



Benchmarking: Current candidate behaviour

Q4 2023



By Frank Allen



Introduction

Coined by Anthony Klotz back in 2021, the term 'The Great Resignation' has been synonymous with the recent covid pandemic, and subsequent aftermath. It was a period where HR witnessed a complete reversal of 'normal' – i.e., the manifestation of a candidate-driven market instead of an employer-driven one.

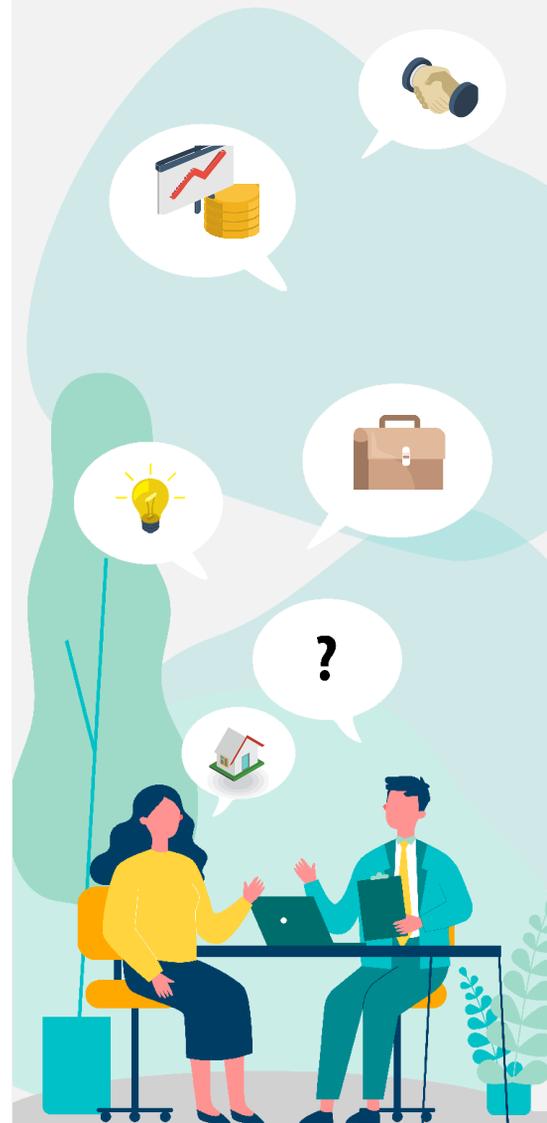
Asked recently whether he thought HR might be about to see the back of the great resignation, Klotz pointed to several factors indicating that the great resignation phenomenon is indeed on the wane...

Among these factors have been three major developments:

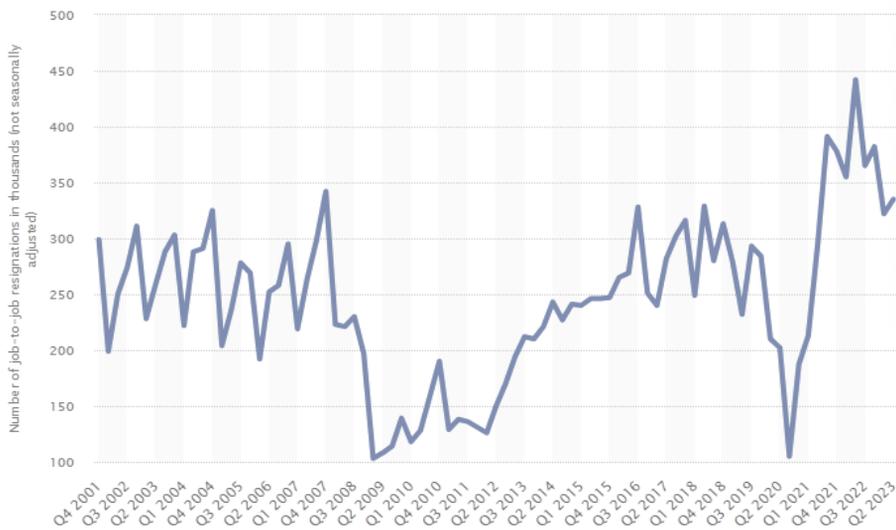
- 1. Cost of living**
- 2. Inflation**
- 3. The rise of AI**

Show me the evidence...

Many in HR won't be sad to see the back of the great resignation phenomenon. It's not exactly been an easy three years and returning to normal would be welcome. However, some of the reasons Klotz argues that the high volume of resignations we've witnessed over recent years may be petering out will come as a surprise...



#1 Cost of living



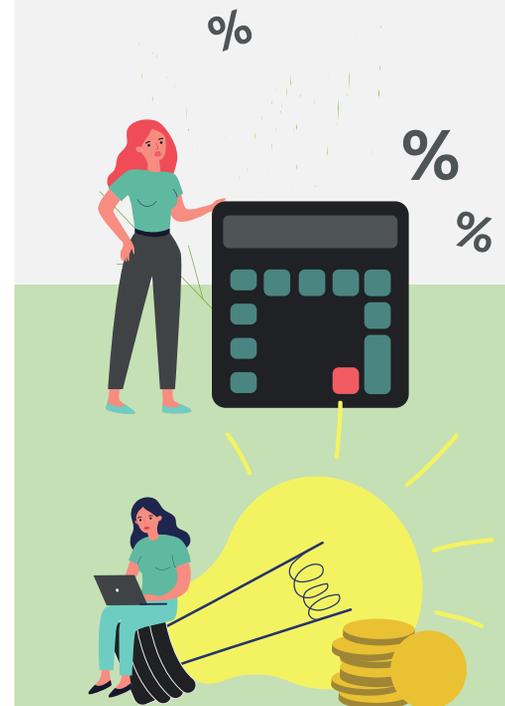
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Klotz argues that the ongoing cost of living crisis has stemmed the tide of resignations. Yes, you read that right. You'd be forgiven for thinking this crisis would incentivise employees to look for better pay elsewhere, but not according to Klotz.

For Klotz, the economic uncertainty bred by this crisis has led many to reconsider resignation. Certainly, the figures would substantiate Klotz's claim. Indeed, this graph, presented by Statista, clearly illustrates a dramatic drop in resignations since their peak in 2022.

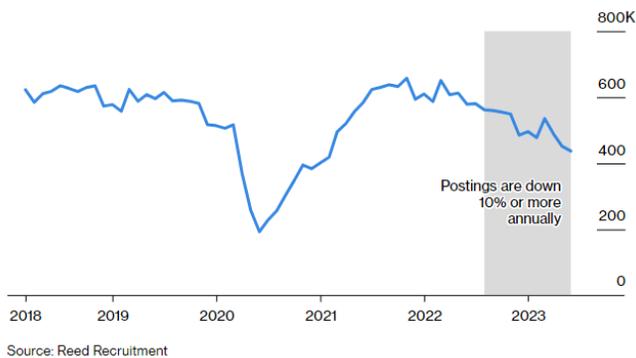
However, it's interesting to note that resignations remain high compared to 2019 levels. What could be the reason? Since 2022, job security has diminished, more and more employees have been living month-to-month, and the general economic future remains uncertain: All reasons that may have kept people looking for a better job role.

That said, in comparison to last year, is Klotz, right? Are more employees reading the signs of the times and thinking, 'Maybe now isn't the right time to switch jobs...'?



Vacancies Are Down Across England

Number of job postings, 3-month trailing period



"The significant drop in job postings, coupled with the surge in job applications, indicates a radical shift from a sellers' market to a buyers' market for talent."

James Reed, Chairman, Reed

The prevailing wind

While UK inflation has been trending downwards, which is good news, UK GDP, on the other hand, is recovering at a slow pace, with the latest estimates for Q3 predicting it to be just 0.2% above stagnation – not the news struggling businesses want to hear. Especially since *more concerning news has been published by the ONS, who reported another fall in vacancies this quarter.*

But what does this all mean?

Partly, the continued fall in vacancies reflects a clear correlation with the UK's GDP growth. However, it also reflects the prevailing wind. Since Klotz coined the term 'The Great Resignation' in 2021, which saw upwards of **979,000** job-to-job moves between July and September of that year, the ONS has recorded **14** consecutive drops in vacancies. This means that even during the so-called height of the great resignation, vacancies were dropping, the economy was shrinking, and the *cost of living* crisis was speeding towards us like a freight train - the prevailing wind, you might say, was, even then, blowing towards an employer-driven market.

And as we've moved through 2023, the prevailing wind is getting stronger. Funnelled by high inflation and slow economic growth, the UK has witnessed:

- Considerable growth in temporary labour
- A sustained UK hiring freeze
- An increase in employee salaries

And almost every UK sector has been affected:

- 6% decrease in job vacancies from the previous quarter in administrative, support services, and professional roles
- 15.7% decrease in job vacancies from the last quarter in scientific roles
- 12.1% decrease in job vacancies from the previous quarter in technical roles

#2 The meteoric rise in inflation

Two sides of the same coin, inflation, and cost of living crisis, go hand in hand – combining to generate business unease and economic instability.

Since mid-2022, the UK has been grappling with significant inflation, with water, electricity, gas, and other fuels hitting the dizzying heights of 11.8% in January 2023 before falling back to 7.3% in June this year. Meanwhile, other commodities have continued to rise and rise:



17.4% rise
in food and alcohol in June 2023 [highest rise in 43 years]



7.3% rise
in occupiers housing costs in June 2023

Pay too, has inflated. With public sector pay disputes, particularly well-documented, in response to inflation, businesses in both the private and public sector looked to increase employee wages...

7.8% growth
in annual average total pay for the private sector – June 2023

9.6% growth
in annual average total pay for the public sector – June 2023

However, when put side by side with inflation, even these substantial increases pale – read what Statista have to say:

“”

In the three months to June 2023, average weekly earnings for total pay in the United Kingdom grew by 8.2 per cent, while pay excluding bonuses grew by 7.8 per cent compared with the same period in 2022. In the same month, the inflation rate for the Consumer Price Index was 7.9 per cent, indicating that while total pay wages are rising, price increases are currently outpacing this growth when it comes to regular pay, which excludes bonus pay.

Statista

Finally, inflation has impacted recruitment, with ONS reporting that job vacancies have fallen again for the 14th consecutive quarter: Another tell-tale sign that the great resignation is ending.



17% decline
in job postings in 2023 compared to the previous year

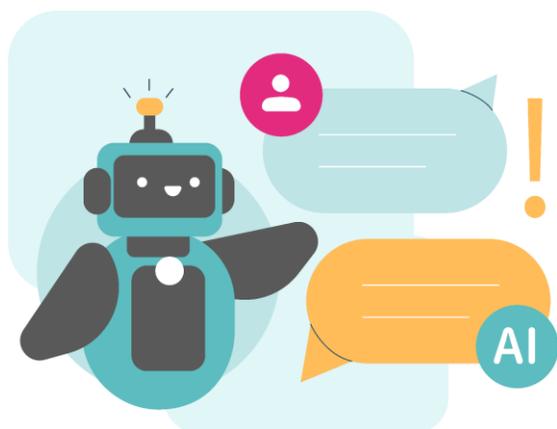
Reed.co.uk



29% rise
in job applications in 2023 compared to 2022

Reed.co.uk

#3 - The rise in AI



According to Klotz, another possible reason that the great wave of workplace resignations has finally slowed has been the establishment of AI. And in particular, Chat GPT.

Though still early days, and as yet by no means totally dystopian for employees, AI has added just another layer of uncertainty.

So, mashing all Klotz's reasonings together, is it becoming a case of *better the devil you know than the devil you don't?*

Is there market evidence to further back up Klotz's claims?

Fact: The number of job vacancies last quarter was 989,000, a decrease of 64,000

ONS

Q4 AI statistics

By **2025**

As many as 97 million people will work in the AI space globally

Global Market Insights

57 million

Users signed up to ChatGPT in its first month

Reuters

73%

Of business leaders believe machine learning will double productivity for their employees

Zippia

The state of the nation

2023: A Q4 snapshot



The current UK market in facts and figures:

UK unemployment rate increased by 0.5% to 4.3%

UK employment down by 0.5% to 75.5%

ONS



Total vacancies fell by 6% on the quarter

UK vacancies down by 25% YoY

ONS

44% of employers have hard-to-fill vacancies

Reed.co.uk



Annual growth in regular pay up by 7.8% - highest ever

The UK rate of inflation down by 1.5% - now at 6.4%

ONS

HR in Q4

Salary hikes – are they sustainable?

Last quarter, public sector employee pay expectations have risen from **3.3%** to **4%**

ONS

A national living wage and national minimum wage increase of **9.7%**

ONS

35% of employers have raised the salary of hard-to-fill positions by **35%**

Reed.co.uk

9% of employers are planning to make redundancies in 2024

Reed.co.uk

Real pay increases are only **1.2%** above inflation [with bonuses], **0.6%** without

ONS

Fact: 46% have taken on more hours or extra shifts at work over the last year

HR Review

“While pay is often the most typical focus of a counteroffer, there are other things employers should consider in making roles more attractive, such as flexible working, additional paid holidays, opportunities for career development, or better pension contributions.”

CIPD



Cost of living continues to impact

- Consumer goods and services are up by **9.6%**
- **67%** of UK adults are spending less on non-essentials
- **50%** of UK adults are shopping around for what they need
- **51%** of UK adults are spending more than usual on food shopping
- **47%** of employees agreed that a slowdown in the economy and rising prices meant they would be less likely to leave their job

ONS

Personnel Today



The rise and rise of the counteroffer

- **45%** of employers believe counteroffers are effective in retaining employees for 12 months or more
- **29%** believe the counteroffer is ineffective
- **40%** of UK employers have made a counteroffer in the past 12 months
- Of those **40%** - **38%** matched the salary, **40%** offered even higher sums
- Just **22%** of employers have a formal policy regarding counteroffers

CIPD

Economic fears and a curve ball

Making predictions is never straightforward. And in most cases, it's impossible to say with any certainty what will come to pass and what won't.

Certainly, the slow UK economic growth has clearly held back recruiters, but is it holding back candidates?

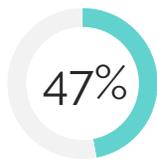
A recent Work Reimagined Survey by the consulting group EY has thrown up evidence to suggest there is a disconnect between employees and employers on this very subject, with:



of employers believing staff will stay BECAUSE of fears over the economy



of employees, meanwhile, are looking to quit their jobs for a better salary



of employees, however, agree that the slow economic recovery meant they'd be less likely to leave their job

Bring forth the Gartner evidence...

With EY evidencing a potential shift in the balance of power from the candidate back to the employer, Gartner offers some sobering statistics to businesses hoping to regain control:

Here's their evidence:



of candidates had accepted another job due to better pay



of candidates reported receiving four or more offers during their last job search



Of 2000 who accepted an offer, 47% admitted remaining open to other offers

However, Gartner's survey highlights once again the dichotomy of thought on who holds the balance of power. Demonstrating the disconnect between employer and employee,

Gartner reported that 59% of HR leaders said they expect more talent competition over the next three months, an indication that there are now more applicants out there than jobs.



“Many candidates remain uncommitted to their new employer and are keeping one foot in the job market...”

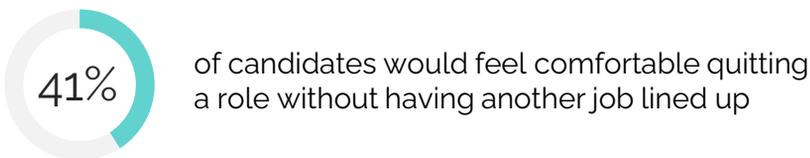
Jamie Kohn, Senior Director, Garner

What do the Americans think?

Jobvite, an American software company, also conducted research highlighting a rift between how candidates and employers view this current market. And while there will be differentials between the UK and US markets, the impact of globalisation means that any trends held in America are worth considering.

Indeed, Jobvite's findings further illustrate the fine split between candidate positivity and practicality based on the current economic outlook:

Jobvite found:



UK redundancy intentions in Q4 and beyond

The much-discussed skills gap continues to draw attention as Q4 approaches, with the public sector particularly facing a conundrum of how to recruit hard-to-fill roles following redundancies. With the current level of hard-to-fill roles currently high, at 42%, 2024 is shaping up to be a watershed one for a sector expecting 20% of its workers to at least consider redundancy.

However, it's not just the public sector bracing itself for redundancy. 19% of private sector employees are planning to make redundancy enquiries too.

The skills gap is already wide. In 2024, it'll widen further still.

Fact: 60% of public sector healthcare employers have hard-to-fill roles due to a widening skills gap

CIPD

Current candidate behaviour

Among all this uncertainty, it's good to point to facts that we can be certain of. Thanks to some powerful BI data from our own Applicant Tracking System, we can give you solid practical data that highlights current candidate trends that will help you in future recruitment campaigns.

Trends like:

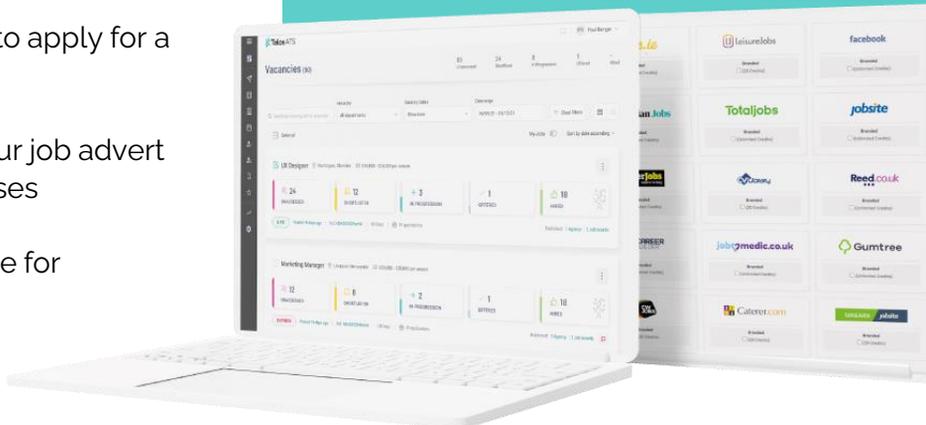
1. The most popular day of the week for candidates to apply
2. The most popular hour to apply for a job
3. The best day to post your job advert based on other businesses
4. The most popular source for candidates

How can we do this?

Because we have an ATS that has seen:

4.25 million applications made via Talos ATS so far in 2023

1.6 million made in Q3 via Talos ATS, a **6.6%** increase on Q2



Practical candidate behaviour that you can work into your recruitment processes:

2.69m of **4.25m candidates** made an application via Talos ATS on a **TUESDAY**

1.63m applications made between 12:00 pm and 6:00 pm

Of **95.33k** jobs posted via Talos ATS, **19k** were posted on **TUESDAY**

The hour with the most applications:
15:00 – 15:59

The most popular month for applications in 2023 has been **JUNE**

Of **148.2k** candidates hired via Talos ATS,, **34k** were hired from their ATS careers site

What will 2024 hold for HR?

There's a lot in this benchmarking guide to consider for the coming year. Is The Great Resignation coming to an end? Are we returning to an employer-led market? And are we, dare we write these words, heading towards a recession?

Here are sobering words from Reed Recruitment on that last note:

...This continued contraction in job postings, which have been falling since this time last year, therefore suggests that a recession may well be imminent...

Perhaps Reed is right; the almost stagnant GDP and high inflation certainly point toward recession. However, the recruitment market is a poor model for predicting long-term financial outcomes and their myriad of implications. *It's worth noting that job vacancies were trending downwards even at the height of Klotz's great resignation phenomenon as proof that sometimes, the recruitment market doesn't play by the financial rules.*

That said, the onset of Q4 and the winter of 2023 will perhaps give us a clearer picture of where we're headed as we arrive at Q1 2024. But, for what it's worth, we'll provide you with our take, based on this benchmarking, of how we see 2024 unfolding...



- 1 **We'll enter a period of flux:** The flux comes from the shift away from a candidate-led market to an employer-led one.
- 2 **Job vacancies will continue to fall:** All the evidence suggests that a 14th consecutive drop in vacancies isn't a blip and is directly linked to the UK's current economic performance.
- 3 **Ongoing cost of living implications will increase job seekers:** As inflation couples with the winter cost of living crisis, more and more people will seek better pay.
- 4 **Pay rises will be unsustainable as the economy struggles:** Current wage increases only put employees at 1.2% above inflation – and when you consider current wage increases are at the highest rates since comparable rates began in 2011 – maintaining this trajectory will be unsustainable.
- 5 **Redundancies will increase due to an ageing workforce:** The UK has an ageing population, reflected in its workforce. The public sector is particularly vulnerable to redundancies next year, as highlighted in this guide.

2024



6 A refocus on upskilling and reskilling the current workforce: The only way to get ourselves out of this skills gap challenge is to upskill and reskill – expect a real drive towards this in 2024.

7 Retention will become a priority: The surest way to insulate against rising costs is to look after your current workforce. Ensure they're rewarded well, giving them little reason to look for other work. Though the market is trending back to an employer-led one, this will take time. It'll remain a real tussle for talent, with candidates still wielding a lot of power. Look after your talent and save costs on recruiting replacements in a volatile and hard-to-predict market.

8 Hard-to-fill roles outsourced to recruitment agencies: As the skills gap widens more and more, businesses will have to turn to expert recruitment agencies. Why? They have access to a broader talent pool, save you money by placing candidates quicker, and help with a plethora of services like candidate filtering, screening, headhunting, advertising and onboarding.

9 A general trend toward an employer-led market: We've listed this last purposefully. Though trends point in this direction, its manifestation will take time. By Q2 next year, we'll be better placed to determine if this trend is really happening or whether current indications were another false dawn.

How Talos360 can help

If you need any help with your hiring strategy, candidate attraction, candidate management or employee engagement, then the team at Talos360 are here to help.

With our market-leading, award-winning people tech, we can save businesses time and money by improving people engagement and streamlining the entire candidate journey.

Free Recruitment Reviews

Talos360 offer free recruitment reviews that show how you can easily improve your hiring process.

Get your free review today and see how you can save on your recruitment costs.



[Find out more](#)

TalosATS

Advanced Hiring Software

Streamline your hiring process and create the ideal candidate journey, to effectively attract, manage and onboard talent.



Talos Engage

Employee Engagement Platform

Unlock insights, improve engagement and boost morale with our intelligent engagement and workforce analytics platform.



Talos Attract

Candidate Acquisition Solutions

Create and distribute compelling recruitment advertising campaigns, making sure they get maximum attention from your ideal audience.

