

The State of Applicant Tracking Systems 2020



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Executive Summary

What a difference a year makes. In September 2019, the U.S. unemployment rate stood at 3.7%, a mark that some economists deem “full employment.” A year later, the U.S. September unemployment rate was 7.9%.

This means, of course, that the circumstances surrounding last year’s survey on applicant tracking systems (ATS) were dramatically different from this year’s. In light of the global pandemic and accompanying global recession, some recruitment professionals have been forced to adopt modified recruitment approaches. These modifications often result in changes in the way ATS are leveraged as well.

HR.com’s HR Research Institute surveyed the human resources (HR) community during the autumn of 2020 to learn the details of those changes.

About this Survey

The survey, called “State of Applicant Tracking Systems 2020,” ran in September and October of 2020. There were usable responses from 285 HR and recruitment professionals. The study was conducted by HR.com through its HR Research Institute.

The participants are HR professionals representing a broad cross-section of employers by number of employees, ranging from small businesses with under 50 employees to enterprises with 20,000 or more employees.

We’ve summarized the key findings below.

Key Finding **1**

Most organizations have an ATS and more are considering one.

- A substantial majority of HR professionals (73%) say their organizations use an ATS. Thirty-five percent use at least one stand-alone solution and 44% use a recruitment module that is part of a larger human capital management system. Some organizations have *both* stand-alone solutions and modules that are part of larger systems.
- Large organizations (those with more than 1,000 employees) are most likely to have an ATS, with 88% reporting they have at least one. What’s more, large organizations are about as likely to use a point solution (49%) as a system that is part of a larger HR technology platform (47%).
- A majority (56%) of those without an ATS are either planning to acquire one or considering it.

Key Finding 2

The data suggests that firms that use an ATS have advantages in the area of talent acquisition.

- More than half (54%) of HR professionals say that talent acquisition in their organizations is good or excellent.
- Those organizations that say they're good at talent acquisition (i.e., high-performing TA organizations) use an ATS at a higher than average rate: 81%. In contrast, only 65% of those with lower-performing TA functions use an ATS.
- A majority of respondents describe their ATS as being essential for adding/exporting candidate information (66%) and sending/organizing messages to candidates (59%). Nearly half say essential capabilities include scheduling/calendaring (49%) and providing access on mobile devices (48%).
- Managing the volume of applications is the most widely cited benefit of using an ATS (71%) and reducing time-to-hire is the second most widely cited benefit (60%).

Key Finding 3

Despite the utility of ATS, many HR professionals still say that, for now, their systems suffer from a number of weaknesses.

- Just 46% of respondents say their ATS is good or very good at automatically matching candidates to the right job postings and only 47% say they are good or very good at gathering and integrating employee referrals. What they are best at, of course, is tracking candidates as they move through the recruitment process (81%).
- Integration with other technology systems remains a challenge in some areas. Although there is fairly widespread integration with HRIS/HRMS, assessments and E-verify, there is considerably less integration with reference checking, candidate satisfaction data, and video interviewing platforms.
- Only a minority of participants agree that their ATS enables them to locate internal talent (41%) or helps identify candidates who are passively looking for jobs (40%).
- When asked to identify what they like least about their ATS, the most common response is that their system does not have enough of the features users need (40%), followed by the complaint that their system does not have good reporting/analytics functionality.
- More than two-fifths (44%) say their ATS offers no way of gauging job candidate experiences. Among those with systems that *can* gauge such experience, 53% describe that experience as good or excellent.

Key Finding **4**

In terms of their ATS usage, organizations with high-performing TA functions are overall more satisfied with their ATS than lower-performing firms.

- High-performing TA organizations get higher levels of performance from their ATS across the board. One example is that 77% of high-performing TA firms say their ATS is good at customizing the application process, compared to just 34% of lower-performing TA firms. Another is that high-performing TA organizations say their ATS offers candidates a high-quality experience at a much higher rate than their lower-performing counterparts do—77% to just 36%.
- Why do high-performing TA firms provide a better overall candidate experience? One key factor may be that they are more likely to gauge the candidate experience. Among those that do measure employee experience as well as candidate satisfaction data, high-performing TA firms are considerably more likely to use candidate surveys and obtain written feedback from candidates.
- On a more basic level, only 51% of lower-performing TA organizations say their ATS is easy to use whereas 86% of high-performing TA firms say the same.

Key Finding **5**

Participants are excited about some recent developments and are expecting advancements over the next three to five years.

- When responding to a question about which recent improvements and innovations are most exciting, participants were most likely to select:
 - ▶ text messaging capability to improve candidate engagement
 - ▶ integration with a new hire onboarding process
 - ▶ improved capability to 'autofill' applications from candidates' resumes and online social profiles
 - ▶ integration with online social media sites
- When responding to a question about the most beneficial ATS enhancements over the next three to five years, respondents were most likely to select:
 - ▶ greater personalization
 - ▶ improved assessment and filtering tools
 - ▶ ability to anonymize applicants and/or candidates to reduce the potential for hiring bias

Key Finding 6

Most organizations have been adapting their technology systems and recruitment processes to circumstances associated with the Covid-19 pandemic:

- Seventy-eight percent say they have taken talent acquisition actions in response to the pandemic. Among these organizations:
 - ▶ 89% have adopted some form of video conferencing platform with 60% saying they have begun doing more interviews virtually
 - ▶ 56% have adopted some electronic signature application
 - ▶ 24% have implemented new technologies to handle remote hiring issues



How Has the Recruitment Function Been Coping in an Uncertain Era?



Finding: Most employers began doing more remote interviews in response to the pandemic

In early 2020, the Covid-19 pandemic struck the world. Within a matter of weeks, many business operations were disrupted as nations adopted social distancing strategies in an effort to slow the spread of the virus. Not only did this drive many businesses to adopt remote work arrangements as never before, but it also changed talent acquisition practices in many organizations.

Economic slowdowns accompanied the pandemic, which contributed to less recruitment activity in some organizations. But even among employers where recruitment efforts did *not* slow (or, indeed, ramped up as in certain essential service industries such as healthcare), organizations often adopted remote hiring strategies to maintain social distancing.

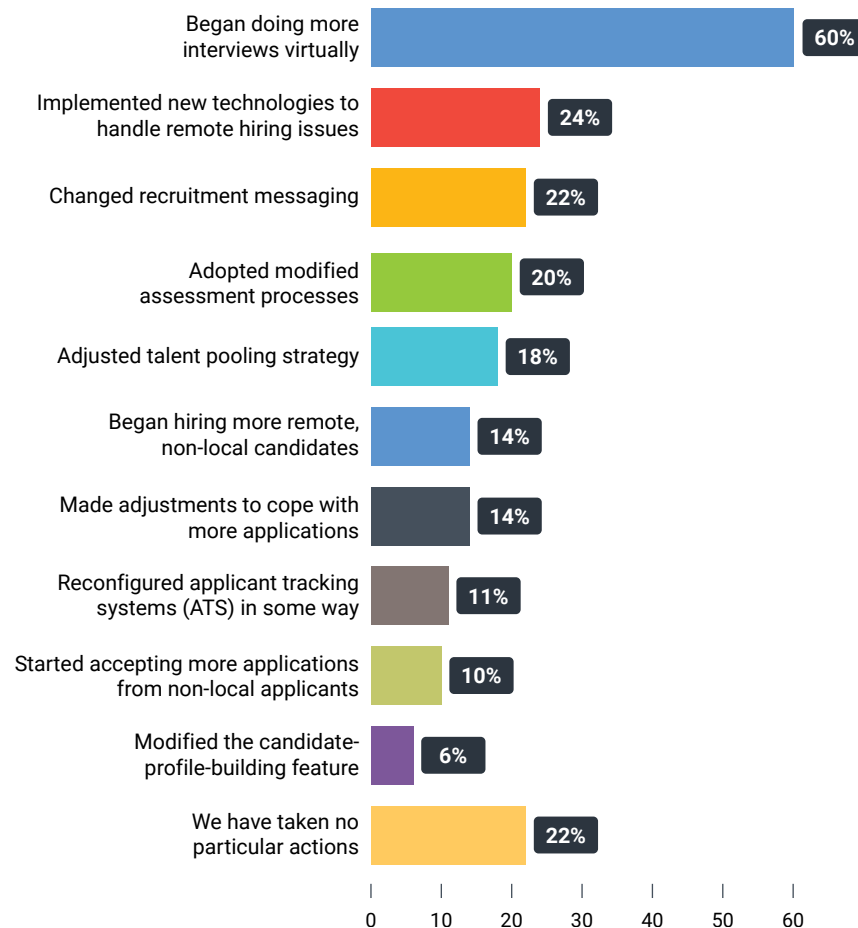
In fact, “began doing more interviews virtually” is the clear strategy when we asked survey participants, “Which of the following talent acquisition actions has your organization taken as a result of the global pandemic and related events?”

Although this is the most widely selected action, it is by no means the only one. Less than a quarter of respondents (22%) say that they have taken no talent acquisition actions in response to the pandemic.

Aside from conducting more virtual interviews, the next three most commonly cited actions have been:

- implemented new technologies to handle remote hiring issues
- changed recruitment messaging
- adopted modified assessment processes

Survey Question: Which of the following talent acquisition actions has your organization taken as a result of the global pandemic and related events? (select all that apply)

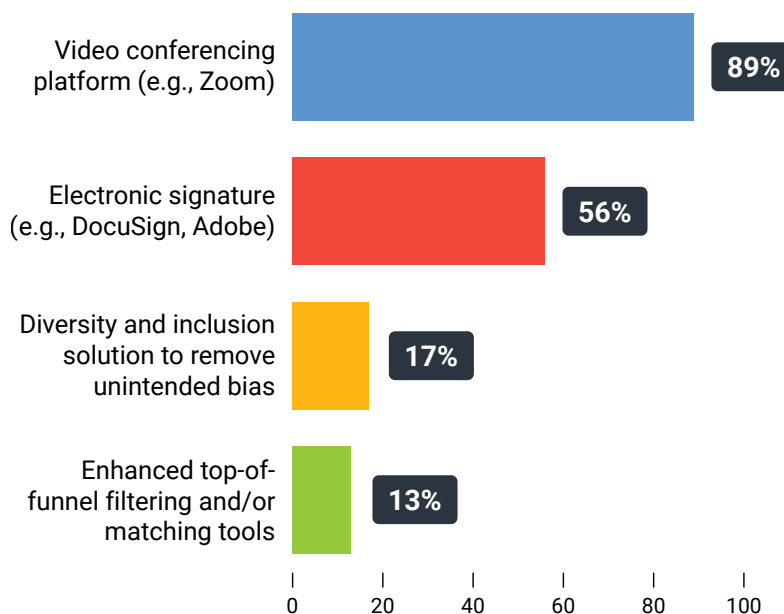




Finding: Video conferencing platforms and electronic signatures applications have become more common

Among employers that have taken TA actions in response to the pandemic, most have adopted video conferencing platforms and electronic signature applications. This is expected, as these solution technologies are fairly easy to implement and can be seen as “low hanging fruit.” Meanwhile, nearly a fifth (17%) adopted a diversity and inclusion solution that is intended to remove or reduce unintended bias in the recruitment process.

Survey Question: Aside from possible features included with your ATS, what third-party recruitment-related solution technologies has your organization adopted in response to the Covid-19 pandemic, economic slowdowns and/or protest movements?



How Effective Is Talent Acquisition Today?



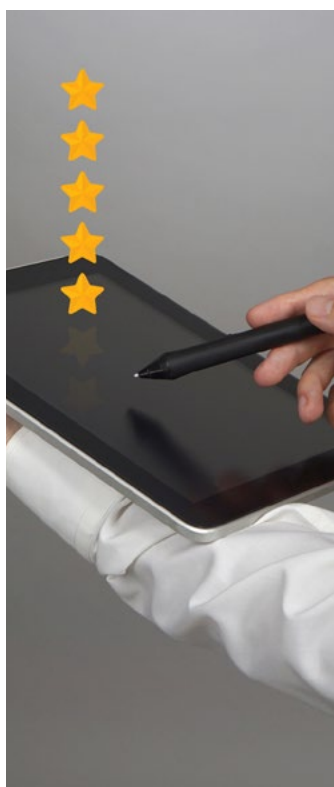
Finding: Slightly more than half of respondents rate the overall effectiveness of their TA efforts as good or excellent

A little more than half (54%) of HR professionals say their organization's current TA efforts are either excellent or good. This is not significantly different from the 52% mark seen in 2019. On one hand, this indicates that the overall quality of recruitment practices has only held steady. On the other hand, it suggests that, taken as a whole, talent acquisition professionals have generally been able to maintain their levels of effectiveness even during a turbulent period. Perhaps we would be seeing a larger increase had the Covid-19 pandemic not happened.

An era of labor uncertainty

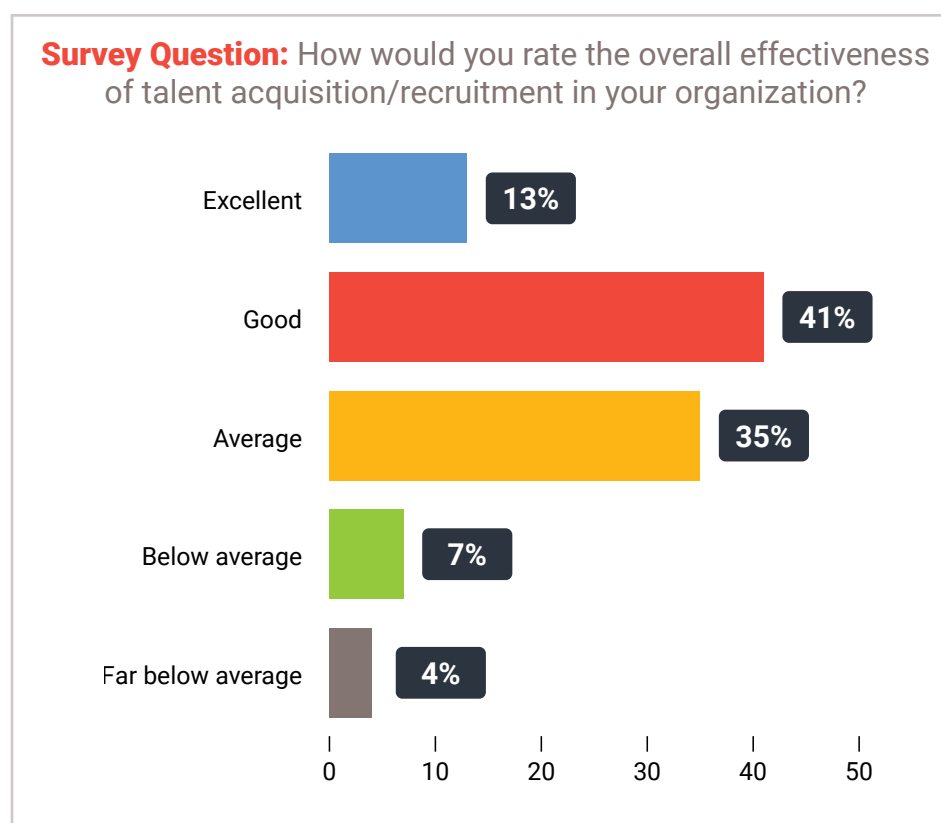
Responding effectively in this period of uncertainty may be one reason that the average cost to attract a job seeker and convert them into a job applicant—aka, cost per applicant (CPA)—rose from about \$12 in January of 2020 to [\\$19 by June](#). Another factor might be that many people stopped seeking work during the initial period of urgency when many households were striving to contend with an array of factors, including childcare emergencies as schools and daycare centers closed.

As of this writing, the U.S. [employment situation](#) remains hard to predict. Unemployment rates rose from 3.5% in February 2020 to 14.7% in April and then back down to 8.4% within four months. Many jobs that require an [onsite presence](#) have reportedly been going unfilled, perhaps due to the potential danger from the Covid-19 virus. Moreover, many Americans have been [moving](#) due to Covid-19, which can make filling certain jobs more complicated. And, no one is sure what the next economic quarter will bring.



However we view these shifting circumstances, it does not appear that recruitment has suddenly become an easy task for most employers or that most job applicants are having an easy time locating work.

In short, the U.S. job and labor markets remain in flux at the time of this writing, and it is uncertain when they will become more predictable again. In the meantime, HR professionals generally—and talent acquisition experts more specifically—must stay agile and able to quickly respond to new developments as they occur.



Later in this report, we will use the answers to this question to analyze differences between two survey cohorts:

- **High-performing TA firms:** These represent respondents who indicate that their firms are good or excellent at talent acquisition/recruitment.
- **Lower-performing TA firms:** These represent respondents who say that their firms are average, below average, or far below average at talent acquisition/recruitment.

How Prevalent Are Applicant Tracking Systems?

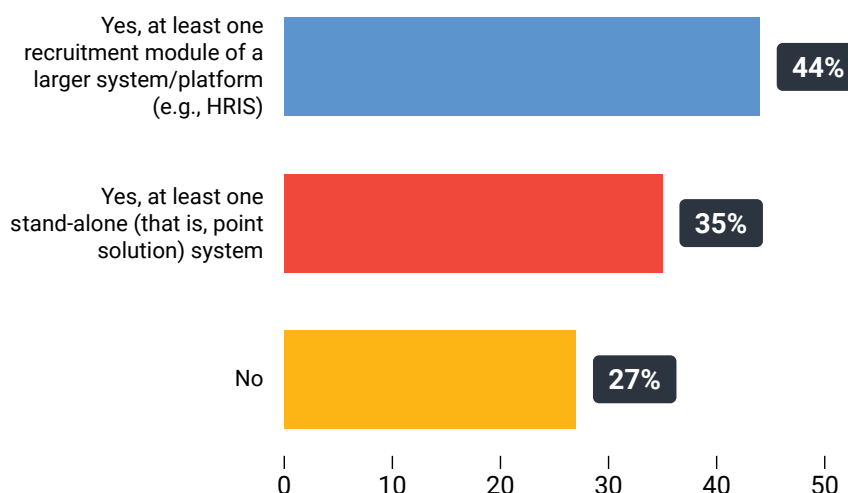


Finding: Nearly three-quarters of responding organization use an ATS

A majority (73%) of organizations now use an ATS, up from 64% in 2018. Thirty-five percent use at least one stand-alone system and 44% use an ATS that is part of a larger HR technology platform. Of course, some organizations use both so there is some overlap between the two. These are typically larger organizations that have multiple strategic business units, some of which may have their own ATS.

Large organizations (those with more than 1,000 employees) are most likely to have an ATS, with 88% reporting they have at least one. What's more, large organizations are also more likely than average to use a point solution (49%) compared to a system that is part of a larger HR technology platform (47%).

Survey Question: Does your organization currently use one or more applicant tracking systems (ATS)? (select all that apply)



Editor's Note: Some organizations use both stand-alone systems and systems that are a module of a larger platform.



Finding: High-performing TA firms are more likely than other organizations to use an ATS

Among high-performing TA firms, 81% currently use an ATS, compared to just 65% of their lower-performing counterparts. The data does not prove a causal relationship between recruitment excellence and using an ATS, but it does suggest a correlation.

We interpret this to mean that, although higher ATS usage is correlated with higher TA performance, it does not guarantee it. To be successful, an ATS must be used well in conjunction with other talent acquisition best practices.

Survey Question: Does your organization currently use one or more application tracking systems (that is an ATS)?

[Percent using an ATS]

High-performing TA firms



81%

Lower-performing TA firms



65%

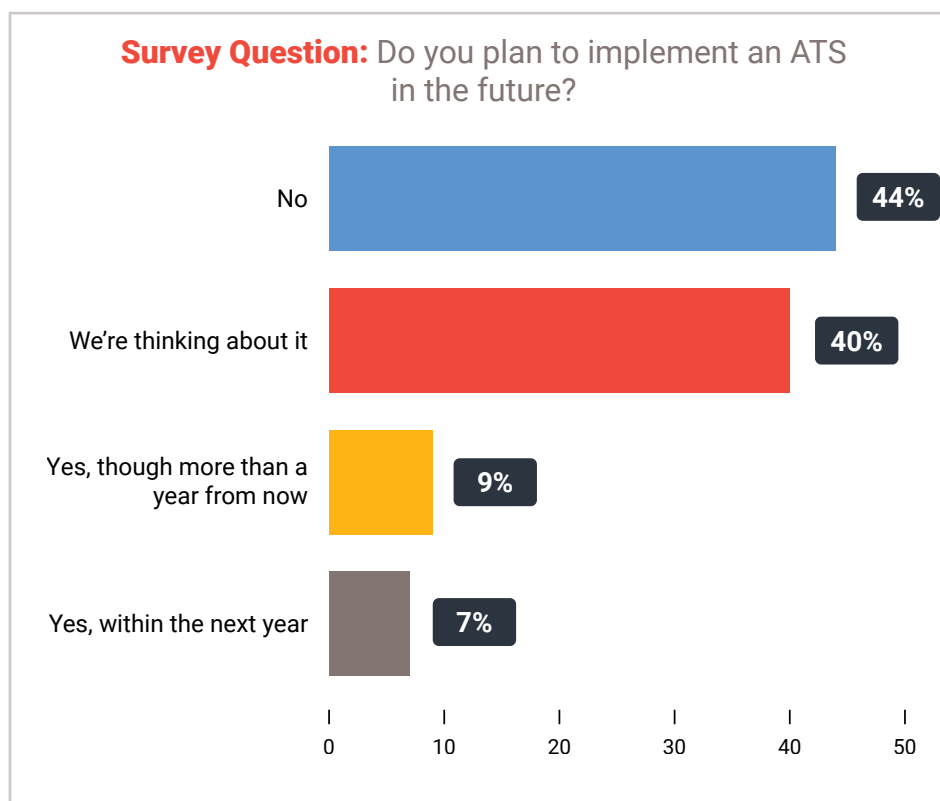
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Finding: Sixteen percent of firms without an ATS have definite plans to implement one in the next two years, and another 40% are considering implementing one in the future

Among organizations that do not currently have an ATS, only 16% plan to implement one within the next year or more. This is a sharp decrease from 43% in 2019. We assume this is due to the Covid-19 pandemic and associated economic downturn.

However, there was a modest increase in the proportion saying they are “thinking about” implementing one in the future, from 31% in 2019 to 40% in 2020. We interpret this to mean that many organizations would still *like* to implement an ATS in the future but, given today’s uncertain climate, have not formulated definite plans.





Finding: The primary barriers to further ATS usage are cost and a perceived lack of need

The most commonly reported barrier to ATS usage, cited by 46% of respondents, is cost/expense. No other single reason for *not* using an ATS was selected by even 30% of the participants. The second and third most commonly cited reasons are:

- don't need one for our purposes (29%)
- don't understand the benefits of ATS for us (25%)

We should note, however, that this varies by size of organization. Among large organizations, the top perceived barriers (cited by 60%) are that “leadership will not commit to an investment in ATS.” This suggests that the perceived need may be there for some larger firms, but HR has not yet been able to convince leaders to invest in this area. In such cases, it may be incumbent on recruiters and HR practitioners to build stronger business cases for ATS use by illustrating the bottom line business benefits of ATS adoption.

Survey Question: What are the most important reasons your organization does not currently use an ATS? (select all that apply)



What Are the Benefits of Using an ATS?



Finding: The most widely cited benefit of using an ATS is the ability to better manage the volume of applications/resumes

Of those with an ATS, 71% say the ability to manage the volume of applications and resumes is the primary benefit of using an ATS in their organization.

This will be an especially important benefit for organizations that are seeing more applicants per open position in a softer economy. In some organizations, there may also be fewer talent acquisition professionals on staff given recent downsizings. This potentially means fewer recruitment professionals handling a larger volume of applicants per open position so being able to efficiently manage applications is even more crucial now.

A related issue, and the second most commonly cited benefit at 60%, is the need to reduce time to hire. For organizations seeing more applicants per open position, it can be challenging to locate the best candidates and then get them through the interview and assessment process in a timely manner.

The third mostly widely cited issue is the ability to screen candidates better (58%). Again, this ATS capability is especially important when there are many applicants. We don't think it is a coincidence that all three of these areas are cited by more than half of respondents.

Survey Question: What are the top four benefits of using an ATS in your organization? (choose up to four)



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