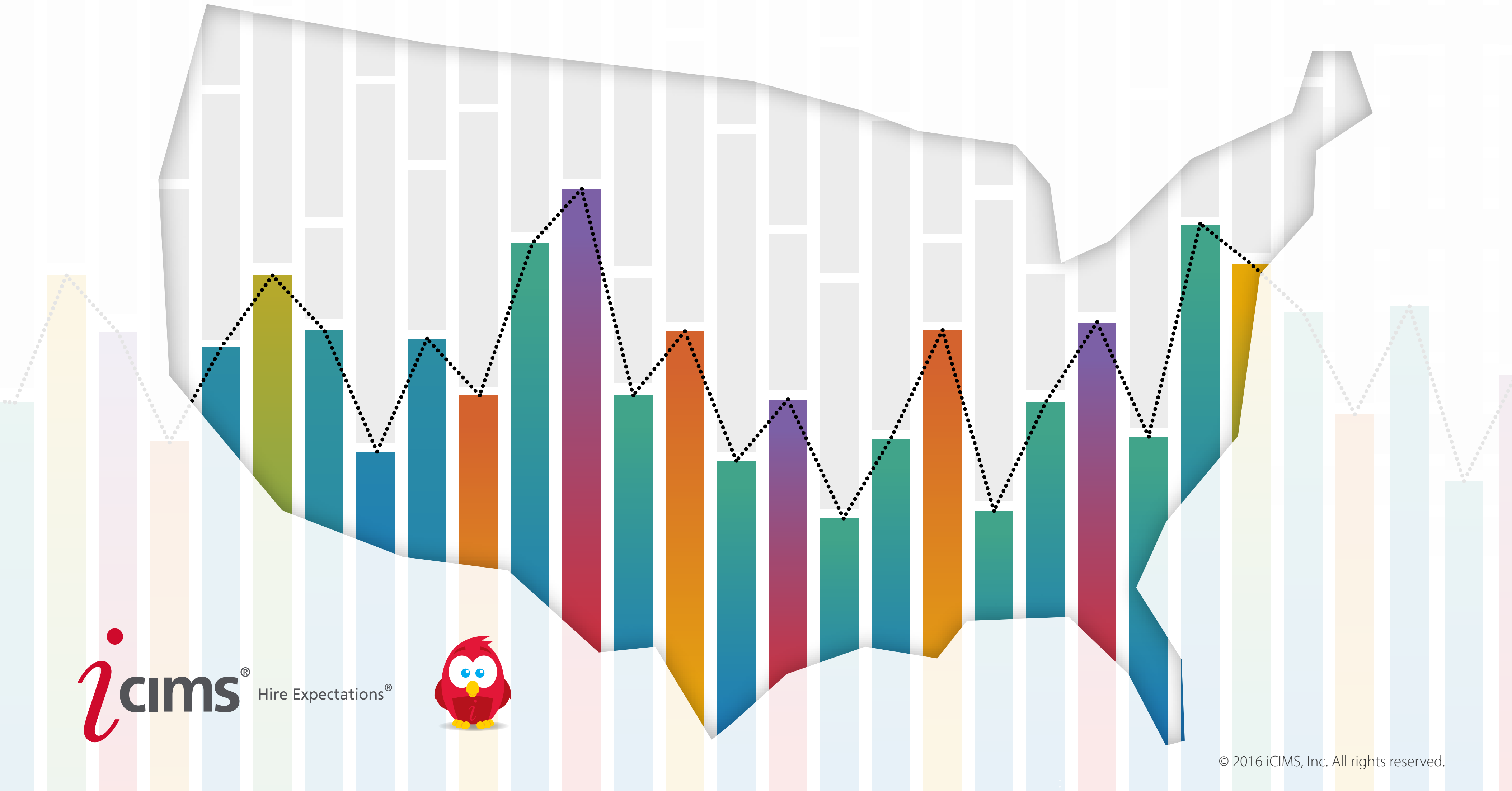
U.S. Hiring Trends Q1–Q4 2015:

iCIMS Quarterly Report on Employer & Job Seeker Behaviors

Further Signs of Tightening in the U.S. Labor Market



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This report presents quarterly trends over the course of 2015 in a sample drawn from iCIMS' customer base of more than 3,200 contracted customers. The data is generated automatically by user interactions with iCIMS software packages. The main focus is on what we refer to as the talent supply-to-demand ratio and the average number of days it takes U.S. employers to fill open positions. Both sets of data are presented as an average across the iCIMS customer base in 2015, as well as broken down by industry, region, and company size. The industry-level analysis is based on the Bureau of Labor Statistics (BLS) classification system, with some categories aggregated to a higher level of organization or omitted altogether, in order to maximize the representativeness of the dataset.

Key Findings

Talent Supply/Demand Ratio: Number of Applicants Per Job Filled

The aggregate average talent supply/demand ratio per open job declined from 24 in Q1 2015 to 21 in Q4 2015, consistent with the tighter labor market indicated by data from the U.S. Bureau of Labor Statistics.

The information industry (which includes media and telecommunications companies) had the highest average number of applicants per job filled in each quarter of 2015.

- In Q4, the information industry received 41 applicants per job filled – almost double the overall average across industries (21).

Among geographic regions, the Northeast had the highest number of applicants per job filled in 2015.

- The Northeast had approximately 26 applicants per job filled in 2015 and posted the highest regional talent supply/demand ratio in each quarter of 2015.

Medium-sized companies, with 100–999 employees, received more applicants per job filled than small or large companies throughout 2015.

- Medium-sized companies received approximately 28 to 30 applicants per job filled, well above the range of 18 to 24 seen in the talent supply/demand ratios seen by firms of other sizes.

Time to Fill

It took employers an average of 44 calendar days to fill a job in 2015, and the timeline extended slightly over the course of the year.

- The average time it took to fill a job increased from 45.8 days in Q1 2015 to 46.1 days in Q4 2015, after dipping to 43.9 and 44 .1 in Q2 and Q3, respectively.

The leisure and hospitality and financial activities industries had the fastest turnaround time between job posted and job filled, with 41 calendar days on average in 2015.

- The intra-year trajectory for each of these industries diverged substantially. For leisure and hospitality, the average time to fill a job in 2015 increased from 39 days in Q1 to 45 days in Q4. For financial activities, time to fill declined from 43 days in Q1 to 41 days in Q4.

Larger U.S. businesses took less time, on average, to fill open jobs than smaller companies in 2015.

- Companies categorized as large (1,000 and 4,999 employees) and enterprise (5,000+ employees) took similar amounts of time to fill jobs over 2015 – an average of 44 to 45 days. In contrast, smaller businesses took an average of 54 days.

Among geographic regions, the West and South had the shortest average time to fill.

- The West and the South regions had an average time to fill of 43 days in 2015, modestly lower than the 46 to 47 days posted by the Northeast and Midwest.

Some of the largest variations within the breakdowns occurred in the company size analysis, suggesting brand visibility and infrastructure are significant factors for time to fill.

- Quarterly average time to fill ranged from 52 to 56 days for small business, more than 20 percent above the range of 43 to 46 days seen by the two largest firm size categories.

Biggest Challenges

Talent Supply/Demand Ratio: Number of Applicants Per Job Filled

Over the course of 2015, the decline in the average number of applicants per job filled was in some ways more pronounced than the rise in job openings and job hires reported by the U.S. Bureau of Labor Statistics.

- The national average number of applicants per job filled decreased with each successive quarter on a non-seasonally adjusted basis. By comparison, official national job openings rose over the first three quarters of the year before declining modestly in Q4. The continued decline in the talent supply/demand ratio appears to be further confirmation of a tightening labor market. This tightness is supporting wage growth, as depicted in Figure 1. In December 2015, the Employment Cost Index published by the BLS was up 2.0 percent from 12 months prior, and in each of the first two months of 2016, the BLS measure of average hourly earnings has been up by 2.2 percent or more from 12 months prior. Moreover, research by the Atlanta Fed suggests wage growth is accelerating even among low-skill occupations, although it varies considerably by job type.*

Employers in the Midwest saw the lowest talent supply/demand ratio among U.S. regions.

- The annual average number of applicants per job filled in the Midwest was 18. All regions saw a decline in this ratio over the course of 2015, but in the Midwest, it fell to 17, whereas the other three regions saw Q4 ratios of 20 to 25. The Midwest also posted the second-longest time to fill, implying challenges in attracting and screening qualified applicants in this part of the country.

* [Federal Reserve Bank of Atlanta, "Are Paychecks Picking up the Pace?" February 17, 2016;]

Time to Fill

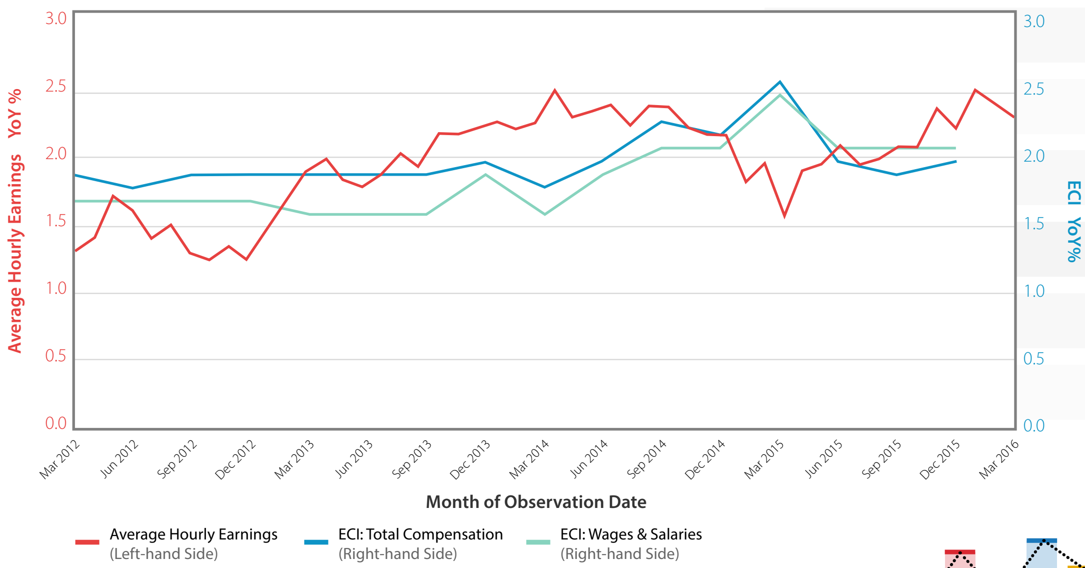
The Northeast region appears to have a deep pool of talent, but is struggling to manage it.

- In every quarter of 2015, the Northeast had the most applicants per job filled (for a full-year average of 26 applicants), but also consistently posted the longest time to fill (for a full-year average of 47 days).

There remains a significant dispersion among industries' time-to-fill metrics, implying room for best practices to spread—including use of technology—or the introduction of industry-specific solutions to close the gap.

- For 2015 as a whole, the average time to fill an open job across all job postings was 45 days, while the median time to fill for the entire year was 33 days, indicating that a relatively modest number of drawn-out hiring processes skewed the average well above the median time to fill. This skewed pattern held relatively consistently across industries, whose average time to fill had itself an average of 49 and a median of 46.

Figure 1:
Wage Growth (Seasonally Adjusted)



Source: BLS

Section I:
Talent Supply/Demand Ratio

This section presents data on U.S. talent demand in each quarter of 2015, comparing the ratio of the number of applicants to the number of jobs that were filled per quarter—or the talent supply. We highlight the industries with the most and the least applicants per job, as well as breakouts for particular U.S. geographic regions and company size groups.

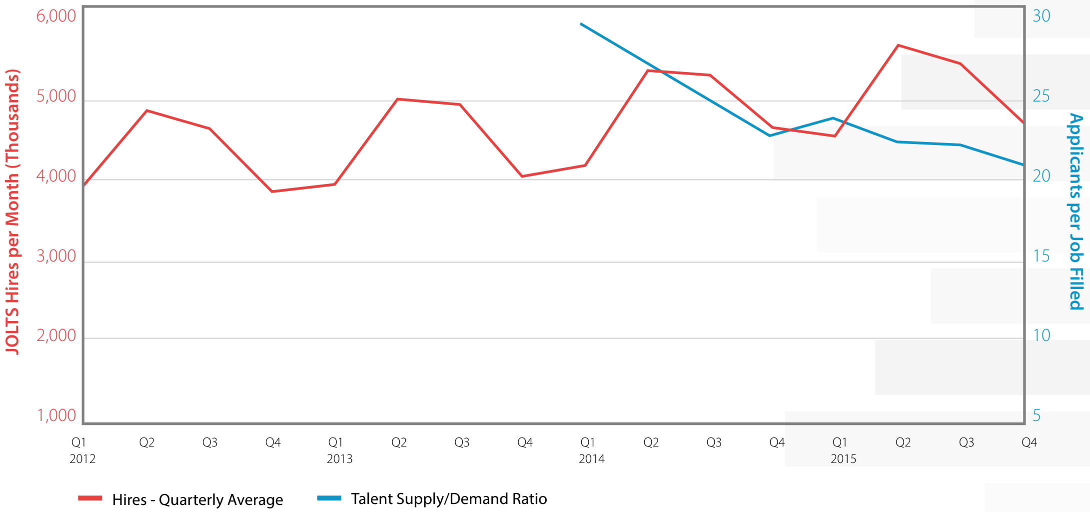
Overall Trends

iCIMS' system data supports the notion that the U.S. labor market is tightening.

iCIMS data, like figures from the Labor Department's employment report, suggests that the labor market continues to tighten, as job openings grew faster than the relevant applicant pool. There was a consistent and progressive decline in applicants per job filled over each quarter in 2015. According to iCIMS data, in 2015 the annual average for number of applicants per one job was approximately 22 people. In Q1, the average number of applicants per job was lower in Q4 than the ratios of 23 to 24 seen in the previous three quarters of 2015.

While we saw the ratio of applicants to closed jobs decline over the course of 2015, the Bureau of Labor Statistics (BLS) Job Openings and Labor Turnover Survey (JOLTS) reported that the number job openings and job hires, two important measures of talent demand, increased over 2015. According to the JOLTS report, on a seasonally adjusted basis, the number of job openings rose from 4.9 million at the end of December 2014[1] to 5.6 million at the end of December 2015.[2] The number of hires rose from 5.2 million at the end of December 2014 to 5.4 million at the end of December 2015.

Figure 2:
Talent Supply/Demand Ratio vs. JOLTS Hires (Not Seasonally Adjusted)



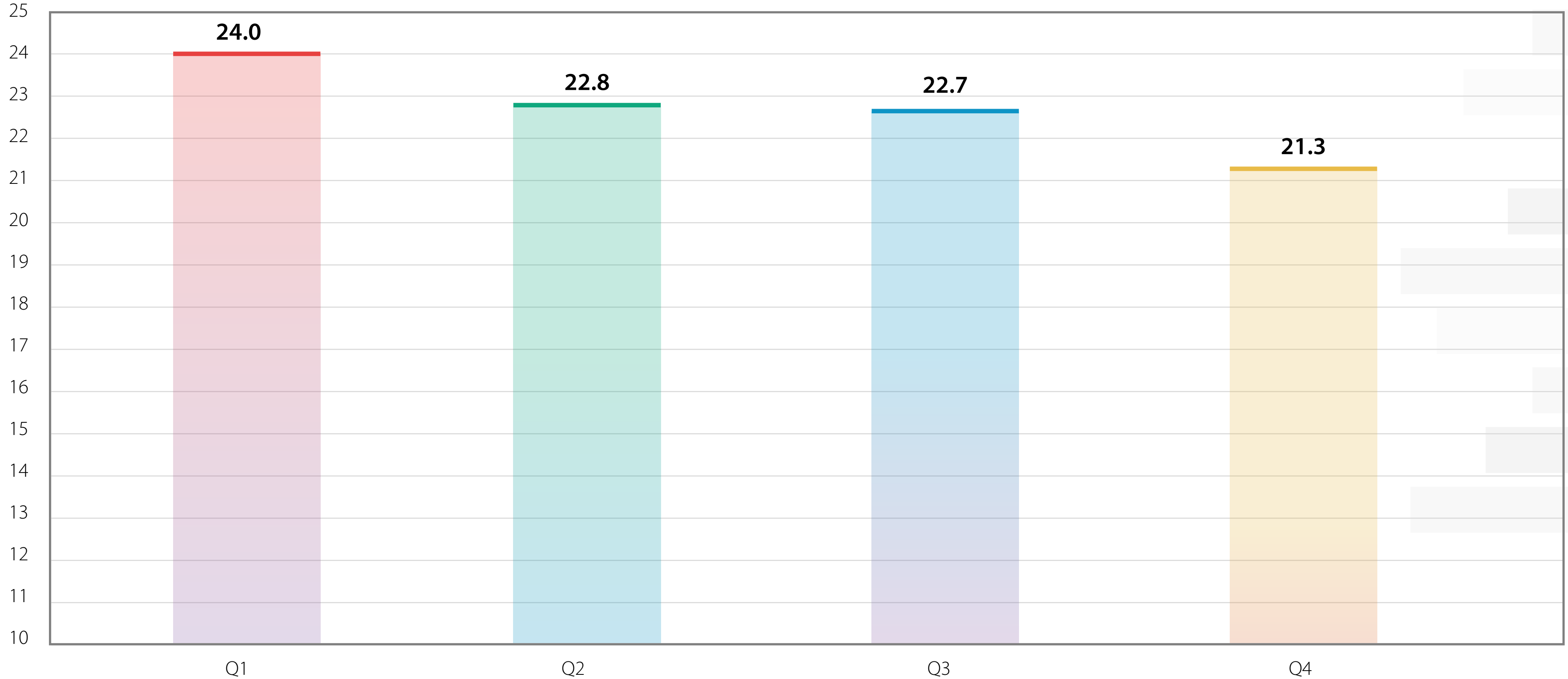
Source: BLS, iCIMS system data

1. BLS JOLTS Report, December 2014
2. BLS JOLTS Report, December 2015

The Labor Market Progressively Tightened Throughout 2015

As recently as December 2015, a survey of about 600 hiring managers and recruiters conducted by job board operator DHI Group Inc. found that ***61 percent are planning to do more hiring in the first half of 2016 than in the second half of 2015.***[3] Of course, media reports have emphasized mounting concerns about the outlook for economic growth in both the U.S. and abroad in the first months of 2016, but iCIMS' data reinforces the message that the U.S. labor market entered the new year with a substantial head of steam.

Figure 3:
Average Number of Applicants per Job Filled



Source: 2015 iCIMS system data

3. DHI Annual Hiring Survey, 2015

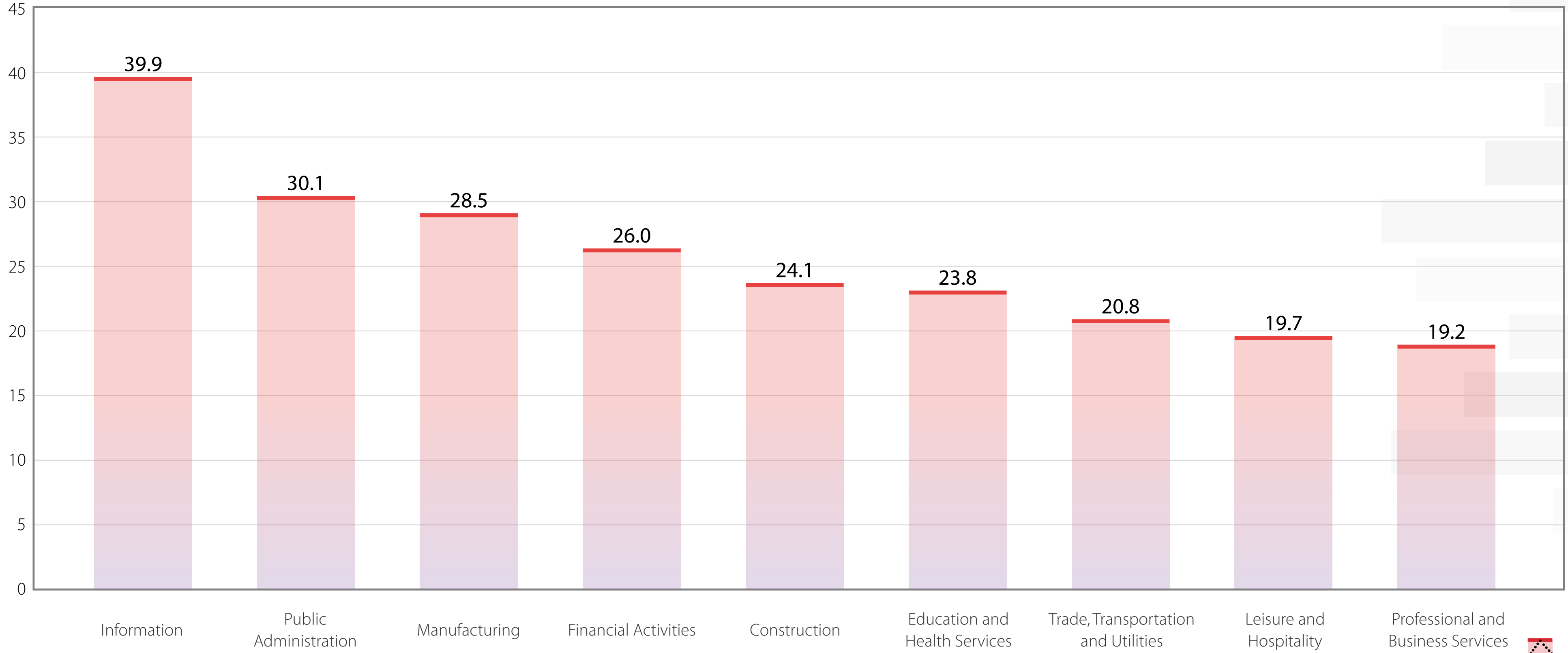
Talent Supply/Demand Ratio: Industry Trends

Among industry categories, "Information" had the highest average applicants per job filled in every quarter of 2015.

The information industry, which includes media and telecommunication companies, had the highest average applicants per job filled in all quarters, this ratio rose with each quarter of 2015. In Q4, this culminated with the information industry receiving 41 applicants per job filled – almost double the overall average across industries in Q4. This contrasts with the trend in aggregate applicants per job filled across all industries, which reached its lowest level of the year in Q4.

The category "professional and business services" had the lowest supply of applicants among industry categories in the U.S., with an average of 19 per open position. Figures 4 and 5 display the quarterly and annual average figures for applicants per job filled by industry.

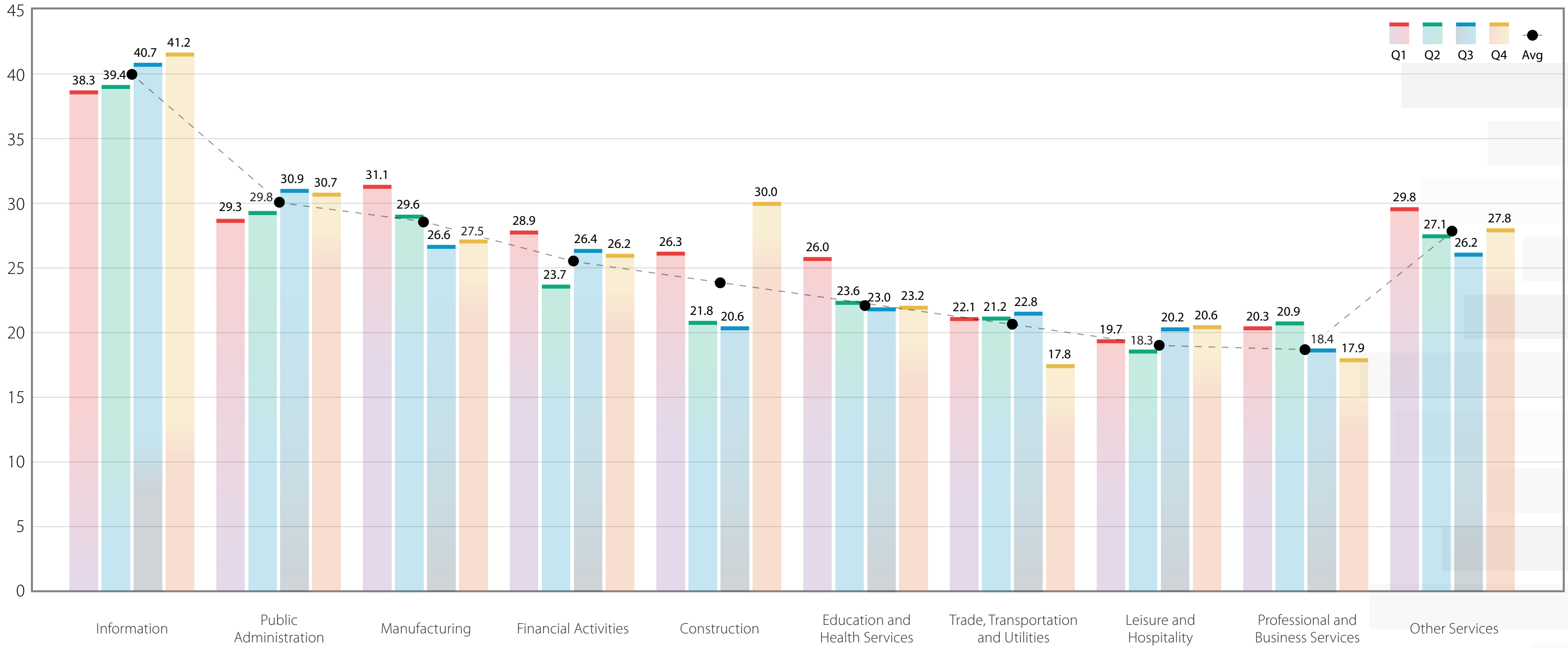
Figure 4:
Annual **Average Number of Applicants per Job Filled, by Industry**



Source: 2015 iCIMS system data

Talent Supply/Demand Ratio: Industry Trends

Figure 5:
***Quarterly* Average Number of Applicants per Job Filled, by Industry**



Source: 2015 iCIMS system data

Talent Supply/Demand Ratio: Regional Trends

The Northeast had more applicants on average than the other three major regions of the U.S. in 2015.

This section indicates that there were regional differences in the number of applicants per job filled. On average, the Northeast had more applicants per job filled than any other region in the U.S. in each quarter of 2015. Conversely, the Midwest consistently saw the fewest applicants per job filled, with an annual average of 18. All regions saw a decline in their talent supply/demand ratios over the course of 2015, but in the Midwest, it fell to 17 in Q4, whereas the other three regions saw ratios of 20 to 25 in Q4. The Midwest also posted the second-longest time to fill, implying challenges in attracting and screening qualified applicants.

Number of Applicants Per Job Filled, by U.S. Region, 2015

Figure 6:
***Quarterly* Average Number of Applicants per Job Filled, by U.S. Region**

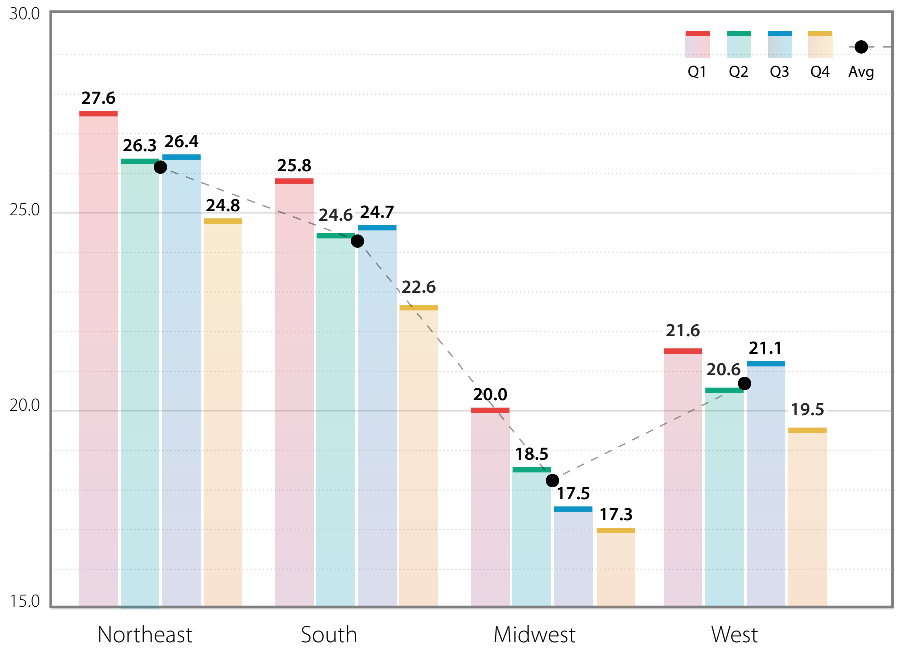
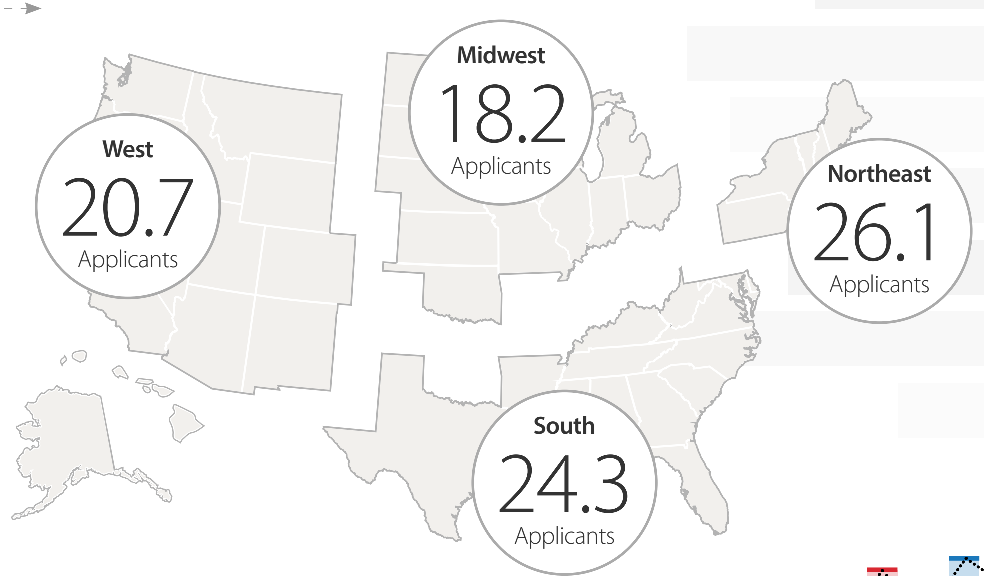


Figure 7:
***Annual* Average of Number of Applicants per Job Filled, by U.S. Region**



Source: 2015 iCIMS system data

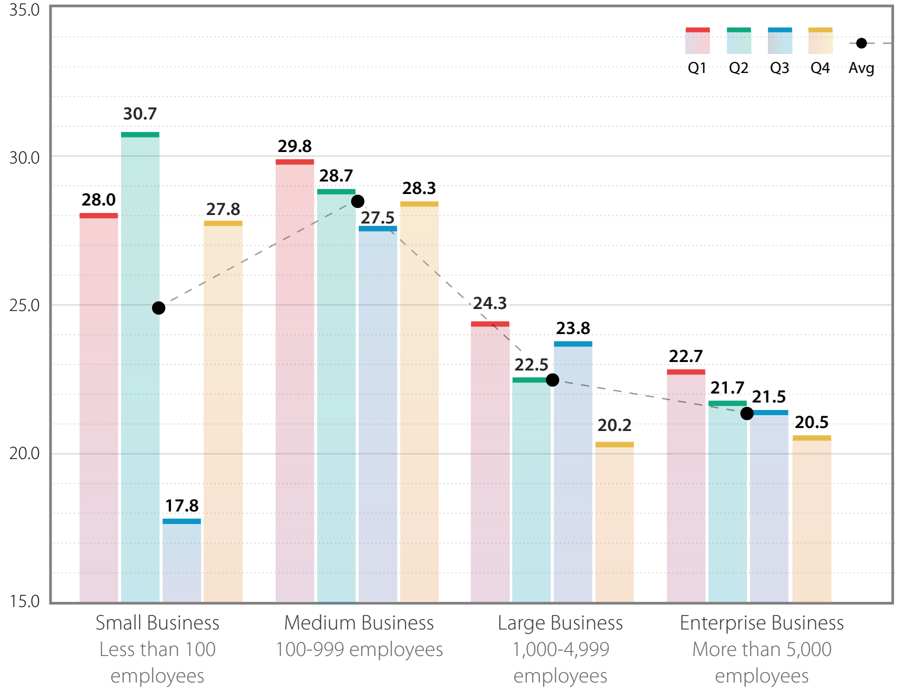
Talent Supply/Demand Ratio: Company Size Trends

Medium-sized companies, with 100 - 999 employees, received more applicants per job filled than smaller or large companies throughout 2015.

Medium-sized companies benefited from the largest relative supply of talent per open position, with approximately 28 to 30 applicants per job filled in 2015, while other business sizes received from 18 to 24 applicants per job filled. Small companies (less than 100 employees) saw a large drop-off in the supply of talent in Q3, with about 17 applicants per job filled, which was well below their 2015 average of about 25. Large and enterprise businesses both saw moderate but distinct declines in Q4 (to about 20 or 21), possibly related to a spike in postings for seasonal positions. In contrast, medium and small businesses saw their talent supply/demand ratios rise in Q4.

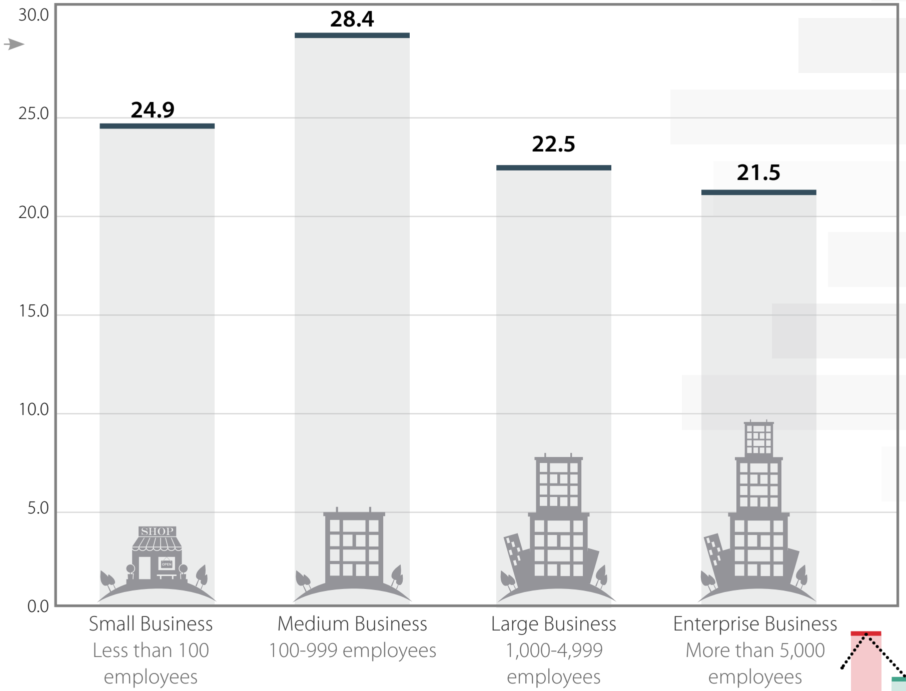
Number of Applicants Per Job Filled, by Company Size, 2015

Figure 8:
***Quarterly* Average Number of Applicants per Job Filled, by Company Size**



Source: 2015 iCIMS system data

Figure 9:
***Annual* Average of Number of Applicants per Job Filled, by Company Size**



Source: 2015 iCIMS system data

Section II:
Time to Fill

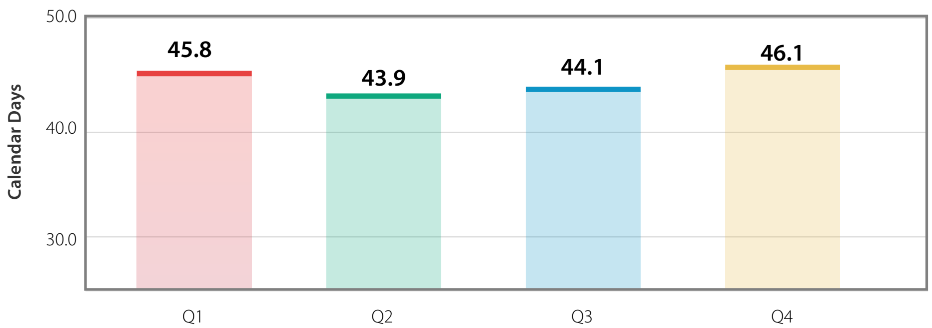
This section presents data on the time it took iCIMS customers to fill open job postings in each quarter of 2015, across industries, U.S. geographic regions, and company size groups. Time to fill, which is a critical metric for HR professionals and hiring managers, indicates the number of days* between the day a job was formally approved and the day the job was closed. For each quarter, we lay out the fastest and slowest groups of firms, based on the overall average days it took to close open jobs.

Overall Trends

On average, it took 44 calendar days for U.S. employers to fill an open job.

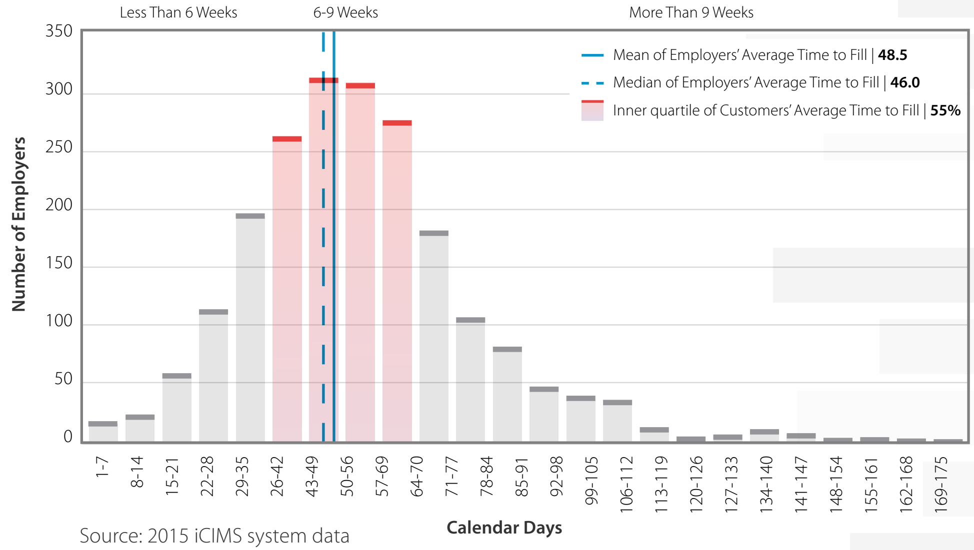
In 2015, it took an average of 44 days to fill an open job across all four quarters. The average time it took to fill a job increased from 45.8 days in Q1 to 46.1 days in Q4, after dipping to 43.9 and 44 .1 in Q2 and Q3, respectively.

Figure 10:
Time to Fill



*iCIMS measures time to fill in calendar days.
Source: 2015 iCIMS system data

Figure 11:
Employers' Average Time to Fill



Source: 2015 iCIMS system data

A survey of 900 recruiters and 6,000 hiring managers across the world by management advisory company CEB found that between 2010 and 2015 the average time it took to fill a position increased more than 50 percent.[4] To some extent, this likely reflects the strengthening of the global economy coming out of the global financial crisis and the Great Recession in the U.S.

An elongated time to fill can create challenges for both job seekers and recruiters. For job seekers, longer timelines can make it difficult to juggle multiple recruitment processes and lead to sub-optimal matching, which can have a long-lasting impact on individual workers' lives. For employers, an elongated hiring cycle can affect their bottom line. CEB estimates that the average vacancy costs upwards of $500 a day per open position. Over the 44 days that iCIMS found as its clients' average time to fill, that amounts to a loss of $22,000 in recruiting costs and lost productivity.

4. CEB 2015 Global Labor Market Survey.

Time to Fill: Industry Trends

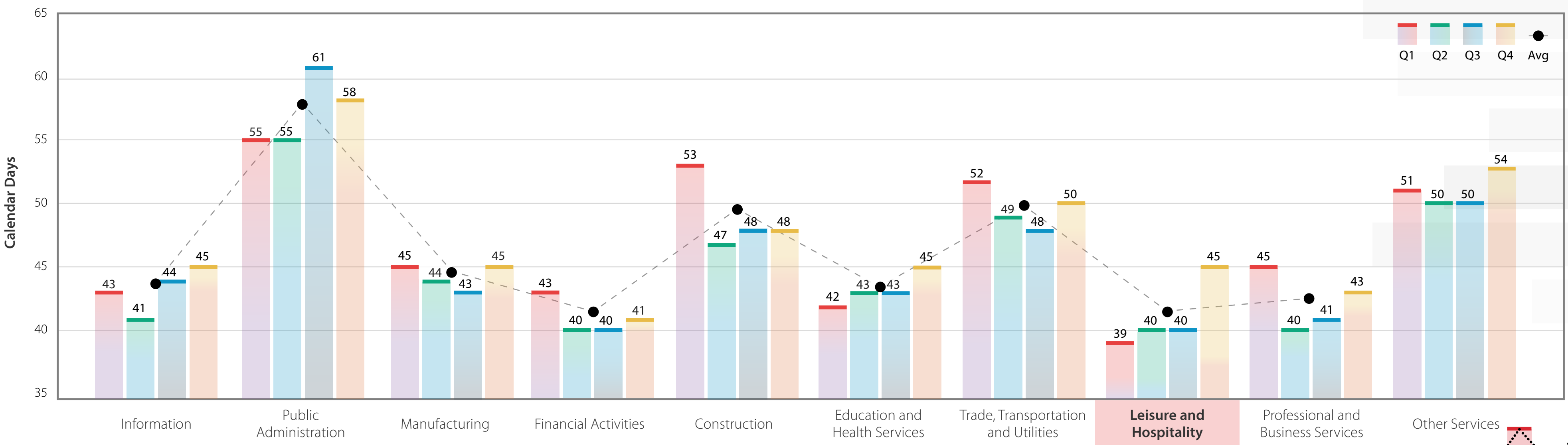
The leisure and hospitality and financial activities industries had the fastest turnaround time between job approval and job closure, with 41 days on average in 2015.

Figure 10 shows the average time it took to fill open jobs, in days, for each U.S. industry in each quarter of 2015. Overall, the leisure and hospitality and financial activities categories had the fastest turnaround time between job approval and job closure, with an average of 41 days to fill a job in 2015. Average time to fill a job in 2015 decreased between the first and last quarters for both industries, but the intra-year trajectory for each of these industries diverged substantially. For leisure and hospitality, the average time to fill a job in 2015 increased from 39 in Q1 to 45 in Q4, which may in part reflect fiercer competition among employers amid end-of-year seasonal hiring. For financial activities, time to fill declined from 43 in Q1 to 41 in Q4.

The professional and business services category had the third fastest time-to-fill metric across 2015, with an average of 42.5 days to fill a job. Unsurprisingly, the public administration category took longer to fill a given job than any other industry, with an average of 57 days. Government employers also took the longest time to fill a job in every quarter of 2015.

Hiring policies and processes, such as interview length and specialized qualifications, have significant effects on hiring times. In a June 2015 report, Why is Hiring Taking Longer? Dr. Andrew Chamberlain, chief economist at Glassdoor, found that job interview processes are getting longer, both in the U.S. and abroad. According to research from Glassdoor, the average interview process extended to 3.7 days in 2015 from 3.3 days in 2009.

Figure 11:
Time to Fill, by Industry



Source: 2015 iCIMS system data

Time to Fill: Regional Trends

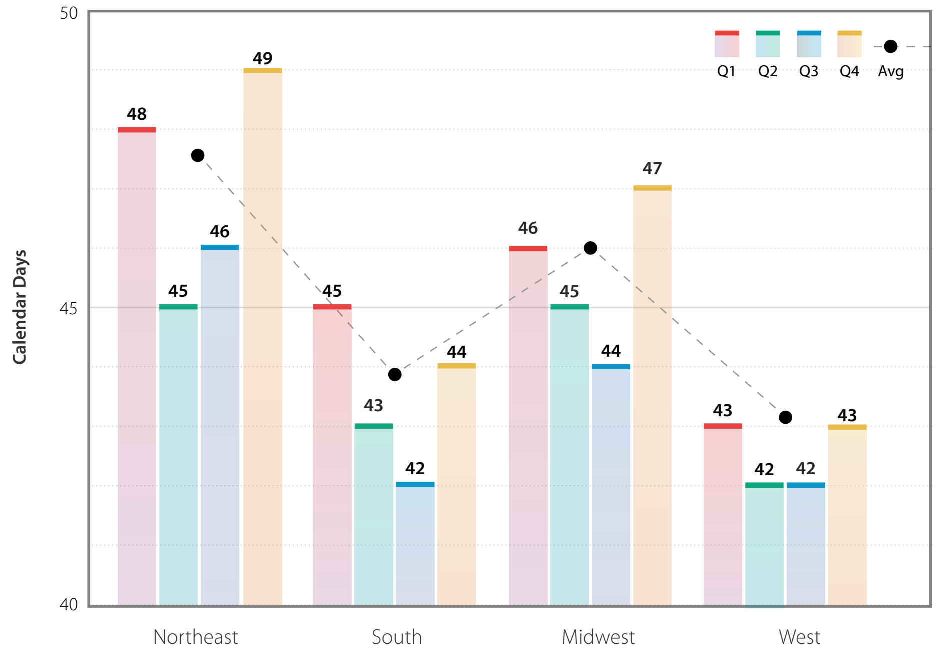
The West and South regions had the shortest average time to fill.

The West and the South regions had an average time to fill of 43 days in 2015, modestly lower than the 46 to 47 days posted by the Northeast and Midwest. The Northeast region had the longest turnaround times between job approval and job closure, with an average 47 days in 2015. The Northeast also had the most applicants per job filled (26), so its longer time to fill may indicate that employers there struggled to screen through their deeper pools of applicants.

In all regions, time to fill was longer in Q4 than the previous three quarters. It took less time to fill a job in Q2 and Q3 than at the beginning and end of year.

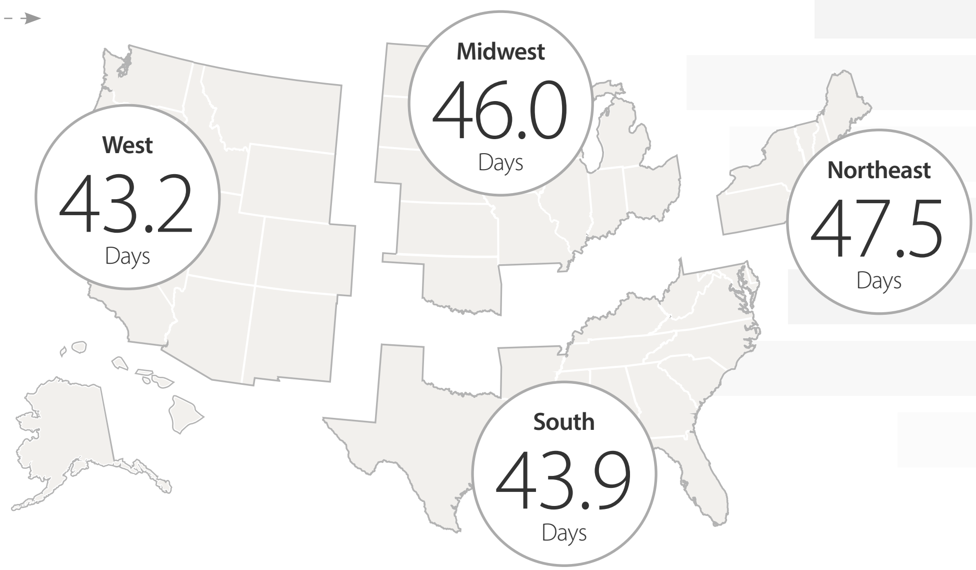
Average Time to Fill by U.S. Region, 2015

Figure 12:
***Quarterly* Time to Fill, by U.S. Region**



Source: 2015 iCIMS system data

Figure 13:
***Annual* Average Time to Fill, by U.S. Region**



Time to Fill: Company Size Trends

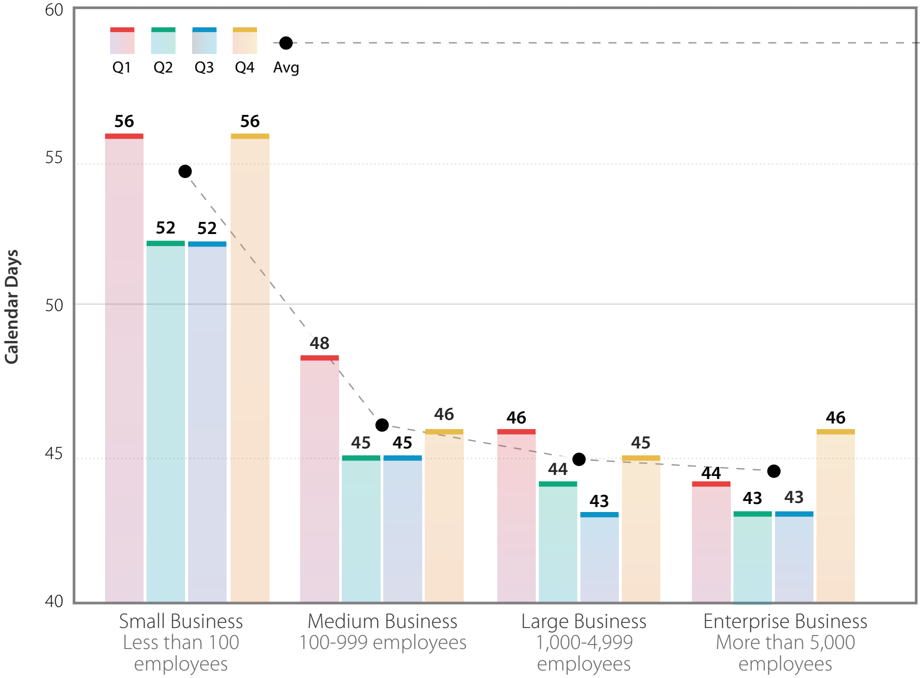
Some of the largest variations within the breakdowns occurred in the company size analysis, suggesting brand visibility and infrastructure are significant factors for time to fill.

On average, larger U.S. businesses took less time to fill a job than smaller companies, suggesting that the number of resources available for hiring as well as brand visibility and familiarity are significant factors in time to fill. Companies categorized as large and enterprise (5,000+ employees) took similar amounts of time to fill jobs in 2015, with an average of 44 to 45 days. In contrast, smaller businesses (less than 100 employees) took over 20 percent more time to fill jobs in 2015, with an annual average of 54 days. This underlines the importance for recruiters to actively build and market their employment brand.

Time to fill extended in Q4 for all companies, regardless of size. In Q4, the average time to fill a job across all industries was 46 days, while the median time to fill for the entire year was 33 days.

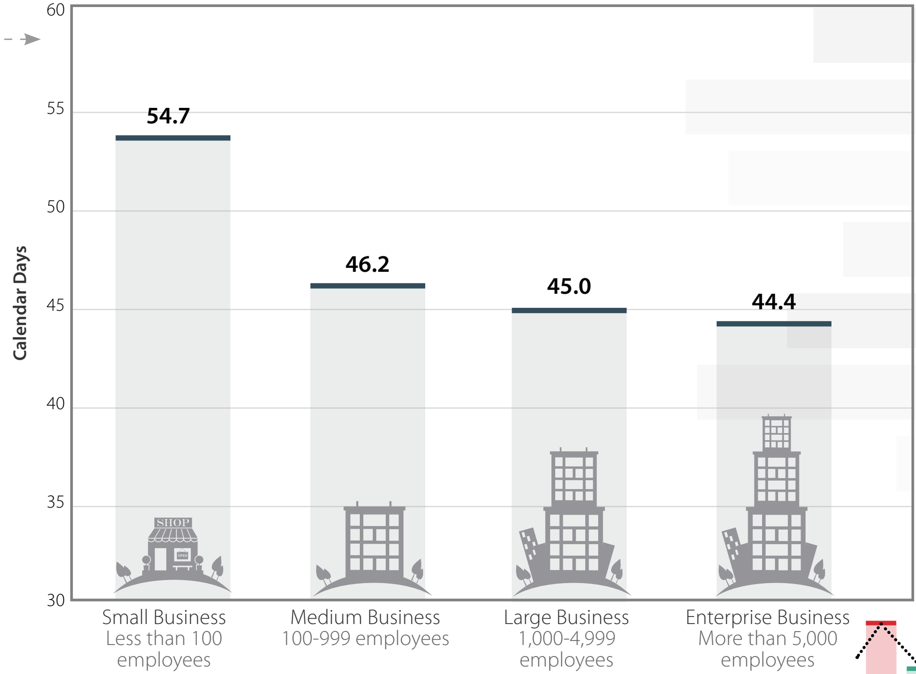
Average Time to Fill by Company Size, 2015

Figure 14:
***Quarterly* Time to Fill, by Company Size**



Source: 2015 iCIMS system data

Figure 15:
***Annual* Average Time to Fill, by Company Size**



Source: 2015 iCIMS system data

Methodology

This report was compiled based on data from Q1 through Q4 2015, based on a sample drawn from iCIMS' U.S. customer base of more than 3,200 organizations. Various adjustments to the sample, such as omitting industries with low customer counts and eliminated noisy outliers (such as job postings left open for six months due to clerical error), to enhance its representativeness, at the modest cost of reducing the size of the sample to 2,086 organizations. iCIMS worked with Hanover Research, a third-party data analyst firm, to arrive at the data conclusions reflected within. The industry-level analysis is based on the BLS classification system, with some categories aggregated to a higher level of organization or omitted altogether, in order to maximize the representativeness of the dataset.

Within the report, Hanover Research presents job creation and demand trends for each quarter of 2015. In addition, they also present the average time it takes employers to open and close a job. iCIMS calculates time to fill as the number of calendar days that elapse between the requisition's approval date and the date the requisition is marked as closed.

Dataset

To gauge the relative talent demand, Hanover Research calculated the ratio of the total number of applicants entering the hiring pipeline to the total number of closed positions. Higher ratios indicate surpluses of talent relative to demand. A ratio above one indicates a surplus of talent supply relative to demand, and a ratio below one ratio indicates a shortage of talent supply relative to demand. Hanover calculated and presented this metric by industry, geography, and company size.

In absolute terms, larger companies tend to post more jobs and have more applicants, which can skew results when analyzing talent demand trends. To account for this issue, data is analyzed both at the overall market-wide level and after controlling for the size of the company.

In order to account for the size of the companies, we categorized each company into one of the five groups depending on their size in terms of number of employees:

1. Less than 100 employees: Small companies;
2. Between 100 and 999 employees: Medium companies;
3. 1,000 and 4,999 employees: Large companies;
4. More than 5,000 employees: Enterprise companies.

Throughout the report, we segment our findings using these categories and examine how trends change after accounting for company size. For this report, we only analyzed industries with at least 10 companies.

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About iCIMS

iCIMS is a leading provider of innovative Software-as-a-Service (SaaS) talent acquisition solutions that help businesses win the war for top talent. Scalable, easy to use, and backed by award-winning customer service, iCIMS enables organizations to manage their entire talent acquisition lifecycle from building talent pools, to recruiting, to onboarding, all within a single cloud-based platform that is connected to the largest partner ecosystem of HR technologies in the industry. Supporting more than 3,200 contracted customers, iCIMS is one of the largest and fastest-growing talent acquisition solution providers.

About the iCIMS Hire Expectations Institute™

iCIMS Hire Expectations Institute (HEI) provides hiring professionals and job seekers with a community for the latest recruitment tips, technology developments, career advice, and industry insights. Providing resources for both parties of talent acquisition, HEI strives to bridge the gap between employers and job seekers by helping job seekers with their professional development and career goals, while helping hiring professionals stay well-informed on the latest recruitment trends, job seeker and candidate behavior, and technology advancements. With a growing urgency to find the best talent and a growing amount of people and opportunities in the job market, HEI helps its readers navigate a dynamic landscape of rapidly changing requirements, behavior, and technology that has become the new era of recruiting and job-seeking today. Learn more at icims.com/hei.

Chief Economist: Josh Wright

Josh Wright is Chief Economist at iCIMS and oversees the organization's proprietary research. Prior to joining iCIMS, Josh served as a U.S. economist with Bloomberg L.P., where he analyzed current macroeconomic trends and was a frequent guest contributor on Bloomberg Radio and Bloomberg TV.

As Chief Economist at iCIMS, Josh is responsible for analyzing proprietary data in order to produce fresh insights on emerging trends in the U.S. labor market. He contributes to the publishing of quarterly trends reports, as well as semi-annual reports and blog posts on ad hoc labor topics. In addition, Josh supports in the development of software that allows clients to analyze their own performance relative to industry benchmarks by collaborating with data scientists, software developers, and marketing executives.

A former Federal Reserve staffer, Josh helped build the Fed's mortgage-backed securities (MBS) portfolio of more than $1 trillion, among other responses to the global financial crisis.

As a researcher, he has published on labor and housing markets, as well as U.S. monetary policy, and advised policymakers across the legislative and executive branches of government.