

2023

HR & Hiring Outlook Report



Introduction

In September, Apple put a [hybrid work model in motion](#), dictating that all employees based out of its Cupertino campus would have to start coming into the office at least three days per week. The announcement explicitly said other offices would soon roll out similar plans.

In recent weeks, dozens of other large companies like Goldman Sachs, Comcast, and Peloton have all outlined similar return-to-office (RTO) policies to foster more collaboration and get back to the way things were before the pandemic. In a memo to employees, Apple CEO Tim Cook pointed to the “opportunity to come together, reconnect with our teams, and meet new colleagues in person.”

The takeaway was clear: For many, a return to the office is imminent.

However, 94% of workers now want hybrid or exclusively remote work options, according to a [recent Gallup survey](#), and [research shows](#) they're largely more productive away from the office. That's why some employees pushed back when big corporations began calling them to the office again. There were protests and petitions. Some flat out refused—at The New York Times, 1,300 staffers [threatened to go on strike](#).

This clash has a significant cost for HR leaders. Already tasked with hiring great talent in an ultra-competitive labor market, they also have to balance C-suite demands, volatile burn rates, and commercial real estate leases. Plus, if they push too hard with back-to-the-office mandates, they might lose out on promising candidates who want to work remotely.

So how are HR teams navigating these tough situations while trying to build successful teams? We recently surveyed 316 HR leaders and managers to find out.

Read the results of A.Team's latest report to learn how respondents feel about returning to the office, the possibility of layoffs, the role of independent contractors, and more.

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Key findings

HR leaders fear the ramifications of a return to the office

37%

anticipate a shift that will require employees to work more in an office

48%

believe a return to the office would hurt their ability to attract and retain talent

They're also concerned about the looming threats of both turnover and layoffs

46%

have seen attrition increase in the last year

23%

expect more layoffs in the near future

As a result, there's an increased demand for independent workers

50%

of hiring leaders said they relied more on freelancers in 2022 than 2021

51%

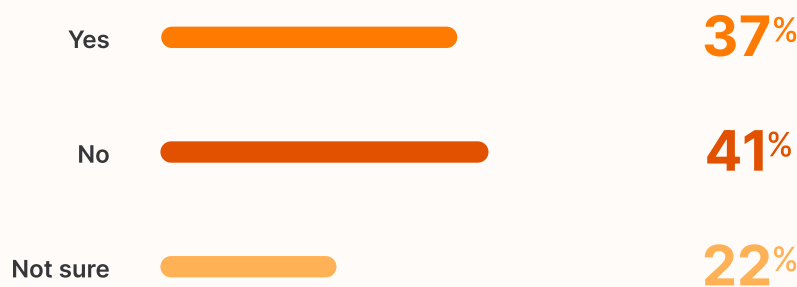
are more likely to hire independent workers moving forward

RTO risks

Despite serious public pushback from employees, it looks like many companies are forging ahead with their RTO mandates. In-person attendance has gradually increased in major cities across the U.S., per [Kastle System's Workplace Occupancy Barometer](#).

Even though it's still well below pre-pandemic levels, that trend will likely continue. According to our survey, 37% of HR leaders believe their employers will require more in-office work over the next six months. Among mid-market and enterprise companies, the expectation is even higher, with 43% predicting more in-office time.

Do you anticipate shifting your model to require more employees to work in-office in the next 6 months?



A.Team HR & Hiring Outlook Report, Survey of HR leaders & managers, N = 316

The question is why.

Executives have suggested working in an office would help foster collaboration, and some data backs that up. For example, researchers from the Columbia and Stanford business schools [reported that](#) people who ran creative brainstorming in person produced both more ideas and better ideas than teams operating remotely.

However, the big problem is these RTO plans come across as arbitrary compromises instead of purposeful decisions. Why three days a week instead of two? Or four? What are workers doing with this time in the office that maximizes their abilities?

These policies can lead to serious negative consequences for HR leaders. Forty-eight percent of respondents are concerned that mandating a return to office would hurt their ability to recruit talent and retain current employees. For those working at mid-market and large corporations, the number bumps up slightly to 52%.

I’m concerned that mandating a return to the office would hurt our ability to retain and attract talent.



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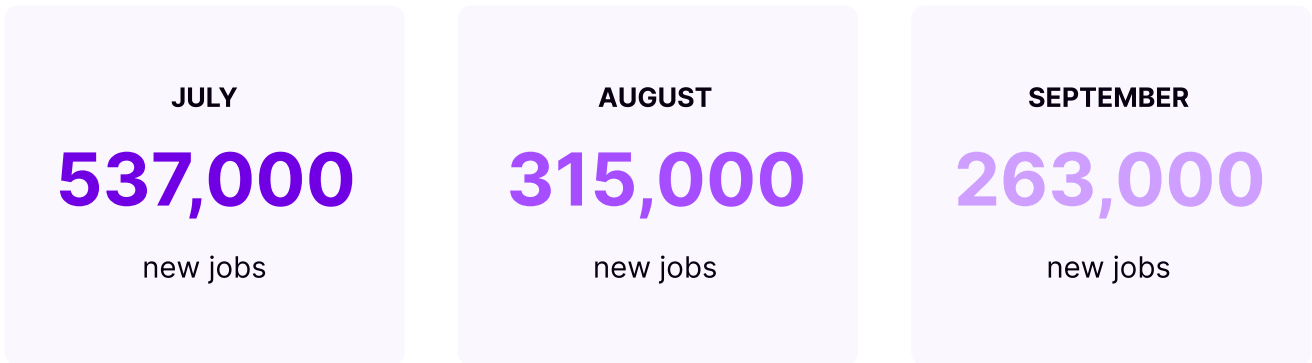
It’s not that all in-office work is a waste. And remote work has its trade-offs—ask anyone dealing with Zoom fatigue. It’s just that businesses usually want more output and efficiency, yet RTO plans can actually prevent them from achieving those goals. A better system might assign a purpose to in-office activity, like one day a week for brainstorming sessions and a few days a month for mentoring junior employees.

If companies can justify their tactics and show employees how they’d benefit, people will probably be more receptive to in-person and hybrid models. But if they continue to push forward with unpopular policies, other companies offering more flexibility could gain an edge, [regardless of compensation](#).

Looming layoffs

On the first Friday of every month, the U.S. Department of Labor Statistics releases the nonfarm payrolls report, which shows how many new employees have been hired each month. If you only looked at [those numbers](#) across industries, you'd think 2022 is going swimmingly.

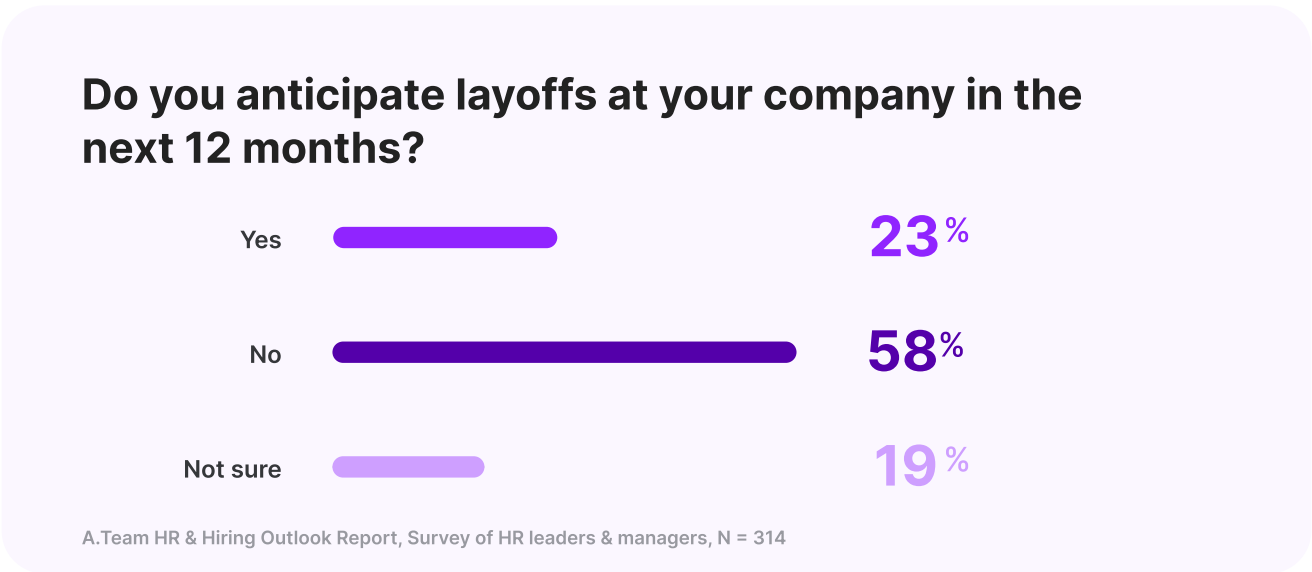
Here's a [snapshot of the last three months](#):



Notably, professional and business services—which includes tech—has been on fire, adding an average of 72,000 new jobs every month. These rates are well ahead of pre-pandemic levels. Workers and employers should both feel great.

And yet, they don't.

Constant layoffs have generated plenty of headlines this year, and according to our study, they'll likely continue. Roughly 23% of HR leaders anticipate layoffs at their companies in the next 12 months, while 19% are unsure.



This disconnect between all these new roles and all these major layoffs has created a confusing job market. Despite the threat of more downsizing, HR leaders are even more concerned about employee attrition. In the last year, 46% said staff turnover has increased, as workers have sought out higher salaries and more flexible work styles during the Great Resignation. That’s why, according to [Gartner research from September](#), hiring and retaining talent is far and away the number one challenge for CFOs over the next year.

How has employee attrition changed at your organization in the last year?

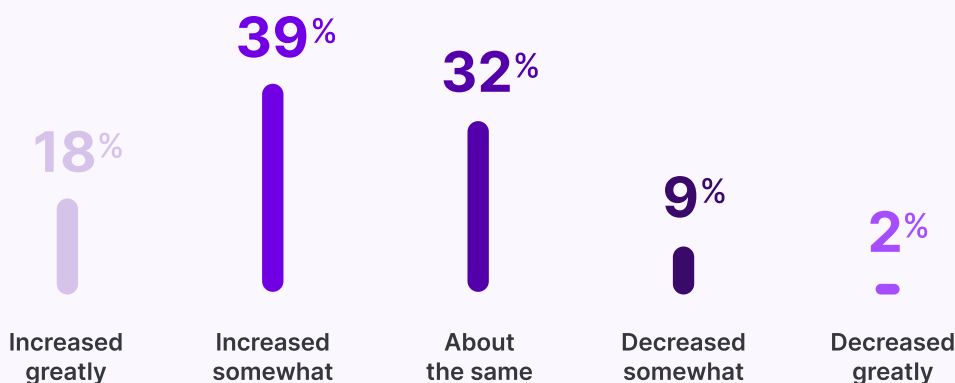


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Finding the right person for an open role has increasingly become a burden for hiring teams, which forces employers to dedicate more resources. According to [A.Team’s 2022 Tech Work Report](#), 67% of founders and tech leaders told us the traditional recruitment process is “broken and needs an overhaul—primarily because it’s too long and expensive.”

As a result, many companies are investing more in hiring: 57% of HR leaders told us their budgets for talent acquisition and recruitment have increased since 2021. At large corporations, that number ticks up to 60%.

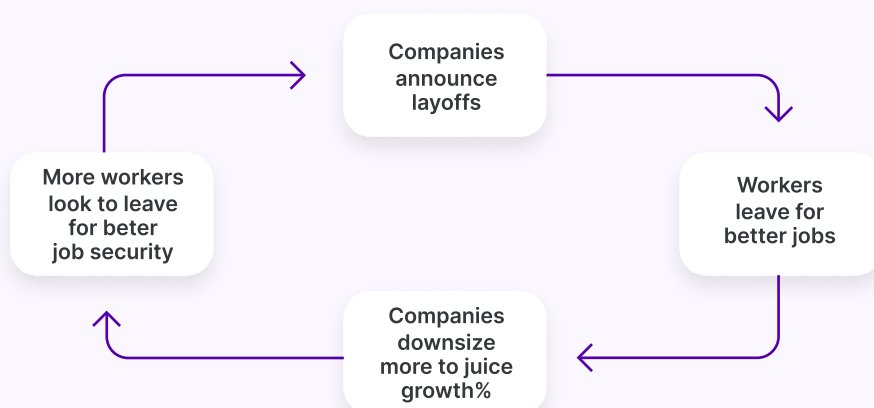
How has your organization's budget for talent acquisition and recruitment changed from 2021 to 2022?



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This trend might be a necessary short-term strategy, but it could make potential layoffs even worse if recruiters aren't able to fill open roles with the right people. In 2021, there was a point when LinkedIn actually listed more open tech recruiter jobs than software engineer jobs, but as [The New York Times pointed out in a recent feature story](#), recruiters have been hit especially hard by 2022 layoffs and have had trouble landing new positions.

2022's vicious employment cycle



The tech sector seems stuck in a vicious cycle: Workers are switching jobs as more companies fire people to cut costs and make their growth numbers look better—which makes it more likely that workers will leave their employers if they're concerned about job security. Until this cycle breaks, hiring managers will keep struggling to build full-time teams that can drive long-term success.

Embracing freelancers

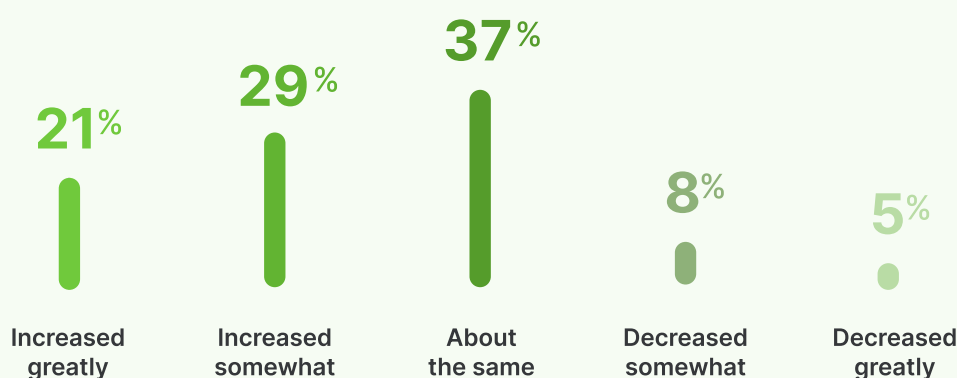
Over the last decade, the number of independent contractors has steadily climbed, fueled by gig economy mainstays ranging from Uber and Etsy to Airbnb and Amazon. More than a third of the entire U.S. workforce now freelances in some form, per a 2022 Upwork study, and never before have there [been as many contractors offering](#) skilled labor like programming.

This approach has its trade-offs, especially when gig economy platforms take big cuts from payments and prevent freelancers from securing full-time engagements with clients. But it's worth noting that an increasing number of workers have become independent contractors by choice.

[In a Harvard Business Review report](#), researchers from MBO Partners revealed that 68% of independent contractors now feel “more secure” working on their own compared to full-time work. In 2019, only 53% of contractors felt that way. In 2011, just 32% would've agreed.

With full-time hiring in flux, it makes sense that company leaders are warming to the [idea of blended teams](#), combining traditional employees with freelancers. In our [2022 Tech Work Report](#), 71% of founders and execs revealed that economic uncertainty has made them more likely to bring on freelancers or independent workers. Fifty percent of HR leaders told us their reliance on independent contractors has increased in the last year.

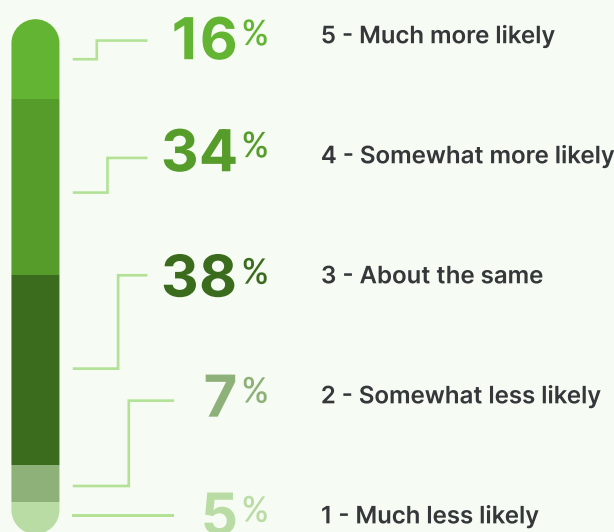
How has the percentage of your total workforce that's composed of independent contractor's changed compared to one year ago?



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Given how unpredictable the economy is and how volatile the talent market has been, we can expect HR teams to continue leaning on freelancers. Currently, 42% use a software platform like Toptal or Upwork to source product and engineering talent. Fifty percent say they are more likely to hire remote contractors than they were a year ago, which would save costs if employees have to return to the office.

On a scale of 1-5, how much more likely are you to hire remote contractors vs. one year ago?



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This approach benefits both hirers and contractors. Each side gets a trial run to see if there is a good fit before locking into a commitment. For contractors open to full-time roles, having that knowledge is especially important so they can [see if their work meaningfully contributes](#) to a company's long-term goals.

What's ahead

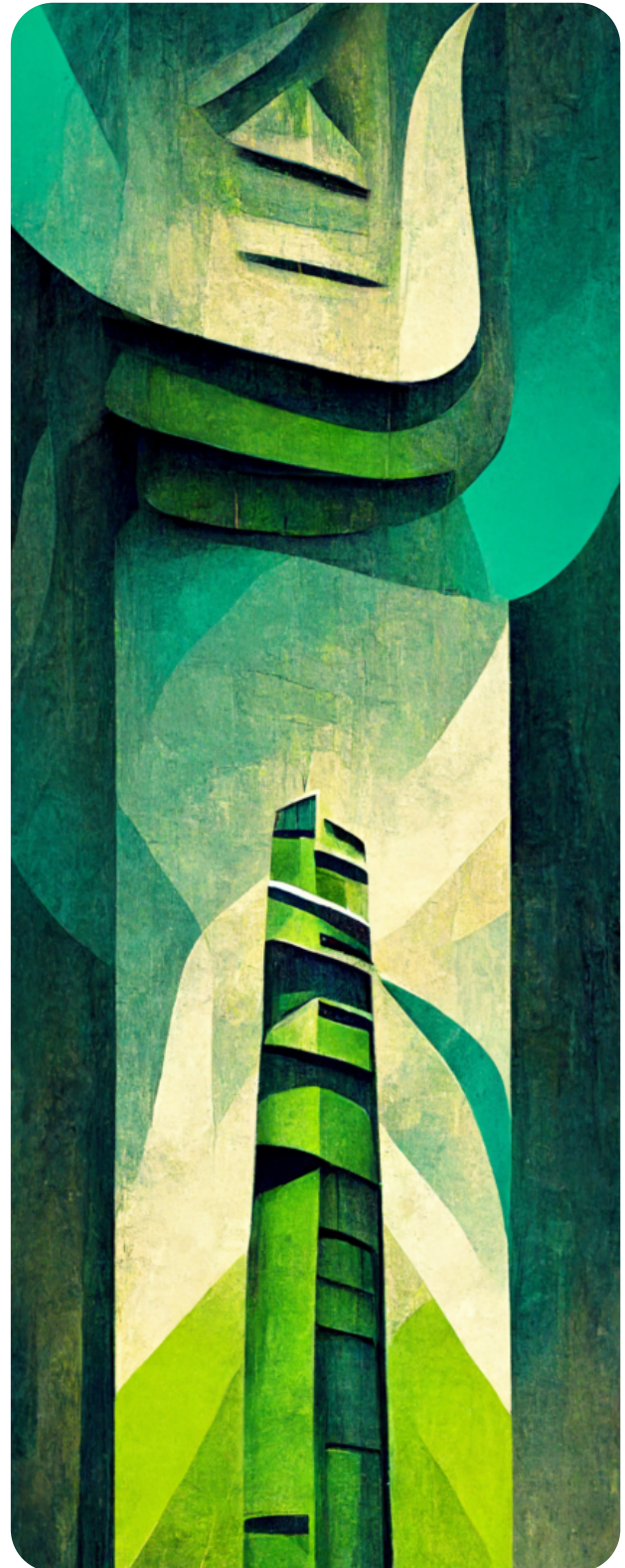
Judging by the data, HR teams have their work cut out for them. They're trying to address major challenges that are sometimes at odds with each other. They're often making hiring decisions with imperfect information. And they're ushering in a new era of work that's unlike anything we've encountered before.

The next few months will be very important as we see how workers react to RTO demands. It's possible employee turnover escalates even more, hanging a cloud over the Apples and Disneys of the world, workplaces that seemed so desirable just a few years ago.

So what can HR leaders do to stay ahead?

To start, they can embrace blended teams and flexible work styles. Employee preferences have changed—back-to-office mandates may lead to negative consequences. To prevent them, HR leaders should look to collaborate with founders and execs on new strategies that can keep workers engaged and balance sheets healthy.

Amidst all this uncertainty, only one thing seems certain: Hiring managers will have to get creative with how they develop their teams.



Methodology

- A.Team surveyed 316 US-based HR leaders and managers in July 2022 in partnership with CINT Market Research.
- Respondents were asked 20 multiple-choice questions and 3 short-answer questions.
- 57% represented mid-market or larger corporations. The rest were spread out among early-stage startups, growth-stage startups, and small businesses.