2019 RECRUITING BENCHMARK REPORT

Fuel Optimization Efforts with Exclusive Industry Data

JOBVITE

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Benchmark Data To Inform Your Recruiting Strategy

Our 4th annual benchmark report cuts through the market noise with quantifiable benchmark data on the performance of the recruiting funnel. Based on data from 10 million applications and 50 million job seekers, this report provides the hard numbers and expert analysis you need to identify the sweet spots within your recruiting funnel where you can have the biggest impact on your hiring, and on positive growth for your company.

To support your ongoing efforts to optimize the recruiting funnel, we give you free access to exclusive industry data, including:

- Time-to-fill
- The number of candidates needed in your funnel to make one hire
- Most effective hiring sources
- And, by geography, industry and company size:
  - — Average number of applicants per open requisition
  - — % conversion rate from Applicants to Interview
  - — % conversion rate from Interview to Offers
  - — % conversion rate from Offers to Hires

We also provide insight into:

- Industry trends and a fresh perspective on the labor market
- Factors driving the talent shortage
- How to attract more talent
- What the future holds for recruiting

New this year, we've provided a more streamlined look into the data to help you pinpoint the metrics that will matter most to your recruiting organization.

Author's Note:
2018 Was A Talent 'Tipping Point'

One of the most striking things about this year's report is that companies needed (on average) fewer candidate per applicants to make one hire.

When we started the work on this report, we weren't certain of the exact reason: Is it because there are fewer candidates applying for jobs? Because recruiters have become more efficient? Or something else?

We decided to dig deeper: and the answer is recruiting efficiency.

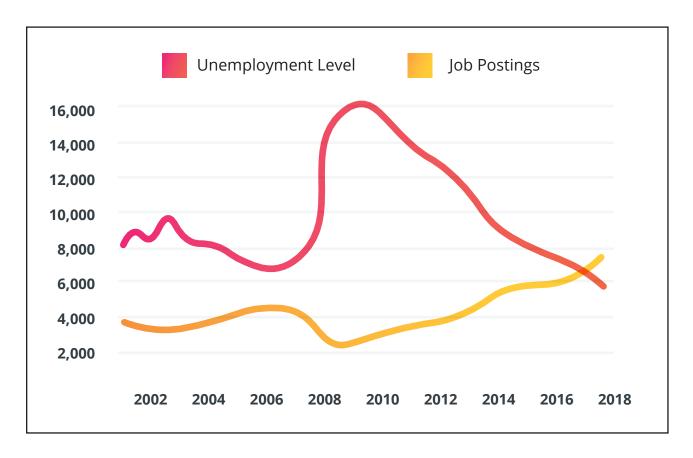The data shows that the number of career website visitors, candidates, and open jobs all grew in 2018 compared to 2017.

$$\uparrow \textbf{\% Conversion Rate} = \frac{\uparrow \textbf{New Candidates}}{\uparrow \textbf{\% Career Website Visitors}}$$

However, the number of open jobs
significantly exceeded the number of candidates—revealing a tipping point of sorts.

Unemployment Level | Job Postings

While this is great for the American workforce, it makes the life of a recruiter harder than ever. Yet in the face of limited talent, recruiters are doing just fine. They've learned to be more efficient, working with the resources they have to improve conversion rates throughout the recruiting funnel—from career website through interviews and offers. And by optimizing the funnel, they've been able to find quality hires among a smaller pool of candidates.

2019: A Fresh Perspective On The Labor Market

To put the benchmark results in context, it's important to understand the economic trends impacting the recruiting industry.

The most pressing question we need to ask is:

Are we really in a talent war?

YES!
We are in a talent war

Let's start with the "yes" side of the argument.

The economy is growing: "U.S. job growth surged in January 2019, with employers hiring the most workers in 11 months." In addition, unemployment has been at 4% for seven months straight. The most common school of thought suggests that we are in a state of full employment and that the talent war is fierce.

By 2030, the global talent shortage could reach 85.2 million people, costing companies trillions of dollars in lost economic opportunity. A number of factors are contributing to the worker shortage:

- **Skilled workers are retiring.** About a third of today's workforce comes from the 75 million-strong Baby Boomer generation, according to Gallup.

- **Immigration reform is pausing hiring within certain populations,** as legislation to scrutinize H-1B visas has been introduced to Congress.

- **AI and automation may threaten a quarter of U.S. jobs,** which will be severely disrupted by advances in artificial intelligence-driven automation, including roughly 36 million Americans who currently hold jobs with "high exposure" to automation.

NO!
The talent war is misunderstood

A true understanding of the state of recruiting requires a closer look at the data. There is more available talent than is immediately obvious, and more opportunity for those willing to look.

Critics suggest the unemployment rate is actually much higher than 4%. Why?

- **Calling the 4% unemployment rate "full employment" is misleading.** The US Bureau of Labor Statistics' definition combines part-time and temporary workers with full-time workers. There has been a 42% increase in the number of 'involuntary' (meaning they can't find a full-time job) workers, showing still more opportunity for employers offering full-time roles.

- **Wages are flat.** As unemployment goes down, 'real wages' (wages adjusted for inflation) are no longer going up. Business Insider suggests that the gig economy— where 'involuntary' part-time work is high—has broken this fundamental link in capitalism.

- **There are more than enough capable, unemployed Americans who can do the work**—including veterans, STEM graduates, mothers returning to work, 50-somethings, displaced blue collar workers, and even those 'involuntary' workers eager for better pay and benefits. Instead of paying a premium for the limited supply of qualified talent, companies can invest in training and development for these motivated populations. If you're willing to get creative, search for candidates beyond the resume, and invest in training, you'll carve out a competitive edge with talent acquisition and retention.

How To Use The Data
Funnel Metrics Defined

We look at the recruitment process as a funnel: from the pool of visitors who explore your career website, only a portion of those applies; an even smaller subgroup interviews, and one individual is ultimately offered the role. By understanding conversion rates within your hiring process, you'll be able to improve planning and forecasting, as well as identify multiple opportunities to optimize. For example, a low Interview to Offer conversion rate requires different steps than a low Visitor to Application conversion rate.

It's this attention on funnel efficiency—from one stage to the next, as well as overall—that will enable you to make improvements to help you hire faster, better, and at a lower cost.

Optimize Your Funnel: Easy as 1-2-3

Use the benchmark data in the following pages to:

1 Compare your own metrics to others in the industry to see how you stack up.

2 Identify the top areas for improvement.

3 Justify investment in additional resources with benchmark data.

Career Website Visitors
Unique visitors to your career website

Applications
Applications received for a specific job opening

Interviews
Interviews conducted for each requisition

Offers
Offers extended to candidates for a particular open position

Hires
Candidates who have accepted offers

Recruiting Funnel Stages
Year Over Year Comparison

As noted above, one of the most interesting data points here is that companies need fewer candidates in the pipeline to make one hire.

Time-to-Fill has stayed the same, meaning recruiters are doing more with less. With fewer candidates to sift through, recruiters need to evaluate each one more carefully and knockout criteria is less rigid. Because of the tough market for quality candidates, recruiters know they can't hesitate with the candidates right in front of them. They have to move just as quickly as in years past— maybe even faster because there's more overall competition.

Also note that the conversion rate of Offers to Hires is increasing: 5% since 2017, and almost 15% since 2016. When companies put out offers, candidates are accepting them nearly 100% of the time. Why? We can attribute this to the fact that recruiters are educating candidates more about the role and the company, as well as making sure that the candidate is ready to say yes when an offer is extended.

The benchmark data also reveals that Time-to-Hire is higher in the UK compared to the US. For recruiters having a hard time finding talent, funnel optimisation is a top priority: identify stages that are taking too long and make incremental improvements to eliminate any delays.

Compared to the US, the UK also has a much lower applicant to interview rate. If organizations aren't seeing enough great talent, they can open up that funnel stage by inviting more candidates in for interviews.

*Recruitment Media Benchmark Report, Appcast

In 2018

59 Applicants per Open Requisition

7% Applicants to Interviews (%)

19% Interviews to Offers (%)

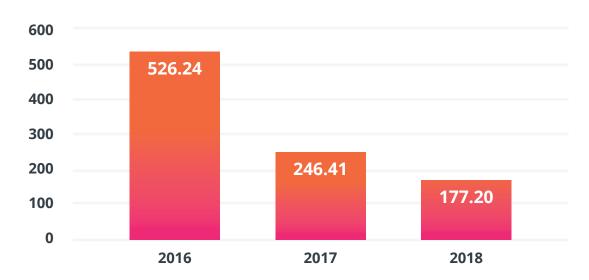**93%** Offers to Hires (%)

43% Average Time-to-Fill (Days)

Top-To-Bottom Recruiting Funnel

Recruiters Have Become More Efficient

Recruiters have become more and more efficient over the last four years. In 2016, the Top-to-Bottom conversion rate was 0.2%, which meant it took an average 526 visitors to a career site to find one hire. In 2018, that conversion rate stands around 0.6%.

With higher numbers of site visitors and applications year over year, it shows that recruiting teams have optimized their processes, rather than simply having fewer applications to review.

Career Site Visitors Needed To Make One Hire

Even with recruiters' optimizations this past year, the tough labor market will continue to push talent acquisition teams to find more ways to convert applicants to hires. In "Tips to Attract the Best Talent," we'll look at specific ideas and strategies to use in each stage.

Recruiting Funnel By Company Size
Larger Organizations Are Most Efficient

Employees	Applicants per Open Req	Applicants to Interviews	Interviews to Offers	Offers to Hires	Time to Fill (Days)
5,001+	28	12%	41%	97%	35
2,500-5,000	34	11%	25%	95%	40
501-2,500	30	12%	25%	94%	37
1-500	29	14%	20%	92%	41

What do the numbers mean?

- Companies with 5001+ employees, need to go through fewer candidates to make a decision: on average, 21 candidates to make one hire. The data implies that larger companies have a better, more efficient recruiting process.

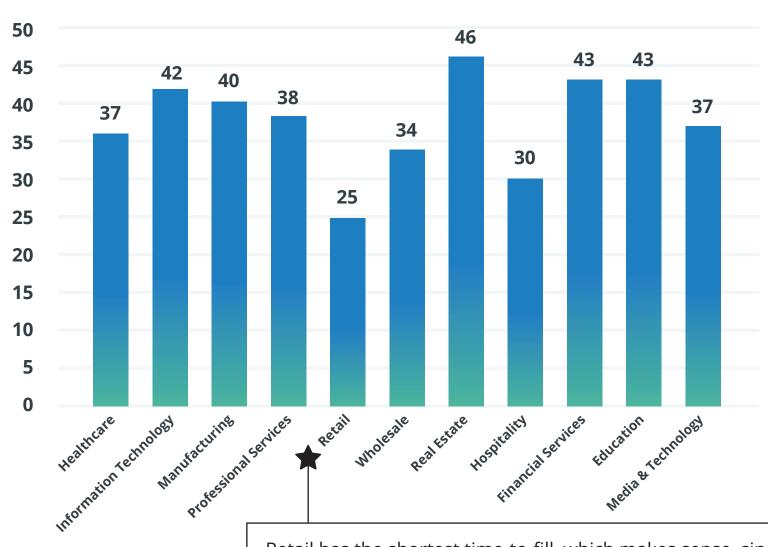 Why? We can hypothesize that larger organizations:

  — Have more resources to optimize at scale.

  — Have more evergreen roles that stay open, creating a database of candidates that's constantly refreshed.

  — Have more blue collar job openings that aren't subject to the same talent crunch as positions requiring higher skills.

Recruiting Funnel By Industry
Retail Has Shortest Time-To-Fill

One factor that may be contributing to recruiting funnel efficiency across different industries is the widening skills gap. According to the Korn Ferry Institute, knowledge intensive industries like Financial Services, Manufacturing, Healthcare, and Technology Media are going to take the hardest hit. These industries require a high volume of skilled workers—and as demand outpaces supply, competition for qualified candidates will soar.
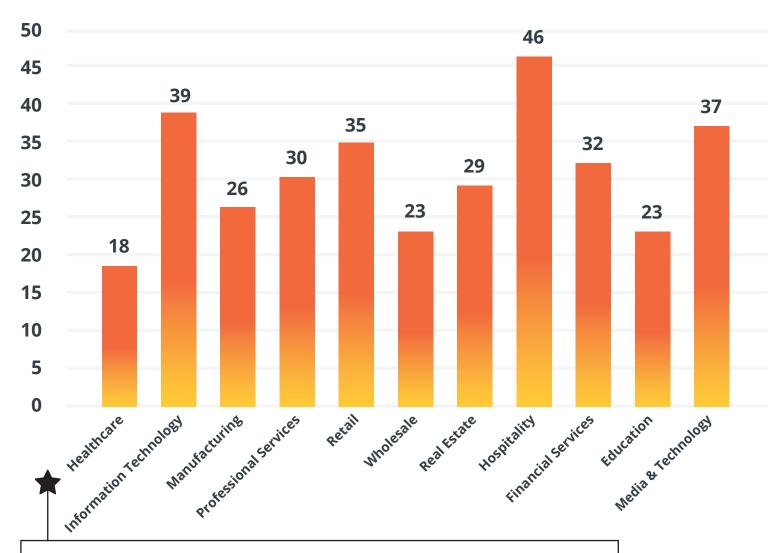
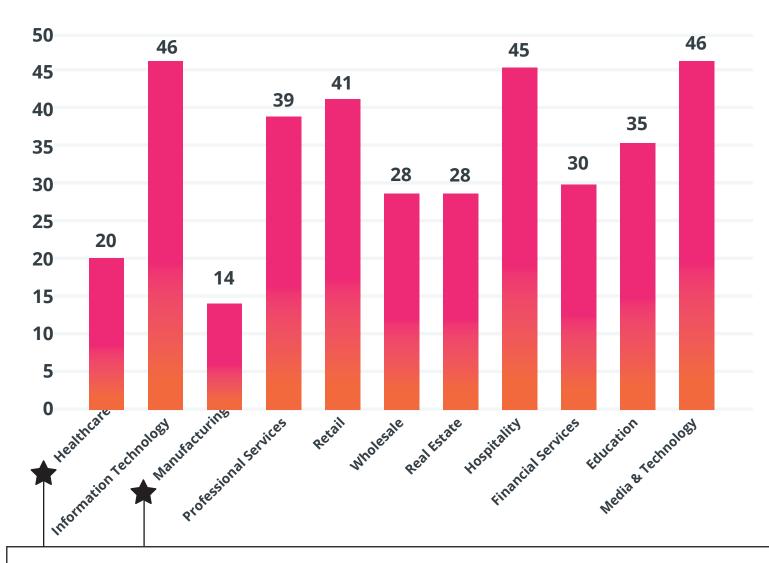| Industry	Applications per Open Req	Applicants to Interviews	Interviews to Offers	Offers to Hires	Time to Fill (Days)
Healthcare	18	13%	41%	95%	37
Information Technology	39	11%	21%	93%	42
Manufacturing	26	12%	59%	97%	40
Professional Services	30	12%	23%	93%	38
Retail	35	13%	19%	98%	25
Wholesale	23	9%	41%	95%	37
Real Estate	29	20%	19%	96%	34
Hospitality	46	10%	23%	94%	46
Financial Services	32	18%	19%	93%	30
Education	23	14%	22%	90%	43
Media & Telecommunications	37	10%	23%	94%	43

Time-To-Fill (In Days)

Retail has the shortest time-to-fill, which makes sense, since retailers are likely to be hiring low-skilled workers en masse.

Average Applicants Per Open Req

Healthcare has the lowest number of applicants per requisition, while Hospitality and Technology companies have the highest.

Number of Candidates To Make One Hire

Bar chart showing number of candidates to make one hire by industry:
- Healthcare: 20
- Information Technology: 46
- Manufacturing: 14
- Professional Services: 39
- Retail: 41
- Wholesale: 28
- Real Estate: 28
- Hospitality: 45
- Financial Services: 30
- Education: 35
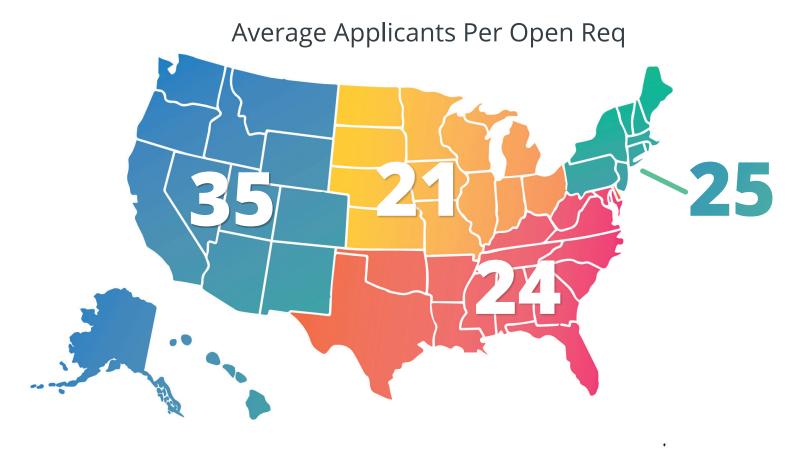- Media & Technology: 46

Both Manufacturing and Healthcare need the fewest number of candidates per position to make one hire. On the one hand, they're more efficient; on the other, they may also be dealing with a lower volume of candidates.

Recruiting Funnel By Geography

Companies On The Coasts See The Highest Number Of Applicants

Depending on where you recruit across the United States, you'll find variations in recruiting funnels that affect how you build and optimize your hiring strategy. In fact, whether you agree or disagree on the war for talent may depend on where you are in the country.

Average Applicants Per Open Req

Region	Applicants per Open Req	Applicants to Interviews	Interviews To Offers	Offers To Hires	Time To Hire (Days)
West	35	12%	32%	95%	36
South	24	12%	31%	94%	39
Northeast	25	14%	22%	95%	38
Midwest	21	17%	29%	95%	37

What do the numbers mean?

Organizations on the West Coasts see an average of 35 applicants per open requisition, compared to other regions. However, their overall funnel conversion rates aren't any lower than rest of the country, most likely because they're hiring for more open jobs.

Recruiters across the country have a fairly consistent Offer to Hire percentage, implying that they and their hiring teams are doing a good, accurate job of assessing candidates' interest before sending out an official offer letter.

Recruiting Funnel By Applicants And Hires
Internal Sources are the Most Effective

Source Name	Hire Count	Hire Percentage	Applications	Application Percentage	Effectiveness
Career Site	69,502	28.93%	4,993,677	34.93%	0.83
Job Boards	45,928	19.12%	7,060,680	49.38%	0.39
Entered by Recruiter	31,172	12.98%	280,870	1.96%	6.61
Referral	29,458	12.26%	376,594	2.63%	4.66
Internal Mobility *	19,242	8.01%	74,273	0.52%	15.42
Agency	9,425	3.92%	201,341	1.41%	2.79
Hiring Manager	6,425	2.67%	19,760	0.14%	19.35
Email Campaign	778	0.32%	20,212	0.02%	2.29
Custom Campaign	362	0.15%	2,569	0.02%	8.39
Federated Search	237	0.10%	3,233	0.01%	4.36
Resume Search	102	0.04%	1,924	0.01%	3.82
Notifications	97	0.04%	1,587	0.01%	3.64
Social Media Shares	57	0.02%	600	0.00%	5.65

Calculating "Effectiveness"

Effectiveness looks at the Hire percentage by source in comparison to its Application percentage.

$$= \frac{\text{Hire \%}}{\text{Application \%}}$$

The higher your Effectiveness, the better the Source is at driving Hires.

*In previous reports, "Internal Mobility" was called "Internal Hire/Application."

What do the numbers mean?

From a pure volume perspective, 2019 shows that most applicants still come from career websites and job boards, followed by referrals. However, looking only at the absolute numbers can be misleading if you are trying to find the most effective source. The sources that deliver the highest percentage of applicants don't necessarily translate to the highest percentage of hires. After all, it's not about the quantity of candidates, but the quality of hires.

The most effective sources of hires are Hiring Managers, Internal Mobility, Custom Campaigns, Social Media, and Referrals. Compared to 2018, there was an increase in effectiveness with Email campaigns as a source for hires.

What's your strategy?

Look at your spend across job boards and your career website and their effectiveness. Dive into your own data and look at your Application and Hire rates by each specific job board to find more possible efficiencies.

Assuming quality of hires is always a factor, if you're also looking to hire in high volume, consider investing in your career website, which is 2X more effective than job boards in leading to hires. A good career website will give candidates a better understanding of your brand and culture, resulting in a better candidate experience.

If you are looking to hire a very small number of people with a specific skill set, consider a more targeted approach, including looking inside your company (internal mobility) and personalized email campaigns.

Your Career Website is

2x

more effective

than a Job Board for Hires.

Optimizing Your Recruiting Funnel
Tips To Attract The Best Talent

Ready to evaluate your recruiting funnel efficiency? Use the following checklist to help determine where you can have the biggest impact optimizing every stage of the funnel.

Depending on your annual goals or needs, you can focus on a single department or certain types of positions, or look at the full hiring process. It all depends on where you need to optimize. Once you evaluate your data against the benchmarks and set your goals, you can use the following best practices to prioritize where to focus resources and attention.

Recruitment Marketing

The talent shortage is only as tight as your definition of "available" talent, starting with how you approach recruitment marketing.

☐ Try out two of the most Effective hiring sources: custom campaigns and social.

☐ Use customized email campaigns to nurture passive candidates from key demographics (e.g. accreditation groups like CPA or SHRM), industry events, or Veteran programs.

☐ Identify and nurture "silver medalists"—they're a ready pool of candidates who know you and will open your InMails and emails.

☐ Reach out to people in your talent pool with texts. While email open rates hover under 20% for recruiters, text messages typically have 95% read rates.

"Silver Medalists" are pre-vetted, past applicants who came in second during a previous hiring effort.

Career Website

Career websites have the highest percentage of hires, and the conversion rate of career website visitors to applicants keeps growing. Focus on both branding and technology improvements to create an irresistible employer brand.

- ☐ Deliver a seamless mobile experience.
- ☐ Be authentic in showing off your organization with pages that focus on company culture, real photos (no stock images!), quotes, and conversational videos with employees.
- ☐ Use employee profiles, customer stories, and cool stories to shout from the rooftops why your company values are unique.
- ☐ Incorporate chatbots to suggest blog posts, reports, and other material to educate both casual and serious website visitors about your company, culture, and open positions.
- ☐ Other candidate-friendly components worth including are live chat, shorter applications, and click-to-apply features

Applications

The application process can make or break your recruiting funnel from the

- ☐ Create a simple application process that's easy for candidates and gives you enough information to help recruiters make a good screening assessment.

- ☐ Keep applications short, clear and simple. Save personality assessments Keep applications short and simple. Try to save in-depth questions like personality assessments for later, when they're more likely to invest the time to complete them.

- ☐ Ensure it's an effortless process on both desktop and mobile.

- ☐ The most effective hiring sources are internal resources. Make sure your entire organization—especially hiring managers—know how to search and refer their internal network to open positions.

Interviews

A stress-free, streamlined interview process is at the heart of consistent candidate engagement.

☐ Use a system (e.g. evaluation form, Jobvite mobile app, etc.) to provide on-demand feedback and efficiently communicate with everyone in the interview process.

☐ Supplement the interview process with other activities that will help you collect enough data to make sure those you give an offer to accept:

— Take candidates to lunch.

— Invite them to a team activity before you hire them.

— Provide them with a realistic scenario—a project, coding test, or other activity that goes beyond interview questions—to better gauge their experience.

☐ Incorporate texting post-interview—a convenient, preferred channel for candidates to ask follow-up questions, and for recruiters to seal the deal.

43%

of new hires leave a job because it wasn't what they were expecting.
By engaging candidates beyond the interview, you'll have a better idea of their skills, make them a happier hire, and (hopefully) be less likely to have to re-fill that role.

Offers

High conversion rates on offers are driven by speed and quality.

☐ Be prepared to move fast, giving offers immediately—
sometimes before a candidate even leaves the office.

☐ Integrate your offer management with DocuSign or other
e-signature service to make signing the letter simple and seamless.

☐ Configure your offer approvals so everyone's in the loop on next steps and
follows the proper protocol.

☐ Customize and automate your offer templates, so they're tailored to every
role without requiring too much of your time.

Hires

Want to get your newest team members started off on the right foot? Make their
onboarding seamless.

☐ Integrate ATS with your onboarding system
and HRIS to create a smooth transition from
candidate experience to employee experience.

☐ Centralize all data and resources in a single
onboarding portal.

☐ Have future team members check-in with candidates to answer their
questions and quell any first day nerves.

☐ Get them excited! Send your new hires team photos, FAQ about their
upcoming first week, team intros or welcome video, etc. to candidates to get
them excited about their decision.

Looking Ahead

What lays ahead for recruiters? Here's what's on our mind as we look to the second half of 2019 and beyond.

Conversational Recruiting

Already taking hold in recruiting organizations, "conversational recruiting" is about having real-time, one-on-one conversations on an ongoing basis via mobile, social and other channels. Text recruiting, for instance, can lead to an 80-90% response rate, helping recruiters reach out to 10x the number of the candidates.

"Communication is shifting towards personalizing interactions with each unique candidate. We envision continued innovation around building tools to keep recruiters and candidates at the center of the conversation."

—Amber Ferrari, Business Development Manager, Canvas

canvas

Internal Mobility

Organizations know that one of the best places to search for talent is within their current employee roster, making internal mobility a critical business strategy. Tapping into processes like advanced role matching, skills mapping, and retention tracking will help organizations deliver career fluidity in ways that motivate employees and meet their needs for high-growth, fulfilling positions.

"As the job market continues its trend to a candidate market, finding and retaining talent will become more and more difficult. Having a strong internal mobility program, paired with dedicated software to help ease the discovery of open internal roles, will ensure an increase in retention."

—JP Bertram, VP of Marketing, RolePoint

RolePoint

Referrals & Gamification

Gamification is making its way into the recruiting process and can have a big impact in getting engagement from your entire organization to participate in referral and internal mobility programs.

Given how competitive it is to find great talent, building gamification into recruiting strategies can encourage your employees to share referrals, generate new content, and act as brand advocates for your organization.

"*Gamification will continue to drive user behavior in recruitment platforms, ingraining recruitment as a habit built into the fibers of an organization's culture.***"**

—JP Bertram, VP of Marketing, RolePoint

Role**Point**

Artificial Intelligence

Recruiting technology and tools are making increasing use of artificial intelligence (AI) and machine learning (ML) to help make the hiring process more efficient, with everything from removing bias in hiring (e.g. deleting names and photos from resumes), suggesting non-gender specific language in job postings, and widening talent pools.

"*Automation is already helping recruiters with repetitive tasks like scheduling, job sharing, and job distribution. And it's getting even smarter, performing tasks like text messaging, recruitment marketing via social and even initial career site screening via chatbots. This automation is fueling the data that the AI algorithms need to scale.***"**

—Matt Singer, VP of Marketing, Jobvite

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Personalized Recruiting

Ongoing nurture campaigns to targeted audiences is essential. It's important to segment your audiences, identify high-priority groups (e.g. past applicants, alumni, internal employees) and engage them with long-running drip campaigns. While automating communication for lower profile candidates can be effective and efficient, it's essential to invest the time and resources to personalize interactions with higher profile candidates.

"*Relationship recruiting is on the rise. Focusing on how you recruit based on your relationship with a candidate is the greatest opportunity for most organizations. Coming up with a systematic approach to managing not just internal versus external, but also how you leverage alumni, contingency workers, past contingency, and so on is only going to become more important as you look at the disruption that is coming from automation and demographic change.*"

—Peter Clare, SVP & General Manager, Talemetry

Talemetry

Imminent Economic Downturn

There's been talk of a downturn for so long, we're not able to predict when it'll happen; but it will happen. And when that time comes, the optimizations you're making now will pay off, helping you to recession-proof your operations.

By establishing clean data to understand your metrics against the industry baseline as well as consistent reporting, you'll not only keep your promise of delivering an exceptional candidate experience, but you'll secure long-term investment in better technology and resources to help you optimize

JOBVITE

Jobvite is leading the next wave of talent acquisition innovation with a candidate-centric recruiting model that helps companies engage candidates with meaningful experiences at the right time, in the right way, from first look to first day. The expanded Jobvite platform infuses automation and intelligence into today's expanded recruiting cycle to increase the speed, quality and cost-effectiveness of talent acquisition. Focused exclusively on recruiting software since 2006 and headquartered in Silicon Valley, Jobvite serves thousands of customers including Ingram Micro, Schneider Electric, Premise Health, Zappos.com, and Blizzard Entertainment. Jobvite continues to empower companies to provide an even richer hiring experience with its recent acquisitions of Talemetry, RolePoint and Canvas – enabling hiring teams to source, engage, hire, onboard, and retain top talent with one end-to-end platform. To learn more, visit www.jobvite.com or follow the company on social media @Jobvite.

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