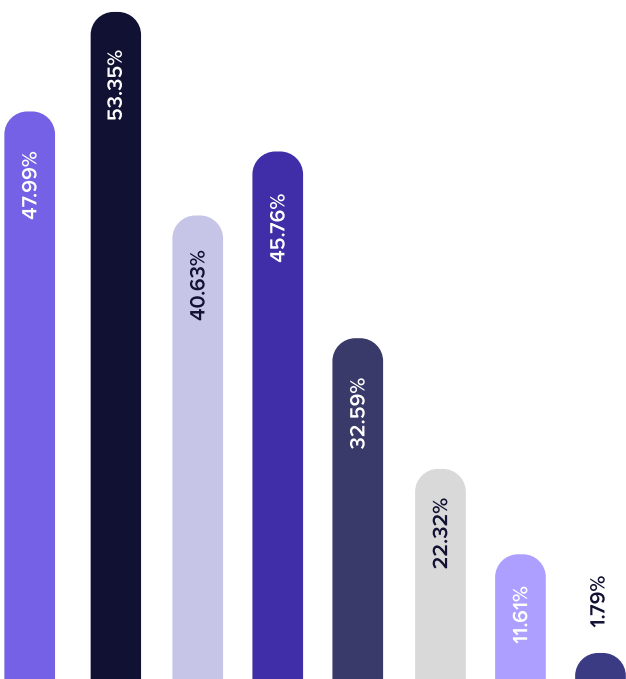
Q.

What qualities do you believe are most common among top recruiters?

Relationship building	46.43%
Actively listening	51.79%
Technologically proficient	48.88%
Confidence	46.21%
Persuasiveness	40.85%
Highly data-driven	22.10%
Resilience	21.21%
Process- driven	18.75%
Industry expert	24.11%
Other	1.12%

Chart values: 47.99%, 53.35%, 40.63%, 45.76%, 32.59%, 22.32%, 11.61%, 1.79%

Legend:
- Increasing recruiter efficiency
- Minimizing revenue loss due to attrition
- Reducing job board spend
- Increasing candidate placement rate
- Scaling personalized candidate communications
- Driving revenue growth
- Increasing redeployment
- Other

The average candidate drop-off rate among respondents is **37%**
More than 1/3 of respondents have a drop-off rate higher than **25%**

With recruiting teams more lean than ever, technology is critical to keep talent engaged from first touchpoint until placement. For example, AI can be used to create custom workflows and automate up to 90% of application and pre-screening, freeing recruiter time and creating a simpler, easier process for talent.

After the offer is made, automation can send reminders, paperwork, and otherwise keep candidates excited about your client and their opening until First Day. When coupled together, our AI Chatbot and automation, for example, can create powerful, natural conversations and interactions between your "recruiters" and candidates throughout the hiring process.

For more on developing and implementing a recruiting automation strategy:

∴ sense

The
**Recruiting
Automation**
Playbook for 2023

check out our playbook.

"

With tools like AI Chatbot, you are able to remove all the repetitive activities your top recruiters have to do like screening and scheduling, and that immediately expands their capacity. We started our implementation with 7 large enterprise clients, and we doubled our placements by the end of 6 months as a result of that increased capacity.

Lauren Griffin

Senior Vice President
Volt Workforce Solutions

"

Did you know that more than half of new candidates sourced could already be in your database? Yet, staffing firms continue to spend heavily on job boards, social ads, and sourcing platforms.

Your ATS can be a rich source of "high-quality" matches provided it is regularly updated with the latest candidate information and you have the capability to run outreach campaigns to re-engage passive talent. And when backed by predictive analytics, your ATS can alert you to candidates who are ready for new opportunities or are likely to churn.

And with AI-powered job matching, your database becomes even more powerful. Sophisticated AI matches your current jobs to candidate skills and backgrounds, saving you time and money.

With AI-powered solutions, your ATS becomes your most powerful candidate referral source.

Q.

What ATS do you use?

ATS	Percentage
Bullhorn	12.20%
Moka	5.80%
In-house software	5.10%
Avinote	4.50%
Workday	3.80%
Zoho	3.80%
Tracker	3.80%
Jobdiva	3.20%
Avature	3.20%
ICIMS	2.60%
CEIPAL	2.60%

Paid sources like Facebook, Adwords, LinkedIn, and others dominate candidate lead generation efforts.

Q.

What are your most effective lead sources

Your website	38.62%
Job boards	43.08%
LinkedIn	52.90%
Referrals	35.71%
ATS	26.79%
Facebook	36.68%
Adwords	8.71%
Other	2.46%

Check out this resource for more insight into how automation can help you reduce costs and maximize your database.

Key
Sales
Challenges
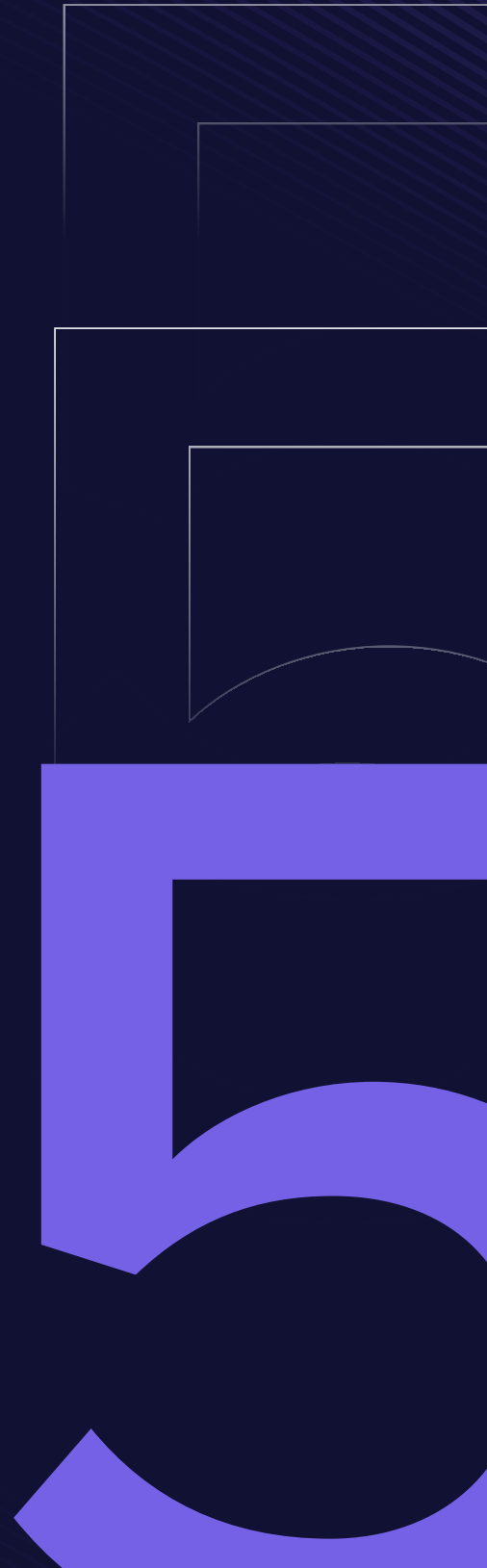
> **Long sales cycles** and **difficulty differentiating** are
> the top 2 sales challenges for staffing firms in 2023

Long sales cycles have always been a challenge for staffing firms to navigate. Prospective clients aren't vetting new staffing vendors. There are too many layers of approval to consider. They're too busy. Or they're simply bombarded by requests from staffing sales teams.

Or all of the above.

Regardless, with long sales cycles, it's especially important to stay top of mind. Yet, most sales teams are focused on adding top of funnel and closing bottom of the funnel prospects that actually move prospects down that funnel falls a bit by the wayside.

Differentiation is another challenge many staffing firms continue to face. When every staffing firm touts their "great service" and "exceptional talent," it can be difficult-to-impossible for your prospects to determine who is truly the best potential fit for a strategic staffing partner.

While you may have better service, and you may actually have better candidates, it's nearly impossible to prove this when it counts the most.

Regular check-ins keep you top of mind with prospects and help to shorten that sales cycle. While many prospects set aside a certain time/(s) per year to assess staffing vendors and consider new ones, the reality is that there are often unannounced times during the year where your prospects need additional help from a staffing firm. They just need to think of you first.
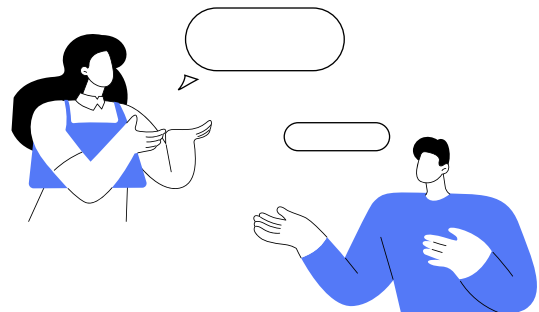
We've spoken to many firms whose sales journeys have resulted in quite a few calls or emails that start with, "I'm so glad I heard from you; your message came at just the right time."

Delivering what someone needs, when they need it, is one of the literal definitions of great service. And you've just qualified something that few staffing firms can, taking a giant step toward earning more business.

Automation, particularly when coupled with ABM strategy to ensure you hit your most-important prospects, can be a powerful sales accelerator and differentiator for staffing firms.

98% of staffing firms have changed their sales process due to the current economic situation

And 75% of respondents shared that they have changed their sales process "somewhat" or "a lot" due to the current economic situation. This systemic change in sales approach showcases just how prepared staffing leaders feel for whatever 2023 may bring, particularly when compared to the Great Recession.

In fact, surviving the Great Recession really illuminated areas of opportunity and investment for many staffing firms, and really drove a lot of innovation in this industry in the 2010s. Including, in fact, our own beginnings here at Sense.

But just as with recruiting, technology plays a critical role as staffing firms shift, pivot, and otherwise alter their sales processes to better add to, nurture, and close deals with their prospects.

Q. **What are your biggest sales challenges**

56.70%
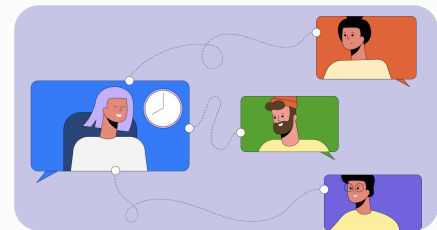
35.04%

35.49%

30.58%

25.67%

13.84%

3.57%
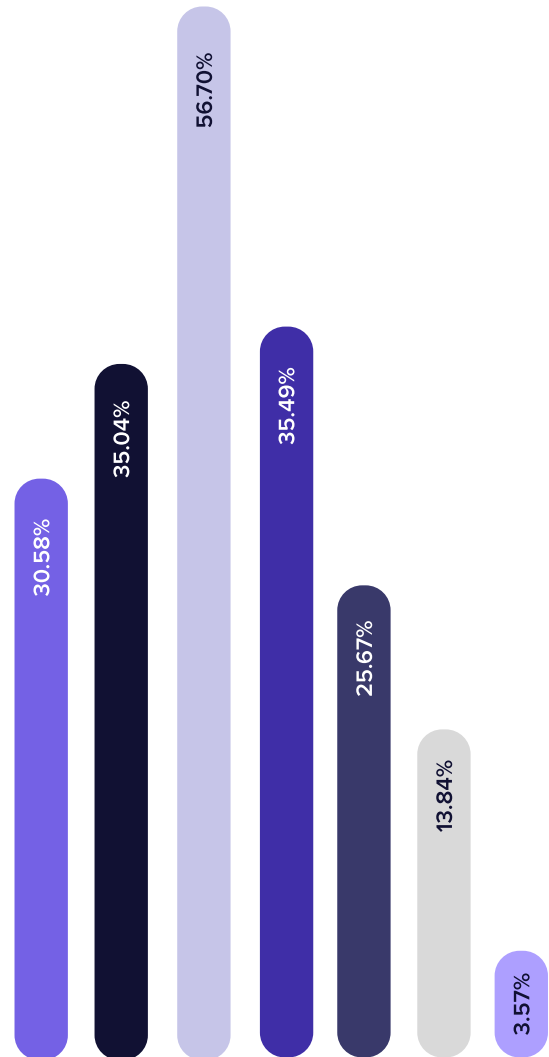
- Competition
- Decreased hiring
- Long sale cycle
- Difficulty differenciating
- Prospect not ready
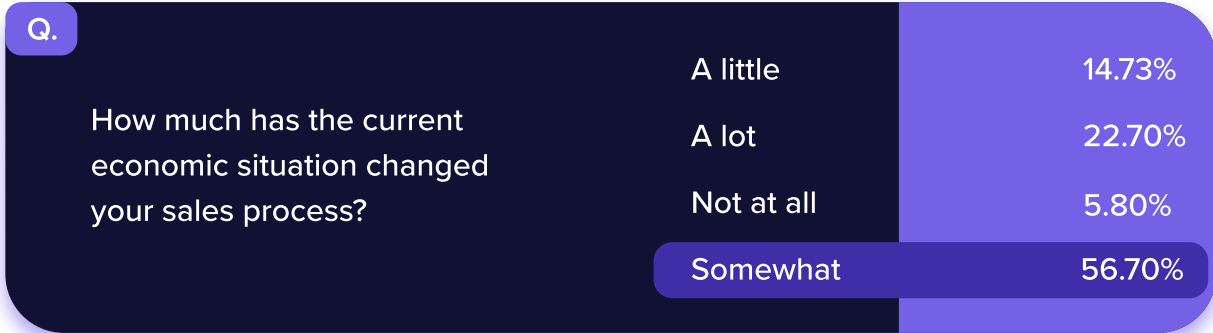- Not considering new vendors
- Other

Just as with candidate lead gen, sales lead gen focuses primarily on platforms that require a hefty investment. Maximizing that investment is going to depend heavily on your sales team's ability to nurture and, as noted previously, move those prospects down the funnel – providing value along the way.

We expect to see more sales and marketing teams working together in 2023 to leverage technology for more targeted, automated lead gen and prospect nurturing, with additional focus on inbound lead gen to help fill your funnel at every stage of the process.

Alignment between sales and marketing, and a 100% embrace of automation and technology are essential. This alignment will help you augment your sales process and, just as with recruiters, allow your sales team to focus its time not on manually emailing or calling to nurture prospects, but on having meaningful conversations when and where they matter most to your bottom line.
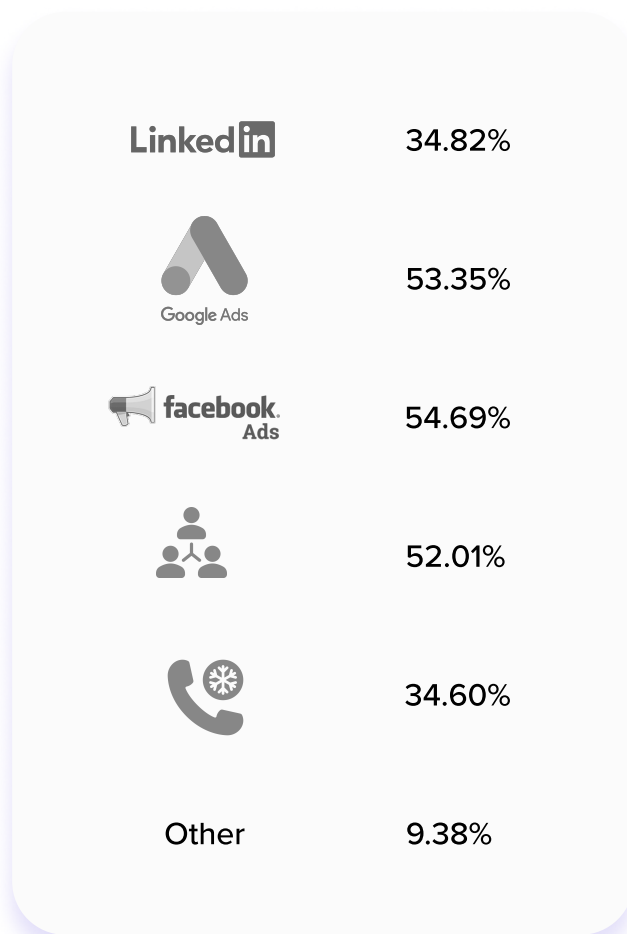
For more on empowering your sales team to have more, better conversations with prospects, check out this resource from our blog.

Q.

How much has the current economic situation changed your sales process?

A little	14.73%
A lot	22.70%
Not at all	5.80%
Somewhat	56.70%

Q.

How does your sales team currently generate new leads?

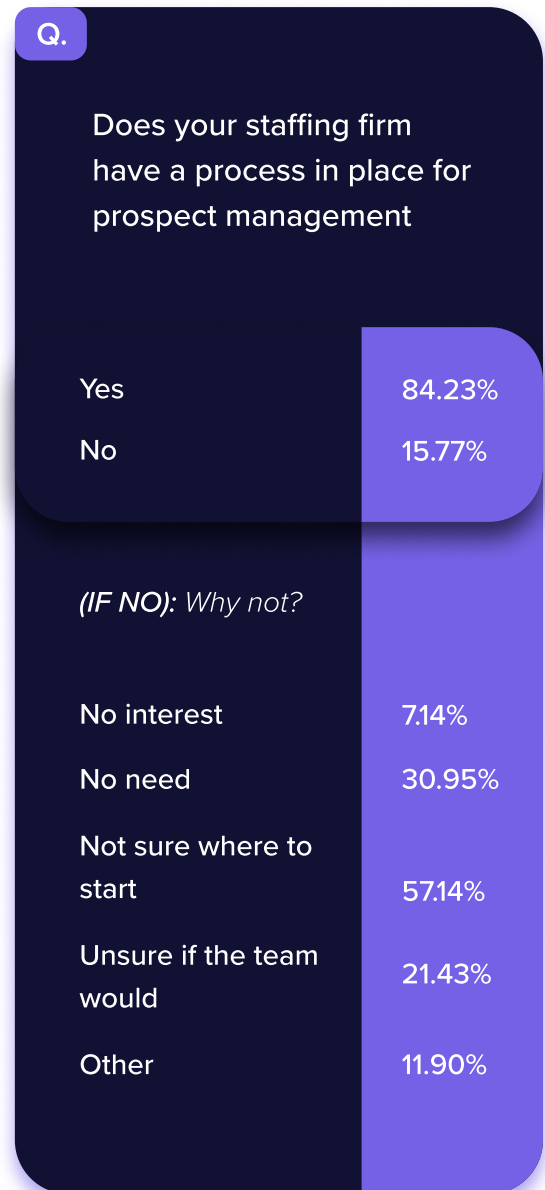| LinkedIn | 34.82% |
Google Ads	53.35%
facebook Ads	54.69%
(referrals)	52.01%
(cold call)	34.60%
Other	9.38%

An overwhelming percentage of staffing firms have a process in place for prospect engagement but of those that don't, 57% don't know where to start.
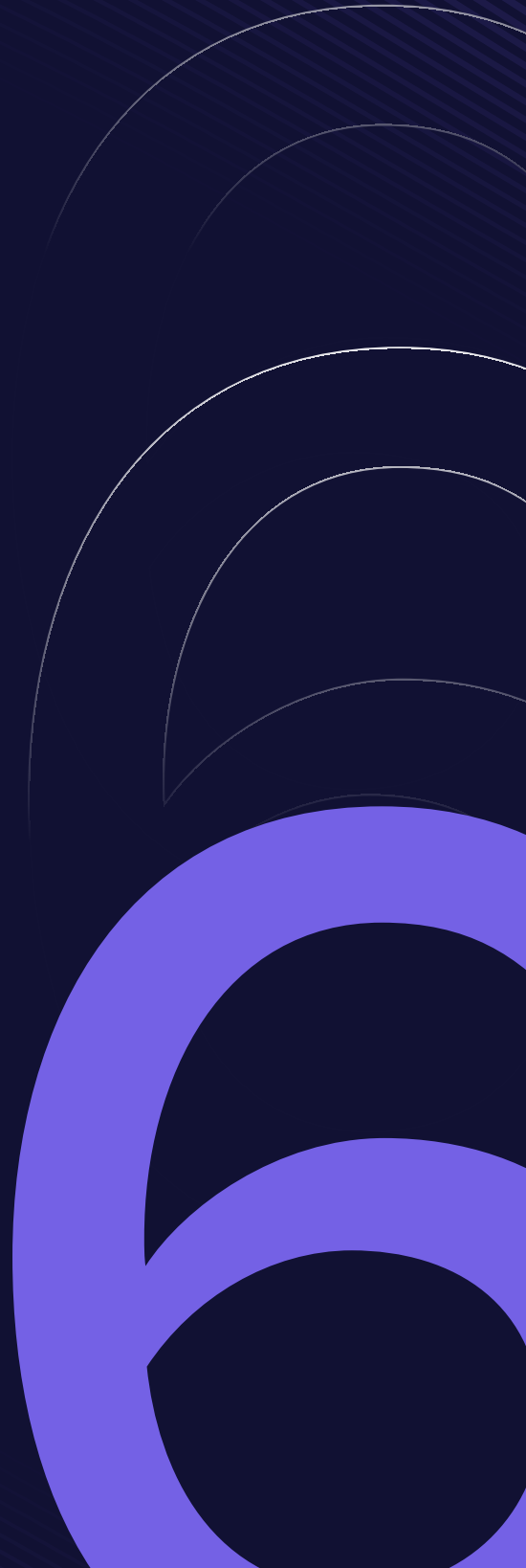
Sales processes can vary widely based on vertical, size of your sales staff, size of your prospects, and other criteria. But, establishing and adhering to a set process can help sales teams be more effective and efficient, and deliver consistent brand experiences so that, even when a prospect doesn't initially sign on the dotted line, your chances of landing them down the line are strong.

It's encouraging that a vast majority of respondents have a process in place for prospect engagement; however, among those who do not, there is substantial opportunity. As noted, 57% of those who don't have a process don't know where to start, while over 21% aren't sure that their sales team would follow a process.

Automation can play a big role here in helping sales teams stay in alignment with your brand and sales strategies, and provide the best-possible experiences for your prospective clients. Automated Sales Journeys like the ones used by Sense Customers can ensure a consistent experience while giving your sales team the freedom to be "uniquely them" in the process as well.

Q.

Does your staffing firm have a process in place for prospect management

Yes	84.23%
No	15.77%

(IF NO): Why not?

No interest	7.14%
No need	30.95%
Not sure where to start	57.14%
Unsure if the team would	21.43%
Other	11.90%

Learning + Industry Trends

95% of respondents actively stay on top of industry trends

We are flooded with more information and resources than ever. What resources do staffing firms depend on to keep them informed, to teach them, etc?

Our inboxes may seem cluttered, but email newsletters top our list of preferred staffing industry content followed closely by YouTube.

Q. What types of industry content do you like to consume?

Blogs	38.17%
Email newsletters	58.93%
Youtube	48.88%
Tiktok	48.21%
Webinars	44.20%
Podcasts	24.11%
Other	6.92%

Q. What are some of your favorite content sources for staffing-related news, advice, etc.

Partner blogs (i.e Sense blogs)	44.64%
SIA	39.29%
TSA	44.64%
ASA	28.35%
Inc.	30.58%
Forbes	16.29%
Other	8.71%

Color us humbled, but we are excited to share that your favorite source of staffing-related content is partner blogs (like ours!).

The Sense Blog
The latest updates, stories, ideas and guides from the Sense team.

Mastering the Art of Candidate Messaging: 6 Winning Strategies

Best Practices for Effective Candidate Management and Nurturing

Sense, for me, is a complete marketing platform and is an absolute gem when I conduct my campaigns for candidate outreach.

Honey K

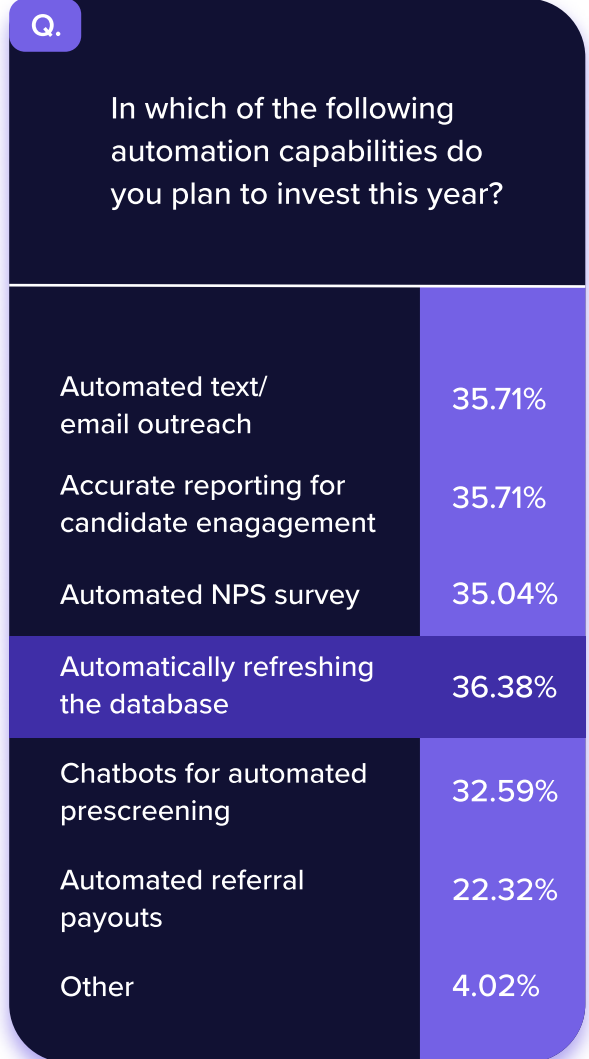Mid-Market Staffing Firm

Source: Sense G2 reviews

Opportunities

To best step up to the task of hitting growth goals while operating more efficiently and productively than ever, staffing firms are investing in more powerful talent engagement platforms that leverage AI and automation and work seamlessly with their ATS to maximize ROI.

The key is maximizing ROI from your current staffing tech stack and carefully choosing which technology to invest your time and resources.

The right technology is essential to touch the goals we've discussed in this report, and to implement the efficiency and productivity enhancers cited throughout. Yet, there is ample opportunity for investment among staffing leaders, with fewer than half investing in AI and automation technologies. Here at Sense, we know just how dramatically these investments can impact core metrics while delivering better experiences for talent.

Q.

In which of the following automation capabilities do you plan to invest this year?

Automated text/email outreach	35.71%
Accurate reporting for candidate enagagement	35.71%
Automated NPS survey	35.04%
Automatically refreshing the database	36.38%
Chatbots for automated prescreening	32.59%
Automated referral payouts	22.32%
Other	4.02%

For insights into strong talent engagement strategy, check out our definitive guide.

For insights into how a structured referral program can benefit your staffing firm, check out this resource.

The right technology and the right data (and taking action on that data) are critical to maximize resources and hit growth goals in 2023 and beyond.
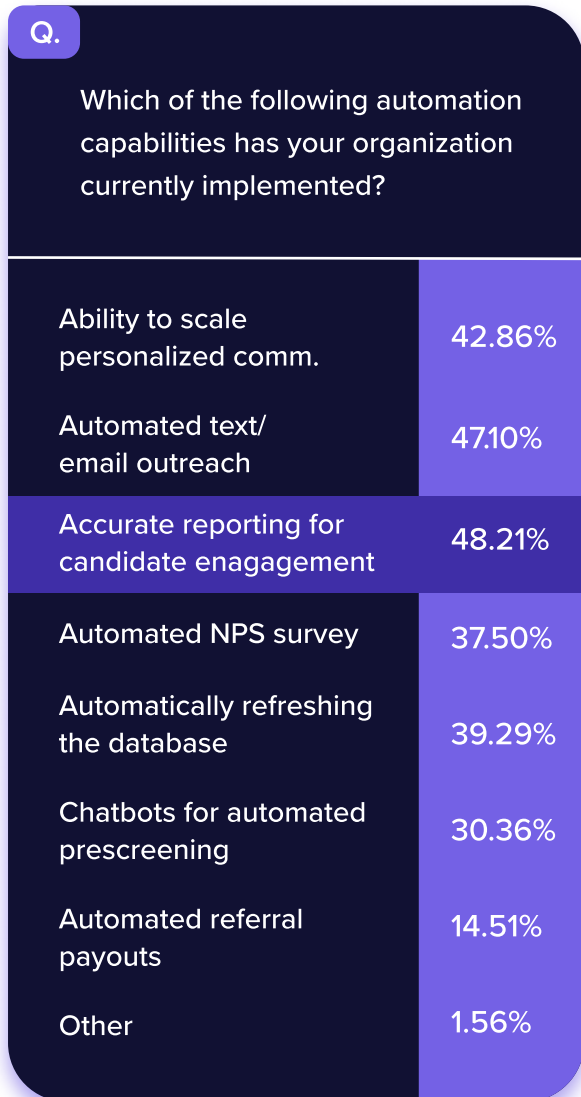
"

The convenience of Sense has been so helpful. The ability to send templates and scheduled texts has made my processes streamlined. Everything is at the touch of a button and strengthens productivity through speed!

Enterprise Staffing Customer

Source: Sense G2 reviews

Q.

Which of the following automation capabilities has your organization currently implemented?

Ability to scale personalized comm.	42.86%
Automated text/ email outreach	47.10%
Accurate reporting for candidate enagagement	48.21%
Automated NPS survey	37.50%
Automatically refreshing the database	39.29%
Chatbots for automated prescreening	30.36%
Automated referral payouts	14.51%
Other	1.56%

This is not cost efficient, productivity efficient, or frankly, a strategic way of leveraging not only your technology, but your tech investment. That's why more staffing firms today are investing in a single talent engagement platform that brings the most critical and impactful AI and automation tools under one login. Sense talent engagement platform brings together messaging, chatbots, scheduling, referrals, and job matching into a single platform. They work with your ATS to create better experiences for your recruiting and sales teams, but especially your talent.

And they maximize your staffing technology spend while helping you move the needle seriously toward reaching those ambitious goals.

While there is ample opportunity to invest in the right technology to help your staffing firm reach its goals, only about 1/3 of respondents currently plan on making the investment.

We've reached a point where the market is somewhat saturated with one-off point solutions that perform a single task. Recruiters and sales teams get overburdened with logins, learning how to use each tool, and switching between to try and cobble together data and derive some useful insights from each, individual solution.

For insights into how chatbots can improve candidate experience, check out this report.

NEW TALENT ACQUISITION RESEARCH:
How Chatbots & Conversational AI
Improve Talent Engagement and the Candidate Experience
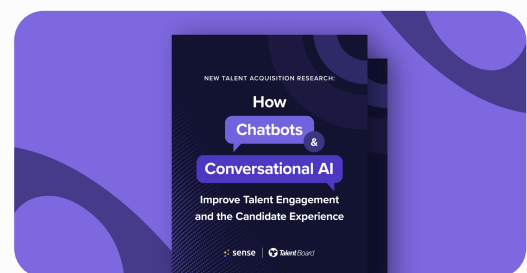
Conclusion

It was an interesting journey from our last State of Staffing report in 2021 to the latest data, here in 2023. **Productivity is still a top focus for staffing firms, and firms are focused on improving cost-per-hire and time-to-fill above all else.** To achieve productivity back in 2021, we saw higher numbers of staffing firms that were just beginning to invest in automation and AI. Two years later, we're still seeing staffing firms beginning to invest in these technologies; however, the trend is more toward maximizing your staffing tech investment. In particular, we're seeing many customers who previously invested in one-off point solutions and are looking to, instead, leverage a robust talent engagement platform to take advantage of all the benefits provided by a robust, integrated solution.

And although productivity is at the top of everyone's minds, there has also been a shifted focus toward meeting the changing expectations of talent while overcoming economic uncertainty. Candidate dropoff saw dramatic gains among top metrics, coming in at #3.

Staffing firms are focusing less on increasing revenue growth and more on redeployment and productivity to maximize efficiency and ROI. And 98% of staffing firms acknowledge that they have changed their sales process due to recent economic changes.
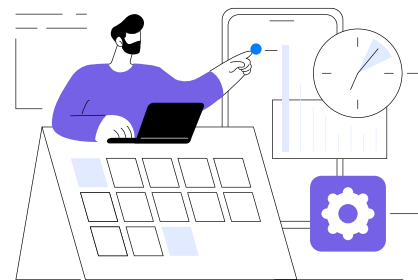
While the industry has its eyes on the economy and has made some changes across the board over the past two years, there is an overwhelming sense of optimism in staffing. But while many verticals are seeing stability and growth, others – particularly tech – are facing some challenges. Maximizing headcount, productivity, and efficiency are essential as firms evolve to meet the changing demands of talent while displaying the agility needed to thrive in any economy.

And the right technology is essential to helping staffing firms reach all of those goals.

Appendix/Resources

Big Goals

[Your Guide to Recruiter Productivity in 2023](#)

Key Recruiting Challenges

[Talent Engagement Strategies for Logistics and Transportation Recruiters](#)
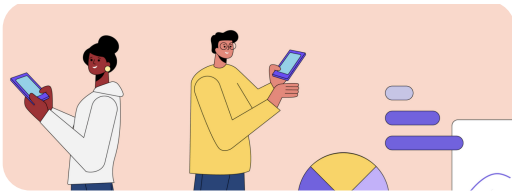

[Recruiting Automation Playbook for 2023](#)

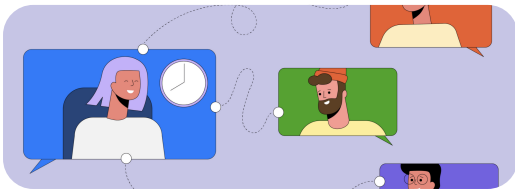[How to Successfully Engage Gen Z Talent for Healthcare Roles](#)

[Level-Up Your Staffing Firm With Automation in 2023](#)

[Easy Ways to Boost Candidate Engagement](#)

Key Sales Challenges

[How to Keep Your Staffing Sales Team Talking to More Client Prospects](#)

Learning + Industry Trends

[Sense blog](#)

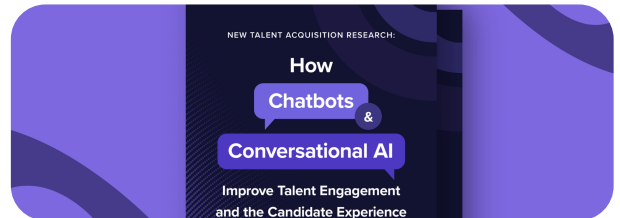[Staffing Industry Analysts](#)

[TechServe Alliance](#)

[American Staffing Association](#)

[Inc.](#)

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Opportunities

[How Chatbots and Conversational AI Improve Candidate Experience](#)

[The Benefits of a Referral Program: How Your Workforce Can Help You Meet Recruiting Goals](#)

[The Definitive Guide to Talent Engagement for Modern Talent Leaders](#)

About ∴ sense

Sense delivers a leading AI-powered talent engagement platform that helps recruiting and talent teams to personalize their interactions with talent at every stage of the recruiting process. More than 1,000 organizations rely on Sense to accelerate hiring, strengthen their employer brand, and exceed recruiting targets — all while delivering a personalized candidate experience.
For more information, www.sensehq.com.

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