

Economic Brief

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Changing Recruiting Practices and Methods in the Tight Labor Market

By [Claudia Macaluso](#) and [Sonya Ravindranath Waddell](#)

The unusually tight labor market has generated a wide range of challenges for employers attempting to hire workers. A survey conducted jointly by the Richmond Fed and the Richmond Society for Human Resources Management in June 2022 continues our series on recruiting methods and practices. There is little doubt that recruiting effort for each open position has intensified in the last year, and firms have had to engage new and different techniques to attract candidates and fill open positions.

By standard measures, the U.S. labor market has been remarkably tight in the past few months, despite slowing aggregate economic growth. The unemployment rate has returned to its pre-pandemic level, and the national job posting rate has now hovered around 7 percent (compared to a long-run average of about 5 percent) for over a year.

These numbers are striking but say little about the underlying mechanisms driving this unusual tightness in the labor market. The Federal Reserve Bank of Richmond's *Survey of Employer Recruiting Behavior* (SERB) — conducted jointly with the Richmond chapter of the Society for Human Resources Management (Richmond SHRM) — provides timely insight into current labor market dynamics. In this Economic Brief, we continue our research into [recruiting methods and practices](#) and leverage June 2022 SERB data to highlight changes in the hiring effort that employers put forth during the past year. We find that employers spent more time and used a wider range of recruiting channels to find new employees, but they still faced challenges attracting qualified candidates. The biggest hurdles for employers after finding a suitable candidate were offering sufficient compensation and accommodating the candidate's desired level of job flexibility and remote work.

Survey of Employer Recruiting Behavior Data

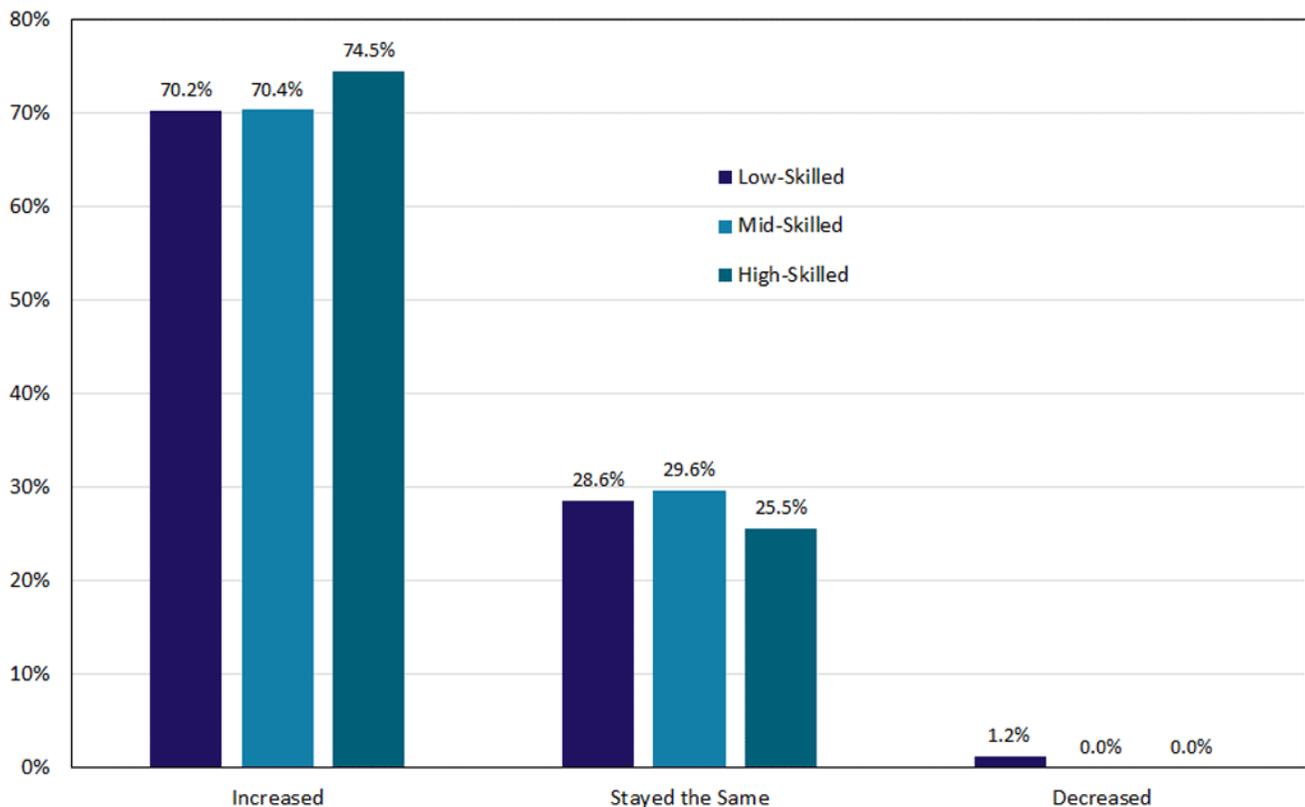
From June 1 to June 17, the Richmond Fed and Richmond SHRM surveyed 155 in-house recruiters and HR professionals from a variety of industries and firm sizes. Although the sample focuses on the southeastern U.S., we find remarkable parallels to aggregate labor market conditions.

For instance, the average local job openings rate was 6.6 percent during the survey period, which matches the June national job posting rate of 6.6 percent computed from the Job Openings and Labor Turnover Survey. Similarly, the job hires rate in the U.S. was 4.2 percent in June, while a comparable measure calculated using data from the SHRM survey was around 3 percent.

Employers' Recruiting Effort Has Increased

Our first finding relates to recruiting efforts by employers seeking to fill open positions. In the past year, employers have undertaken substantial increases in recruiting intensity, with more organizations reporting increased recruiting efforts in the past year and compared to pre-pandemic levels.

Figure 1: Recruiting Efforts to Fill Open Positions



Notes: Firms were asked: "Compared to this time last year, how has the amount of effort into recruiting a candidate for a job opening changed?" Results based on 88 firms hiring low-skilled workers, 113 hiring mid-skilled workers and 142 hiring high-skilled workers.

Source: Survey of Employer Recruiting Behavior (June 2022), Richmond Fed and Richmond SHRM.

[Enlarge](#)

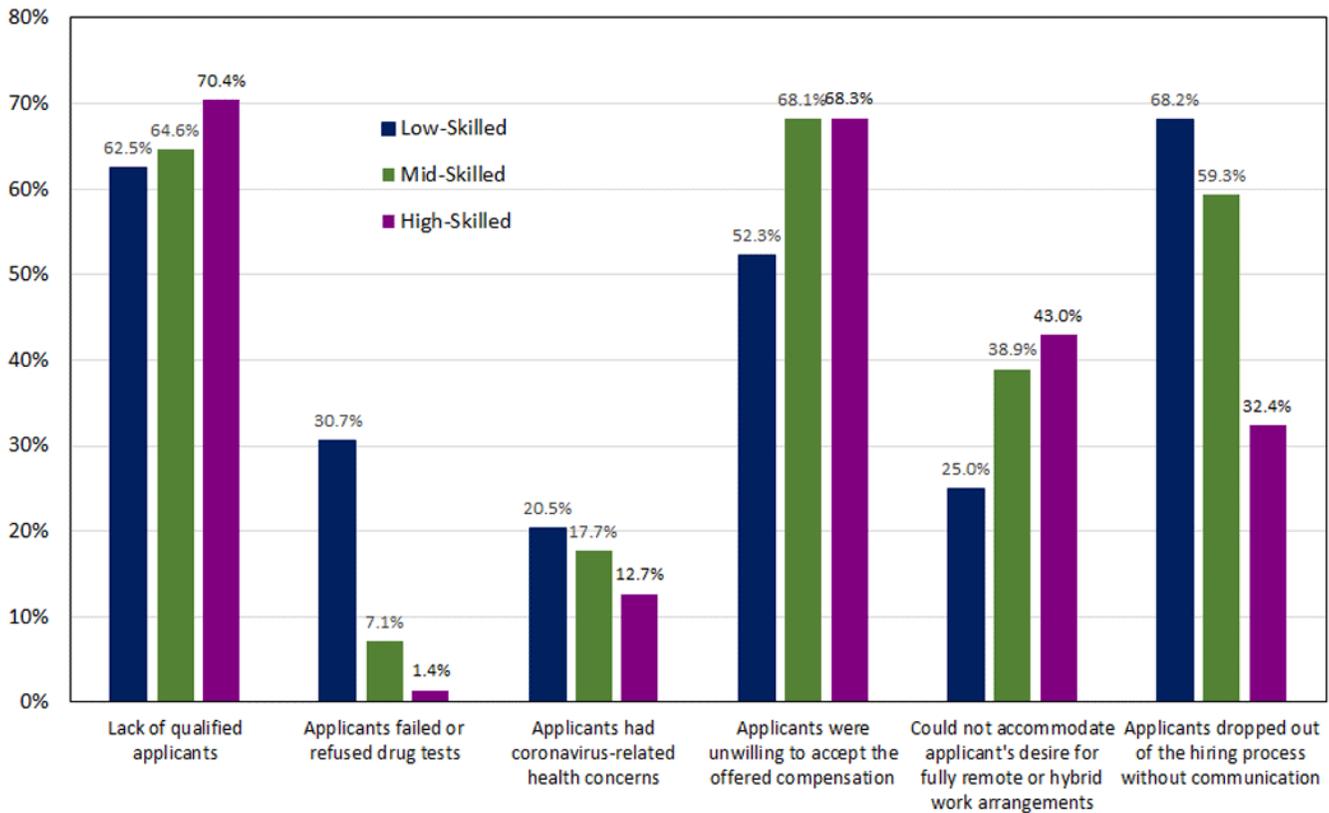
Most respondents explicitly reported exerting more effort to recruit candidates for open positions. The increase in effort did not vary in a systematic way by industry, firm size or the job's skill requirements, suggesting that this is a broad-based phenomenon. Additionally, of the jobs that were open in May, well over 60 percent had been open for more than 30 days, with little difference in vacancy duration along the skill requirements dimension.

The reported increase in time and effort spent recruiting has intensified since earlier waves of our survey. About 60 percent of firms surveyed in June 2020 and March 2021 reported that their hiring efforts had stayed the same as before the pandemic. In comparison, less than 30 percent of respondents between June 2021 and June 2022 reported unchanged hiring efforts. Those who did report hiring challenges in the earlier survey waves named COVID-19 concerns and competing with increased unemployment insurance as obstacles to hiring. In contrast, when asked *why* recruiting effort increased during the June 2021-June 2022 period, most respondents instead described more competition for a smaller pool of candidates.

Recruiters report a lack of qualified candidates for both high-skill and low-skill positions. Although it was more common for mid-skilled and higher-skilled workers to reject the offered compensation, recruiters hiring for lower-skilled positions might not have even had the opportunity to make an offer. These recruiters were much more likely to report being "ghosted" by the applicant, with the applicant dropping out of the hiring process without communication. Almost 70 percent of respondents reporting having been ghosted when trying to hire lower-skilled workers. In comparison, ghosting occurred among 59.2 percent recruiters hiring mid-skilled workers and 32.4 percent of those hiring high-skilled workers.

Coronavirus concerns continued to be prevalent in lower-skilled hiring, although it was much lower for high-skilled hiring and played a role in just 17.7 percent of the cases among mid-skill workers.

Figure 2: Recruiting Challenges to Fill Open Positions



Notes: Firms were asked: "What challenges did you face when trying to recruit workers in the past year?" Results based on 88 firms hiring low-skilled workers, 113 hiring mid-skilled workers and 142 hiring high-skilled workers.
 Source: Survey of Employer Recruiting Behavior (June 2022), Richmond Fed and Richmond SHRM.

[Enlarge](#)

Changes in Recruiting Practices

When asked what changes they made to recruiting practices, respondents most commonly reported that they increased wages. This response was particularly common for those trying to hire low-skilled workers, while respondents were more likely to use signing bonuses for mid-skilled and high-skilled workers. For all workers, recruiters reported reaching into previously untapped or underutilized pools, such as engaging organizations that work with military veterans and individuals with disabilities.

It is not just about wages. One of the biggest differences in hiring higher-skilled versus lower-skilled workers was the ability to offer flexibility in work arrangements and hours. For example, 43 percent of respondents reported allowing more remote or hybrid work than they did a year ago. On the other hand, not offering such arrangements was an obstacle to hiring in about 40 percent of cases for higher-skilled positions and 25 percent of cases for lower-skilled ones.¹

Table 1: Changes in Recruiting Practices

Share of respondents who answered "yes" when asked: In the past year, have you made any of the following changes to how you recruit workers?

Table 1: Changes in Recruiting Practices

	Low-Skilled workers	Mid-Skilled workers	High-Skilled workers
Raised starting wages at a faster pace than prior year	73%	65%	61%
Increased signing bonus, or offered them for the first time	24%	35%	40%
Relaxed hiring standards (less drug testing, lowered education requirements, etc.)	22%	19%	10%
Expanded benefits offerings	26%	25%	25%
Expanded geographic reach of recruiting	16%	35%	48%
Allowed for fully remote or hybrid work arrangements	17%	41%	43%
Allowed for flexible work hours	17%	38%	38%
Sought ways to intentionally recruit from previously untapped talent pools	39%	36%	40%
Added accommodations to recruit employees with physical challenges	14%	10%	10%
Engaged in other new recruiting methods not listed above	13%	8%	11%

Source: Survey of Employer Recruiting Behavior (June 2022), Richmond Fed and Richmond SHRM.

Not surprisingly, almost half of employers reported expanding their geographic scope. This possibility to work remotely and recruit in a wider geography is more common among higher-skilled jobs. (This rise in remote work among certain populations could have an effect on wage growth and its distribution [\(PDF\)](#).)

Changes in Recruiting Methods

What methods did firms use to fill job openings? Although firms reported using tried-and-true techniques to find applicants (such as [job ads and social networks](#)), recruiters also relayed using novel methods or old techniques in new and different ways.

For example, firms might be using social media more proactively, recruiting through new organizations or online platforms, targeting different job fairs, or holding virtual career fairs. One respondent reported starting an internal database of possible candidates (including past candidates), while another reported building more relationships with local high schools. A few instituted new referral programs and platforms. Indeed, some respondents reported efforts to hire more recruiting personnel!

Table 2: Changes in Recruiting Methods

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Share of respondents who answered "yes" when asked: Which of the following has your company or organization used to recruit for job openings in the past year?

Recruiting Methods	February 2020	March 2021	June 2022
Commercial job boards (Linkedin, Indeed, etc.)	64.4%	87.0%	82.6%
Social Media	46.7%	76.1%	82.6%
Recommendations from employees	72.2%	72.8%	79.4%
Job boards at education and training institutions	N/A	56.5%	65.8%
Recommendations from professional contacts	N/A	41.3%	59.4%
Partnerships with education and training institutions	N/A	39.1%	55.5%
Recommendations from friends and family	N/A	38.0%	54.2%
Job fairs, campus recruiting events, etc.	31.1%	27.2%	53.5%
Temporary help agencies, staffing firms or employee-leasing firms	22.2%	40.2%	45.2%
Recall or rehire employees	2.2%	32.6%	41.3%
Talent scouts or headhunters	7.8%	21.7%	31.0%
Mass recruitment campaigns	14.4%	6.5%	25.2%
Traditional media (newspapers, TV, etc.)	20.0%	15.2%	19.4%
N	90	92	155
Note: Fields were marked "N/A" if those options weren't given during that version of the survey.			
Source: Survey of Employer Recruiting Behavior, Richmond Fed and Richmond SHRM.			

Employers also reported increasing their use of all of these strategies over the last year, indicating that recruiters and hiring managers are indeed working harder to fill the positions they need.

Conclusion

In conclusion, the SERB data suggest that tightness in the labor market manifests itself both with an increased number of open jobs per unemployed worker and heightened employer recruiting effort per vacancy. Employers take longer to recruit, use a wider variety of recruiting channels (some in new, creative ways) and change hiring standards and requirements. These changes are broad-based and affect workers of all skills. They represent yet another aspect of an ever-changing labor market in the post-pandemic economy.

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¹ *An earlier article explores the [difference in remote work by job type](#).*

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