

eBook

Staying successful at hiring in a confusing labor market

greenhouse



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Introduction

Making sense of a confusing labor market

If there's one word that can be applied to the current labor market, it's "confusing." We're seeing turbulence, uncertainty and a number of trends that appear to contradict each other, leaving economists unsure about what's next and adding a new layer of complexity to recruiting. Here's a brief overview of the status quo:

There aren't enough people to fill open jobs

"Labor demand is exceeding labor supply, by almost two to one. There's almost two job openings for every unemployed person in the US," says [Andrew Flowers](#), Labor Economist at Appcast. As a result, talent acquisition and retention was named one of the top business risks in a [PwC survey of executives](#).

Concerns about a recession on the horizon

Despite the number of job openings indicating a hot job market, we're also seeing reports of [slowing growth](#) and [concerns about a recession](#) on the horizon. Greenhouse CEO and Co-founder Daniel Chait says, "It's possible we could enter a recession with close to full employment."

Candidates and employees are expecting more from employers

While it's been a few years since we started hearing about the Great Resignation, the Great Reshuffling, the Great Rehiring – or whatever you wish to call it – we're still seeing its effects on candidate and employee behavior. "Workers realize that they have a better offer down the street and, if they feel empowered, given all the job openings out there to quit, they'll do so," says Andrew Flowers.

Economic uncertainty isn't changing job seekers' expectations

According to the [Greenhouse Candidate Economic Sentiment report](#), 70% of workers expect to be in a recession within six months, yet 57% say they would still actively look for a job during a recession.



If looking at all these puzzle pieces leaves you feeling, well, puzzled, you're not alone. The uncertain and unpredictable nature of the world – and the labor market in particular – can make it complicated to chart a path forward.

In this eBook, we'll explore some common pitfalls companies experience when confronting economic uncertainty and offer insights from talent and business leaders on better ways to overcome these challenges.



“While the economic outlook might be changing, the pressures to attract and retain talent are here to stay.”

Daniel Chait
CEO and Co-founder of Greenhouse

Part 1

How companies often react to uncertainty (and what's a better approach)

When facing economic uncertainty, many companies take reactive measures like layoffs or hiring freezes. We begin to see more news stories and LinkedIn updates about those who were impacted and hear more instances of companies rescinding their offers and leaving candidates in the lurch.



What workers want when it comes to layoffs and hiring freezes

In cases where layoffs and hiring freezes are truly unavoidable, the [Greenhouse Candidate Economic Sentiment report](#) found that employees expect transparency from their employers. More than 86% of respondents say their loyalty would be affected if a company failed to be transparent regarding slowing company growth, hiring freezes and layoffs.

When layoffs do occur, workers expect employers to treat them with respect – more than half of respondents strongly disagree with companies making mass firings over Zoom. The majority – 77% of workers – believe the best approach is to let employees go in person with a direct manager or HR person present.

There are many reasons to avoid these reactive behaviors whenever possible: they lead to drops in employee [morale and productivity](#), they hurt an employer's brand and reputation and they can prompt [even more voluntary employee departures](#). And, of course, when companies institute total hiring freezes, it makes it much more difficult to adapt when circumstances change again. It's not as easy as turning on the tap – it will take a lot more time and effort to build up a pipeline of candidates during the next growth phase.

“Whether an economic recession is coming or not, candidates feel they will continue to have the strongest hand in the hiring process. The need for companies to compete for talent will continue regardless of stock prices, interest rates and other economic factors.”

Daniel Chait, CEO and Co-founder of Greenhouse

Since the reactive approach tends to hurt a company's chances of future growth, how can companies better adapt to times of uncertainty? [SHRM](#) asserts that “the best recruiting teams will [take advantage of the cooler market to reset talent strategy](#) and make opportunistic hires.” [Jacqui Maguire](#), VP of People at Tacombi (and former Director of Talent Acquisition at Greenhouse), recommends using this time to identify holes in your business. “What areas need to be filled in? And how can you work with your recruiting teams to figure out how to support the business and strategically plug those holes?”

And if you're weathering a temporary hiring slowdown, this is the perfect time to focus on key areas of your hiring strategy so you can hit the ground running during the next uptick. In the next chapter, we'll consider more specific ways to solidify your hiring strategy.



Part 2

How a strong hiring strategy can help you stay ahead

While you should always keep an eye on whether the talent market is heating or cooling, you shouldn't let economic uncertainty freeze your hiring strategy. Here are several tactics that will serve you well, no matter which market forces are dominant today.



Set your team up for structured interviewing

At Greenhouse, we're huge proponents of structured interviewing. When you take this approach, you assess candidates on their skills and potential to succeed in a role. You start by defining your list of desired attributes, design interview questions and assessments that will help you evaluate candidates and then ensure each member of your hiring team knows which questions to ask.

Structured interviewing has several benefits, including limiting bias and creating a more equitable interview experience for candidates. Since every interaction with candidates has a specific purpose, they find the entire process to be more respectful and thorough than typical, unstructured interviews.

Designing a solid structured interviewing process takes time and collaboration. A well-thought-out process is especially important when you're only hiring for essential roles, or preparing to build teams back up. These are the hires that will shape the future of your organization, so your process must provide a full, data-driven picture of the value that potential candidates will bring to your company.

Creating thoughtful templates and robust interview kits will prepare you for future interviews. And the benefits extend beyond the recruiting team – your hiring managers and executives will be grateful for the guidance, and candidates will feel prepared, informed and engaged.



Structured interviewing simplified

A structured interview process follows a straightforward framework. The main parties involved in the hiring process (usually the hiring manager and their partner from the talent acquisition team) begin with a kickoff meeting. During this working session, they determine the answers to three key questions:

1 Who are we trying to hire?

2 How will we evaluate the candidates?

3 What will the interview process look like?

To conduct a structured interview, you'll need to spend some time creating a holistic view of your ideal candidate. You'll outline the business objectives you're trying to meet with this role and what a successful hire will accomplish in their first 30 days and first year on the job.

Once you have a clear idea of who you're trying to hire, you can use that information to clearly define the hiring criteria for the role by listing out the required skills, personality traits and qualifications.

Now it's time to design your interview plan, which involves mapping out all stages of the interview process and what you'd like to learn about candidates at every stage. Your goal is to get just the information you need at each stage to decide whether you want to move the candidate to the next stage in the process.



Make candidate experience your competitive advantage

Despite the environment of economic uncertainty, candidates are still in a position of power. [Greenhouse research](#) has shown that candidates have a low tolerance for lengthy interview processes or infrequent communication from recruiters. Candidates take their interviewing experience as a good approximation of what to expect if they were to join your company as an employee. Ensure that you're creating a positive first impression with your candidate experience by taking the following steps:

Communication

Automate communication when candidates advance to the next step (but allow for personalization so you never lose that human touch).

Transparency

Be transparent about what to expect in the interview process. Let candidates know how many steps they're likely to go through and how long each stage usually takes. "One of the most useful things recruiters can do is give an overview of every step of the hiring process upfront. We see a ton of success when candidates feel like there's a plan so they don't have to feel anxious about reaching out to the recruiter to ask what's next," says [Troy Sultan](#), CEO and Co-founder of Guide.

Compensation

Don't wait until the final stages to discuss compensation. Check in early to share the salary band and answer candidates' questions about equity or other benefits. "We never want someone to get all the way to the end of the process with the wrong expectations for compensation," says [Stephanie Burrus](#), Senior Manager of Business Recruiting at Glossier.

Diversity, equity and inclusion

Ensure your hiring practices are aligned with your company values. For example, if your company is committed to DE&I, you can showcase this with diverse hiring panels. Over [68% of candidates](#) believe that a diverse interview panel is fundamental to better hiring experiences and outcomes – for people from underrepresented backgrounds, that figure is almost 90%.

Check-in

Collect feedback through a candidate survey and regular check-ins with candidates. Make sure you also have a process for regularly reviewing feedback and adapting your processes based on what you learn.



60%

of job seekers are unimpressed by time-consuming recruitment processes and are demanding companies create a more modern recruiting experience.

Ensure your employer brand is authentic and consistent

9 out of 10 respondents mentioned it is important to highlight a company's values and culture during the interview process.

Every company has a unique culture that sets them apart. Employer branding is an increasingly important function of talent acquisition and recruiting. Developing a memorable talent brand will help keep your company top of mind for future applicants while also retaining top performers within your organization.

“Employer brand is something companies constantly talk about, particularly in this economic climate. If you're claiming to be something you're not, you're catfishing prospective employees, and people will find out.”

Donald Knight, Chief People Officer at Greenhouse



Nurture your prospect and candidate relationships

Creating meaningful relationships with active and prospective candidates can be a huge differentiator in your long-term recruiting efforts. Utilizing a tool like Greenhouse CRM can help you design a process that takes intentional steps to keep some of your most valuable assets – your talent pools – engaged, even during a hiring slowdown.

You can build out prospect pools, segment prospects into strategic groups and create communication strategies that provide relevant marketing and brand information to help prospects stay connected to your company. Another strategy is to create prospect posts to collect applications from those who are interested in your company even if you're not actively hiring to build a pool of talent you can source from for future openings. This is also an ideal time to update your referral program and take advantage of the advocates you already have. Your current employees know your employer brand better than anyone else. Make it easy for them to refer candidates to help build and strengthen your talent pools.



How candidates are evaluating a company's commitment to DE&I

Today's candidates see the interview process as a two-way street. It's not just about being evaluated by employers, it's also their chance to assess their own compatibility with a company. And one of the criteria that matters most is whether a company is prioritizing DE&I. A full 92% of candidates believe a healthy, diverse and inclusive company culture is integral to moving forward with a company.



72%

are looking at work environment, including hybrid working opportunities, flexible hours, tech support and the work-from-home budget

63%

are considering leadership style, including transparency, belonging and fairness

53%

are evaluating community in terms of giving back, strong ethics and values and volunteer opportunities

52%

are considering company mission in terms of clear future goals and purpose



50%

are looking at diversity and transparency in how they approach DE&I

Conclusion

Use a people-first approach to set your company up for success

Economic conditions are constantly changing, so it's important to accept that there will always be uncertainty. Rather than being reactive to the unpredictability of market forces, a better strategy is to proactively improve your hiring processes and put candidates first.

We've seen this in recent years with the emergence of people-first companies, where people are prioritized in all decision-making. These orgs understand that people are their most valuable asset, so they regard all their people-practices – especially hiring – as strategic rather than administrative functions. They distinguish themselves by attracting top-quality talent and working to create a diverse and inclusive environment in which talent can flourish.

People-first companies:

- Act with intentionality about purpose, values and culture – including DE&I
- Care about fair and equitable hiring as part of their competitive business strategy
- Focus on collaboration and the employee experience
- Take a human-centric approach to technology

Any of this sound familiar? It should! The tips we've shared in this eBook will help you solidify your people-first practices, especially when it comes to hiring. You've now got a playbook to help your company succeed, even in a confusing and uncertain economic climate.



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Greenhouse is *the* hiring software company.
We help businesses become great at hiring
through our powerful hiring approach, complete
suite of software and services, and large partner
ecosystem – so businesses can hire for what's next.

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