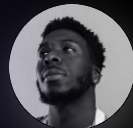# sense

2024

State of Staffing Report

Data, **trends**, and **insights** from leaders at the forefront of the staffing industry— paired with strategies + resources for success

What's on the horizon for the staffing industry in 2024?

Sense is excited to present our "**2024 State of Staffing Report**." This report is a comprehensive analysis of the industry's current trends and future outlook. Through an in-depth survey of 131 staffing professionals, we gained valuable insights into a range of critical topics, including:

- The evolving outlook of the staffing industry as we enter 2024
- Key goals, challenges, and metrics driving staffing strategies
- The transformative impact of AI on recruiting and talent engagement

Our survey findings reveal that the staffing industry is poised for significant change. While the current economic climate has undoubtedly slowed growth over the past two years, there is a growing sense of optimism as inflation eases and interest rates stabilize. Staffing leaders are cautiously hopeful about their prospects for 2024 and beyond, recognizing that amidst challenges lie emerging opportunities to adapt, innovate, and play a pivotal role in shaping the future of work.
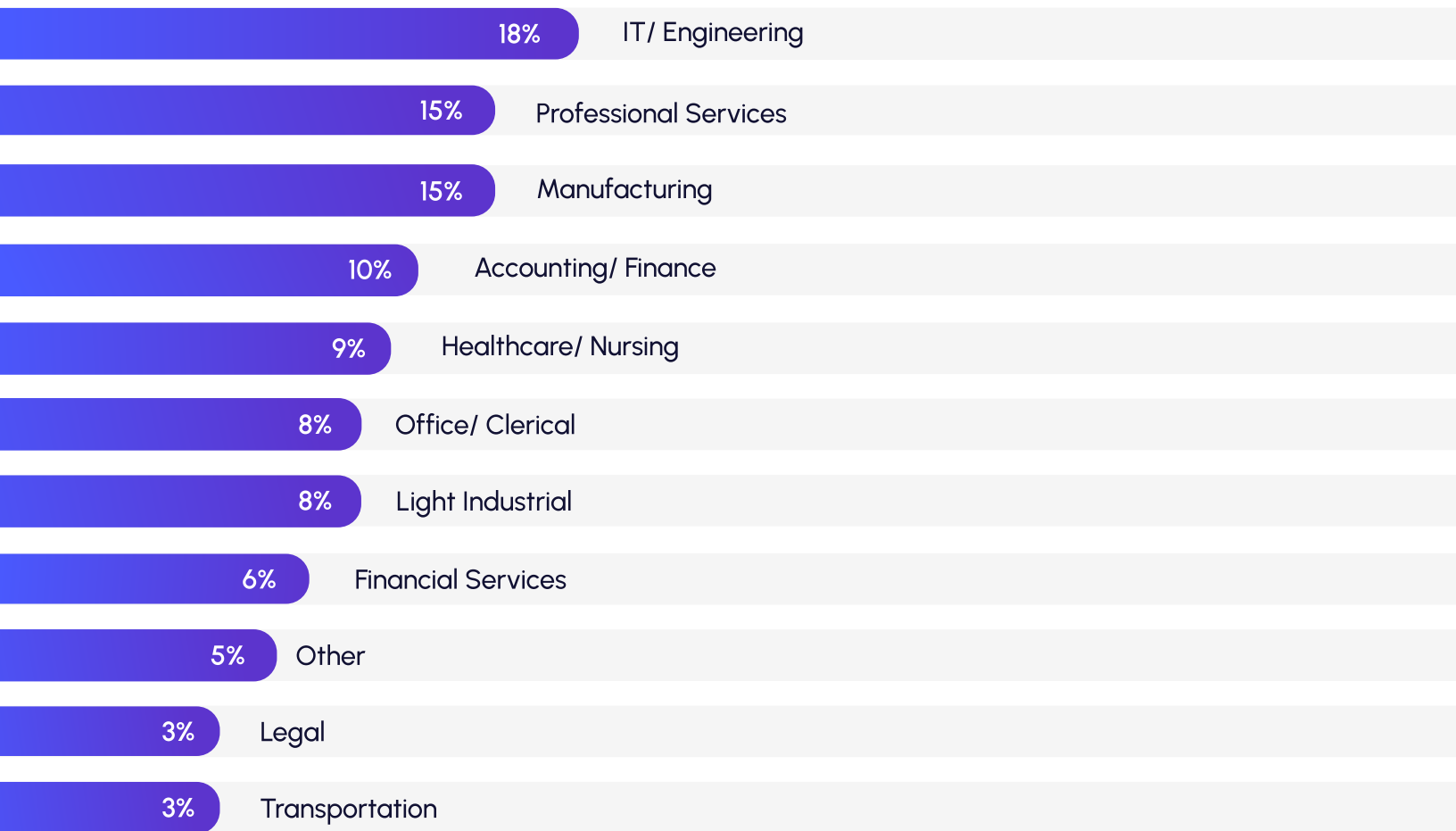
Table of contents

Participant Overview

Q. **Which of the following verticals does your organization serve? (multiple selections allowed)**

18%	IT/ Engineering
15%	Professional Services
15%	Manufacturing
10%	Accounting/ Finance
9%	Healthcare/ Nursing
8%	Office/ Clerical
8%	Light Industrial
6%	Financial Services
5%	Other
3%	Legal
3%	Transportation

Q. **Which of the following best describes your role?**

36%	Manager
19%	VP
18%	Recruiter
16%	Director
6%	Other
5%	C-Level
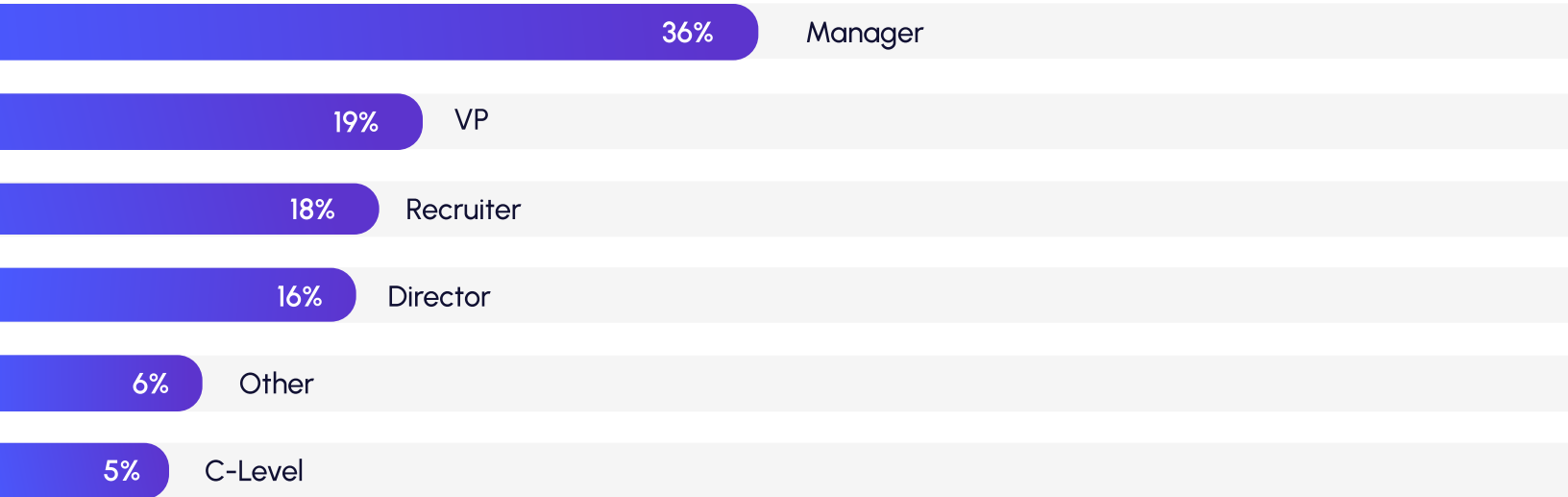
Q. **What staffing services does your firm provide?**
(multiple selections allowed)
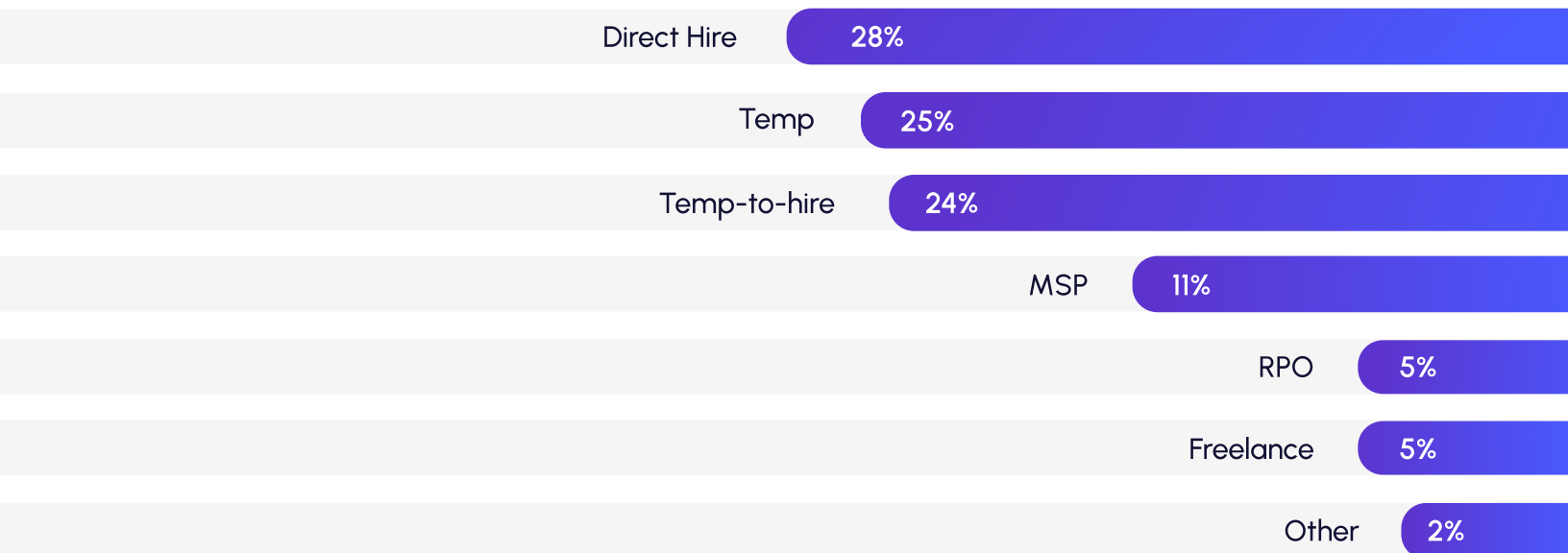
Direct Hire	28%
Temp	25%
Temp-to-hire	24%
MSP	11%
RPO	5%
Freelance	5%
Other	2%

Growth
Outlook

The current economic climate is presenting challenges for staffing firms —with **90%** of survey respondents reporting that it has negatively impacted their business in some way. Still, staffing leaders are cautious yet confident about their growth prospects in 2024. Most respondents expect to see their firms grow modestly by anywhere from **10%** to **30%**.

Overall, sentiment has slightly improved this year compared to our 2023 survey, where the majority of survey respondents anticipated growth would be capped at **20%**. However, we did see a slight increase in the percentage of respondents anticipating no growth (**9%** this year—up from **4%** last year), indicating that there is still uncertainty surrounding the economy.

The staffing industry appears to be navigating a period of ambiguity. Firms are facing headwinds but holding onto a hopeful yet tempered outlook in 2024. This period of stalled economic progress has now spanned more than two years, and it's reasonable to expect that relief is on the horizon. While the immediate future may be unclear, the industry's adaptability and resilience could pave the way for a gradual recovery and renewed growth in 2024.

92% of staffing firms anticipate to grow in 2024

Q.

Has the current economic situation impacted your staffing firm?

Yes, significantly	50%
Yes, but only minimally	40%
No, not at all	10%

Q.

Compared to 2023, how much does your staffing firm anticipate to grow in 2024?

20-30%	30%
10-20%	30%
0-10%	18%
We don't anticipate to grow	9%
30-40%	8%
More than 40%	5%

Big
Goals

Despite the uncertainties that are lingering, staffing leaders have a clear objective in 2024: Expand the client base and drive revenue growth. Nearly two-thirds of respondents (63%) identified client acquisition as their top organizational priority for the year.

Maintaining revenue through client retention is the second highest priority for 2024. Delivering exceptional service and fostering strong client relationships has always been critically important for staffing firms so it's not surprising to see it rank highly on the list.

While improving productivity/operational efficiency and reducing costs are lower priorities for our survey respondents, these areas significantly contribute to revenue. Enhancing productivity/ efficiency enables teams to focus on more impactful work, resulting in more placements and better client experiences. And taking steps to reduce costs frees up capital for additional headcount, sales/marketing programs, and other growth initiatives.

Q.

Which of the following is your biggest organizational priority for 2024?

Attracting new clients/ increasing revenue	63%
Increasing client retention	15%
Improving productivity/ operational efficiency	13%
Reducing costs	9%

Grow Your Staffing Business and Increase Revenue with AI and Automation

Watch on-demand webinar

Grow Your Staffing Business and Increase Revenue with AI and Automation

Pankaj Jindal
Co-Founder
Sense

Jenna Petersen
Sr. Solutions Consultant
Sense
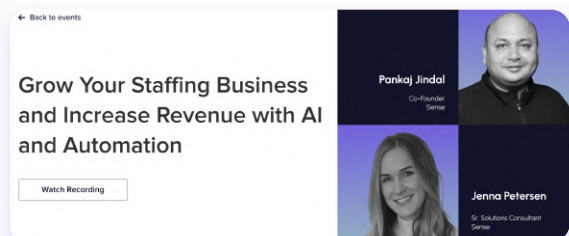
Everything you need to know to increase recruiter productivity

Check out the blog post

"Amidst the likely volatile economic conditions of 2024, I predict the staffing industry will remain resilient—even growing by a few percent over the course of the year. AI will aid in newfound efficiencies for recruiters, sales initiatives, and more. This will help keep things afloat while paving new growth avenues for the future!"

Brian LeBeouf

FULL STEAM STAFFING

Key Challenges

While winning new clients and growing the business are the primary goals for staffing firms, this objective is not easy to accomplish. Attracting clients and increasing revenue was also highlighted as the top challenge by our survey respondents.

Attracting qualified candidates also continues to be difficult for staffing firms. This challenge is compounded by the decreasing effectiveness of job boards and rising candidate expectations cited by our survey respondents. Recruiters and staffing professionals have continuously mentioned in recent years that candidates are demanding a more personalized experience. They want to be directed to roles that are relevant to them, have their questions answered instantly, receive frequent updates throughout the recruiting process, and be placed in a role as quickly as possible.

53% of staffing professionals say job boards are becoming less effective

Beyond attracting clients and candidates, staffing firms face a wide array of other challenges. A significant portion of respondents indicated that the industry is becoming more competitive, recruiters are struggling to work efficiently, revenue is declining due to client attrition, and candidate drop-off and contractor turnover need to be addressed.
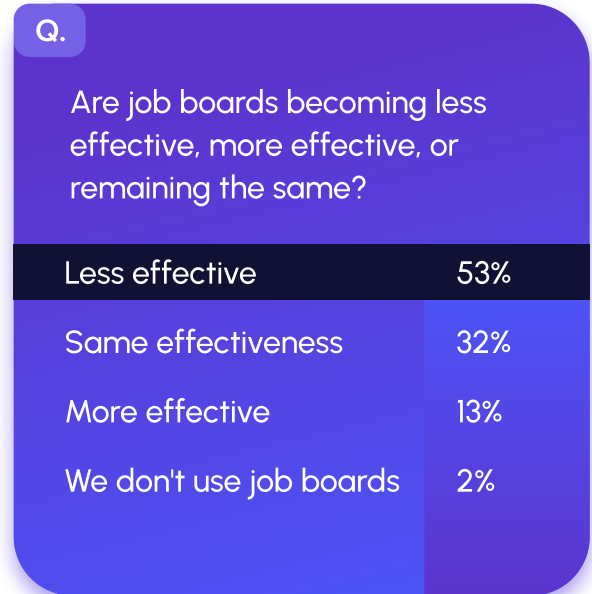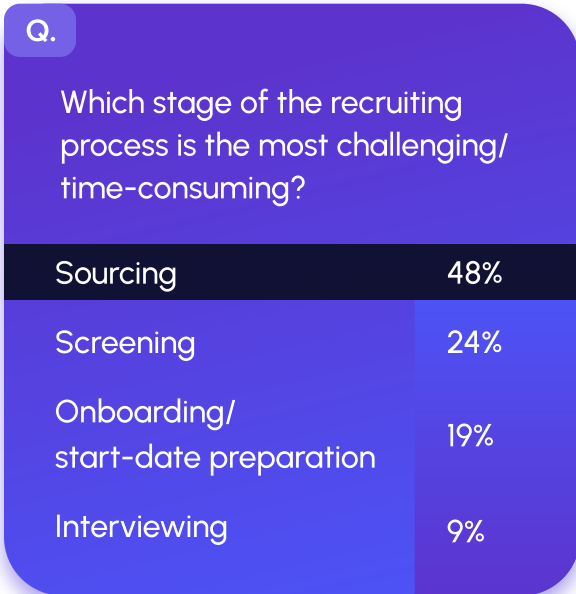
These collective challenges underscore just how difficult it is to succeed in the staffing industry. There are hurdles to overcome at every turn, whether it's recruiting talent, serving clients, or growing the business. Staffing firms must adapt innovative strategies for navigating these challenges to succeed in the future.

Sourcing talent is the top recruiting challenge

More than half of survey respondents say candidates are expecting more from recruiters

Q. **What are your top challenges heading into 2024?**
(three selections allowed)

22%	Attracting new clients/increasing revenue
15%	Attracting qualified candidates
14%	Increasing recruiter efficiency
14%	Staying ahead of the competition
10%	Minimizing revenue loss due to client attrition
9%	Preventing candidate drop-off/turnover
7%	Reducing costs
5%	Meeting client expectations
4%	Providing a positive candidate experience

Q.

Which stage of the recruiting process is the most challenging/ time-consuming?

Sourcing	48%
Screening	24%
Onboarding/ start-date preparation	19%
Interviewing	9%

Q.

Are job boards becoming less effective, more effective, or remaining the same?

Less effective	53%
Same effectiveness	32%
More effective	13%
We don't use job boards	2%

Q.

In the past year, are candidates expecting more from recruiters, expecting less, or having the same expectations?

Expecting more	61%
Having the same expectations	27%
Expecting less	12%

Attract more clients with a comprehensive talent engagement strategy

Get the ebook

Make text messaging the centerpiece of your talent engagement strategy

Get the ebook

Recruiting Metrics

The notion that staffing firms are facing numerous challenges became further evident when we asked survey respondents to share their top three recruiting metrics. Number of qualified candidates came out on top (cited by **22%** of respondents), reinforcing the fact that attracting the right talent is the primary objective for recruiters. After that, there was a cluster of different metrics respondents are prioritizing in 2024, including retention rate, time-to-hire, cost-per-hire, drop-off rate, and redeployment rate. Again, the challenges facing staffing firms are vast and it's not surprising that firms are each taking a unique approach to optimizing their recruiting processes.

> **Text messaging is now the most effective way to reach candidates**

> **Job boards are a primary source of candidates, despite their declining effectiveness**

Our survey also revealed that the core recruiting metrics—time-to-hire, cost-per-hire, and candidate drop-off—have all trended in the wrong direction in the past year.

Specifically, candidate drop-off rate has risen the most among our survey respondents. As cited in the previous "Key challenges" section, candidates are expecting more from recruiters. While they have always expressed dissatisfaction with poor hiring experiences, it appears they've hit a breaking point. They'll no longer tolerate long recruiting processes and slow and infrequent communication. They'll simply drop out or "ghost" and shift their attention to other opportunities, undoing progress and causing time-to-hire and cost-per-hire to increase.

Automation streamlines the end-to-end recruiting process and optimizes these key metrics. It enables recruiting teams to work faster and more efficiently, while continuously engaging candidates with the right message at the right time.

Unlock success with recruiting automation

2-3X *more qualified candidates*
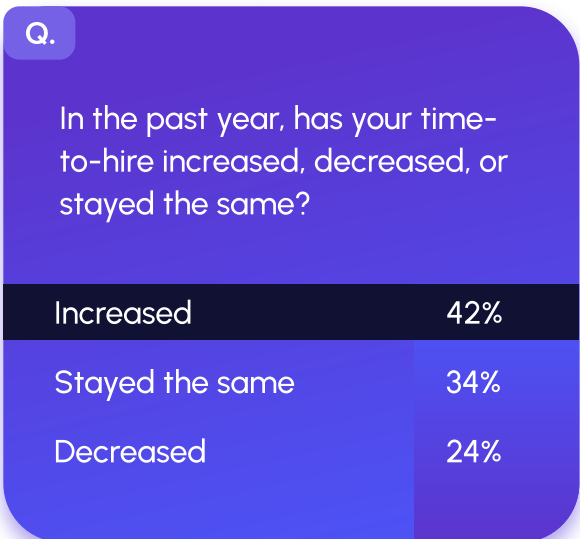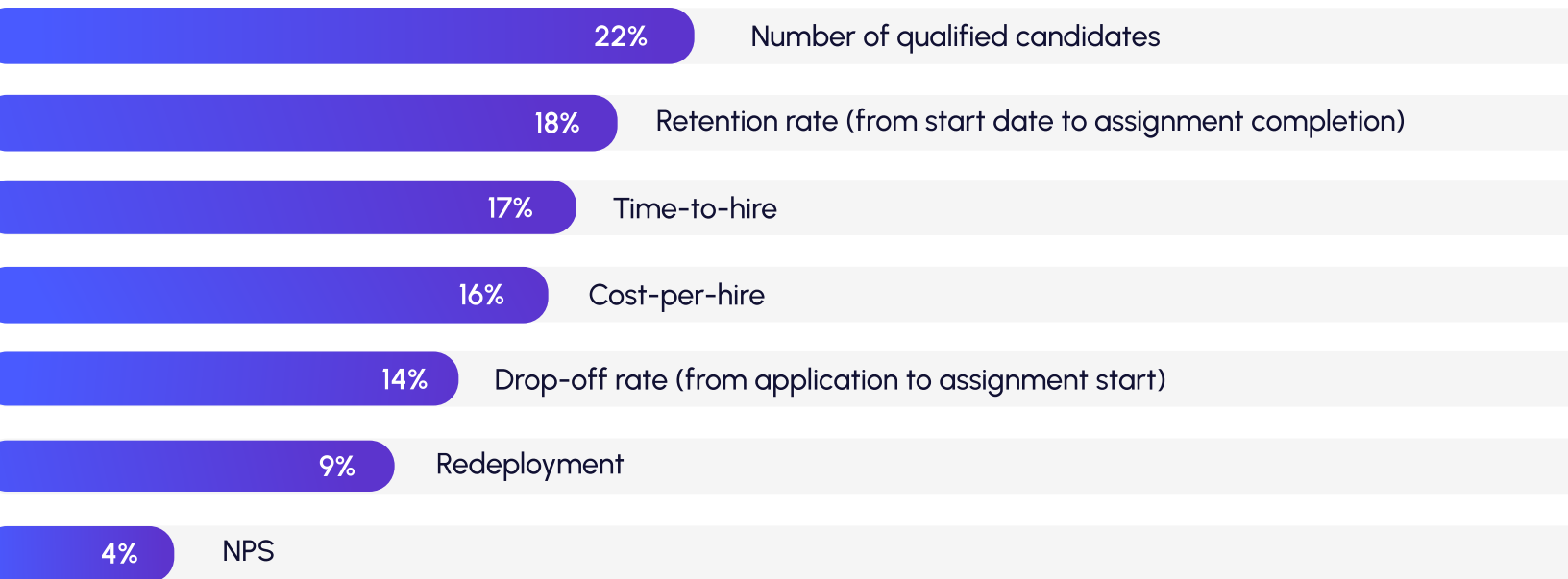
74% *reduced drop-off rate*
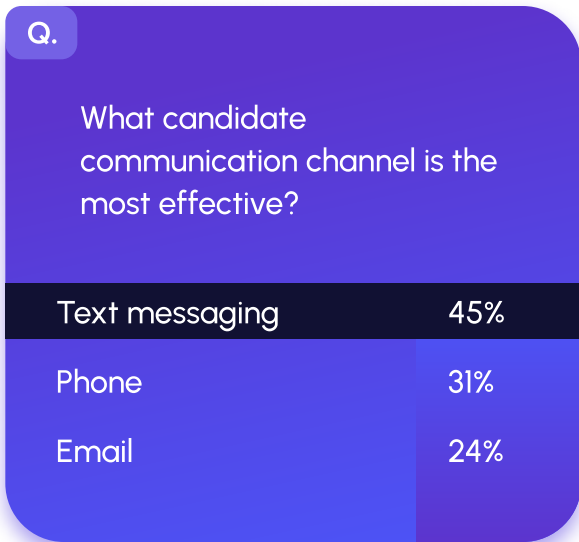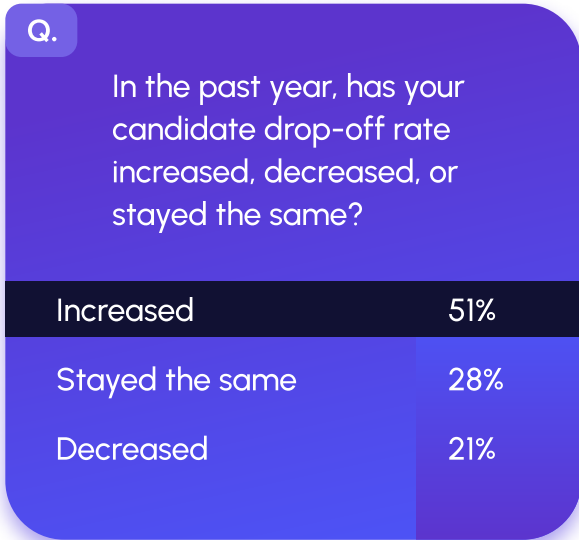
30% *reduced cost-per-hire*

35% *reduced job board spend*

55% *faster hire rate*

2.5X *increase in NPS*

**Q.** **What are your most important recruiting metrics for 2024? (three selections allowed)**

22%	Number of qualified candidates
18%	Retention rate (from start date to assignment completion)
17%	Time-to-hire
16%	Cost-per-hire
14%	Drop-off rate (from application to assignment start)
9%	Redeployment
4%	NPS

Q. In the past year, has your time-to-hire increased, decreased, or stayed the same?

Increased	42%
Stayed the same	34%
Decreased	24%

Q. In the past year, has your cost-per-hire increased, decreased, or stayed the same?

Increased	50%
Stayed the same	23%
Decreased	27%

Q.

In the past year, has your candidate drop-off rate increased, decreased, or stayed the same?

Increased	51%
Stayed the same	28%
Decreased	21%

Q.

What is your most effective source of candidates?

LinkedIn	33%
Job boards	25%
Referrals	13%
ATS (past candidates)	13%
Your website	9%
Outreach to passive candidates	7%

Q.

What candidate communication channel is the most effective?

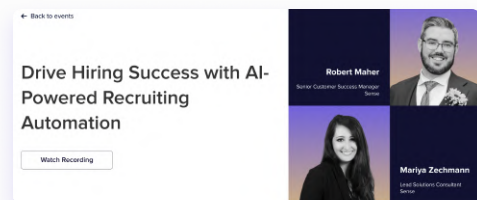|	
Text messaging	45%
Phone	31%
Email	24%

Learn best practices for mastering candidate text messaging

Watch the on-demand webinar
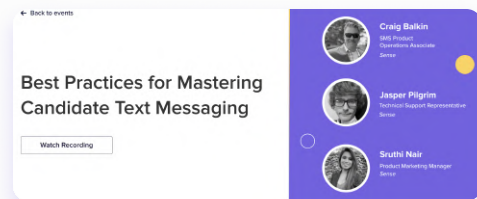
Drive recruiting success with AI-powered recruiting automation

Watch the on-demand webinar

"We have a dedicated TA specialist who builds great relationships with candidates by being communicative and honest. In order to retain the talent our team brings onboard, we have to ask for feedback, provide career growth opportunities, offer continual professional development, and build and maintain an awesome culture that people want to be a part of!"

Madi Gall

NCW

6

Sales Goals
& Challenges

When it comes to client acquisition and revenue generation, business development teams are facing their own obstacles.

Decreased demand for staffing services and generating sales leads were identified as the top two sales challenges. These difficulties can likely be attributed to the current economic situation, as fewer organizations need recruiting services, and those that do have multiple options in staffing partners.

> **Client referrals are the best source of new business**

Interestingly, client referrals, LinkedIn, and digital advertising were cited as the top lead-generation channels, while cold outreach and company websites are less impactful at driving marketing efforts.

Savvy sales and marketing teams have discovered innovative ways to generate leads through outreach and their company website.

For instance, mass texting outreach campaigns can be used to pitch services or share special offers with multiple prospects at once, as opposed to calling them one by one. Research shows that people of all ages prefer to communicate through text message, making it an ideal channel for connecting with sales leads.

In the case of generating website leads, AI chatbots are being used to engage website visitors in real time. They will instantly greet a visitor and learn who they are and what type of staffing services they're seeking, then answer their questions, collect their contact details, and schedule a call with a sales team member—all within minutes of them landing on your website.

By harnessing new technology, staffing firms can attract potential clients in a variety of ways. Given that our survey respondents made it clear that client acquisition and revenue growth are their top goals— and top challenges—it's imperative that staffing firms modernize their sales and marketing processes to drive business success.

Q.

What is your biggest sales challenge?

Decreased demand for staffing services	38%
Generating sales leads	31%
Long sales cycles	14%
Competition	12%
Difficulty differentiating from the competition	5%

Q.

What is your best source of new sales leads?

Client referrals	27%
LinkedIn	23%
Digital advertising	18%
Cold outreach	16%
Company website	12%
Other	4%

Grow your staffing business with AI and automation

Get the ebook

Learn sales and marketing tactics for winning new business

Check out the blog post

The Emergence of AI

Artificial intelligence (AI) has rapidly emerged as a transformative force in the recruiting and staffing industry. Three-quarters of survey respondents (75%) are already using it in their operations, whether it be a comprehensive AI-powered Talent Engagement Platform like Sense or a free Generative AI solution like ChatGPT.
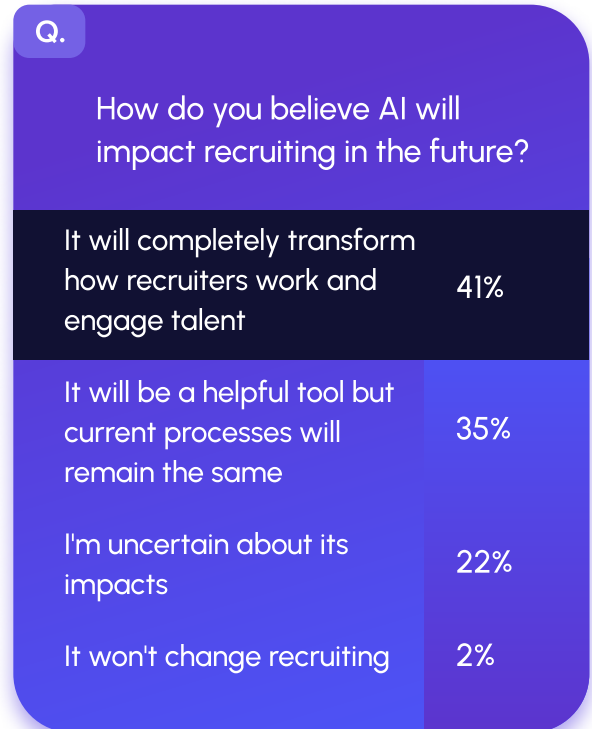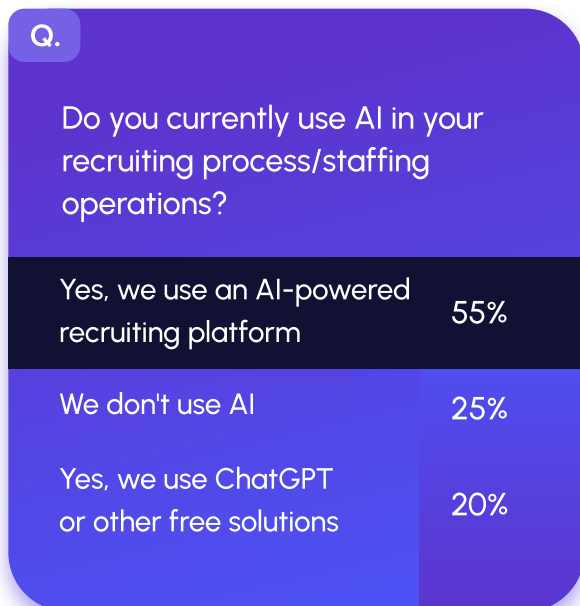
Survey respondents were split on the impact AI will have on staffing in the future. Most believe it will completely transform talent engagement but a significant percentage of respondents view it as more of a helpful tool that will assist with current processes. What is certain is that few staffing professionals believe it won't have any impact at all (cited by only **2%** of survey respondents).

75% of staffing leaders believe AI will change recruiting for the better

The reality is that AI is already changing how staffing professionals work and engage talent. AI chatbots are playing the role of the "24/7 recruiting assistant." They're capable of communicating with candidates in real time—answering their questions, directing them to relevant roles, collecting their application details, pre-screening them against role requirements, scheduling interviews, and providing updates. AI chatbots can also understand candidate sentiment and notify recruiters to take action when a dissatisfied candidate is at risk of dropping out of the recruiting process.

Even more, Generative AI can instantly create content for recruiters, helping them work faster and more efficiently. This new technology can generate job descriptions, pre-screening questions, and email and text message copy. Additionally, it can make suggestions to existing content, helping recruiters better communicate with talent. Generative AI can even analyze survey results and make recommendations to improve processes, resulting in better candidate and client experiences and increased NPS.

Experts predict that AI capabilities will advance at a rapid pace. Staffing leaders who embrace this technology and integrate it into the operations will be well-positioned to overcome challenges and thrive in the coming years.

Q.

How do you believe AI will impact recruiting in the future?

It will completely transform how recruiters work and engage talent	41%
It will be a helpful tool but current processes will remain the same	35%
I'm uncertain about its impacts	22%
It won't change recruiting	2%

Q.

Do you currently use AI in your recruiting process/staffing operations?

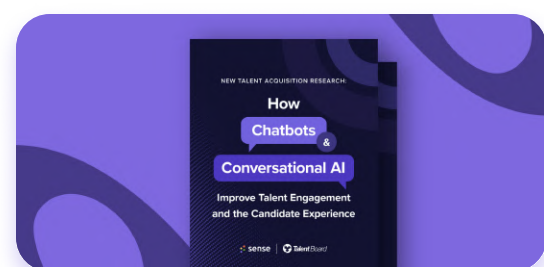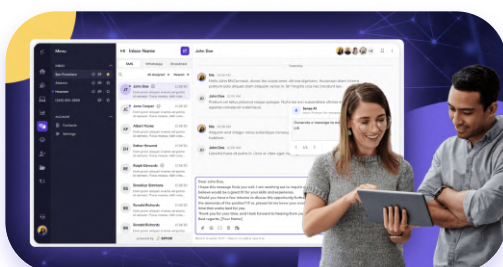|	
Yes, we use an AI-powered recruiting platform	55%
We don't use AI	25%
Yes, we use ChatGPT or other free solutions	20%

Get insight into the present and future of recruiting AI

Watch the on-demand webinar

Discover how your team can use Generative AI today

Check out the blog post

Learn how conversational AI improves the candidate experience

Get the ebook

"AI capabilities will significantly streamline candidate identification and initial evaluations. This shift will elevate the importance of recruiters skilled in relationship-building and strategic decision-making. These recruiters will focus more on the human-centric aspects of the hiring process, such as nuanced candidate engagement, ethical oversight of AI tools, and ensuring unbiased AI implementation. As AI reshapes the landscape, the role of a recruiter will evolve from administrative tasks to becoming key strategic partners."

Joe Glass

✱dyssey
Medical Staffing

Conclusion

After two challenging years, our survey respondents are hopeful that 2024 will mark a turning point in the staffing industry. With a sense that economic headwinds are subsiding and hiring demands will increase, staffing leaders are focused on attracting new clients and boosting revenue in the coming year.

Still, there are significant hurdles that lie ahead.

Candidate expectations have skyrocketed, forcing recruiters to rethink outdated practices and prioritize exceptional experiences. Failure to do so means losing talent to faster, more attentive competitors and enduring higher costs and slower, more inefficient recruiting processes. These recruiting challenges—coupled with an array of sales and marketing difficulties—paint a complex picture for staffing firms.

Staffing professionals believe that renewed growth will be fueled by the emergence of AI-powered recruiting technology. This technology is streamlining workflows, enhancing efficiency, and empowering recruiters to deliver the candidate experiences that win in today's competitive landscape.

As we enter the new year, we hope these findings, insights, and resources will guide your team toward success. We encourage you to embrace change and innovation so you position your staffing firm to thrive in the ever-evolving staffing industry.

Thank you for taking the time to read our "2024 Staffing of Staffing Report."

sense

About Sense

Sense is an AI-powered Talent Engagement Platform that empowers recruiters to provide personalized interactions at every stage of the talent lifecycle. As the leading all-in-one solution purpose-built for staffing, Sense enables talent acquisition teams to accelerate hiring, boost recruiter productivity, and provide candidates with an outstanding experience.

For more information

www.sensehq.com