THE MODERN CANDIDATE:
HOW HIRING IS CHANGING AND WHAT TO DO NEXT

The Brave New World of Hiring

Have you ever taken a manufacturing or operations management class?

If you have, you may remember that one of the big shifts in thinking over the last 100 years in that space is what started out as "just in time" and has since been called "lean" operations. Prior to that, it was common for manufacturers to house immense quantities of inventory needed to build products. However, the lean focus pushed back on that conventional tactic by encouraging organizations to only tie up as much cash as they needed in order to have raw goods on hand for current operational capacity.

At first glance, that makes complete sense, right?

After all, this had been a successful approach for decades as supply chains operated efficiently, but when disruptions occurred as in recent years, this severely affected how quickly companies could develop the goods they were meant to produce. In some cases, companies used up all of their existing raw materials and were stuck, unable to produce anything until they received more.

Why the history lesson?

Because this same challenge is happening now, but with regard to hiring. The need for talent has a very clear parallel to this: employers don't hire extra people and put them in a waiting room until they are needed. They hire just what they need to get the job done, expecting there to be more raw talent available to meet demands as they come. **However, if there aren't enough people to fill the available need, disruption occurs throughout the entire organization and its operations.**

What's incredible is that this idea seems commonplace now, yet it was nothing more than an interesting thought exercise for quite some time. That said, it's past time for commiseration on this pain point. It's time for action.

In our brand new research study that surveyed over 1,000 organizations, we found that **eight in 10 talent leaders said that hiring has risen from an HR/talent priority in the last year to a business/operational priority.** Within the context of this report, we'll examine some critical areas, including:

- **Why hiring is a business priority (and what's not working to solve it)**

- **What it takes to truly attract and engage the modern candidate (including why they ghost employers)**

- **And how employers are leveraging strategic partners to support hiring activities**

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This isn't just a list of opinions and ideas, it's an in-depth examination of what it takes to be successful based on original research drawn from organizational leaders just like you.

It's our hope that you walk away from this report with some clear ideas on what it takes to mitigate or even solve some of the talent challenges your business is facing, ultimately driving greater value and enabling organizational success.

Priorities of the Modern Candidate

83%
of candidates want to know about future growth opportunities during the hiring process

2/3
of candidates prefer a hiring assessment that evaluates their future potential, not just their current abilities

Candidates say that their
TOP PRIORITY
in taking a new job is to get up to speed on the role, but closely following that is building deeper connections with their manager, peers, and the core values of the organization
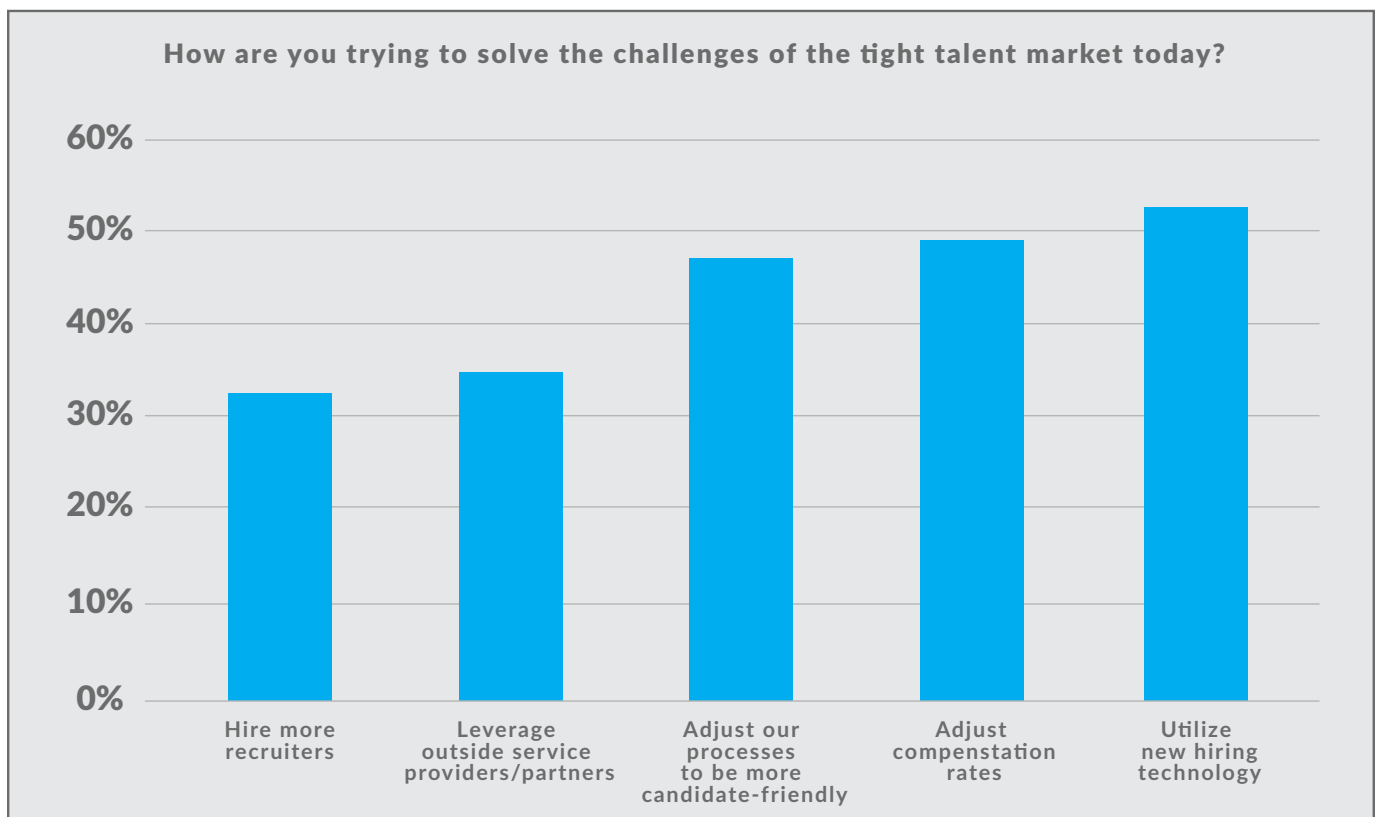
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Hiring as Business Priority:
What's Working and What's Not

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In the last 18 months, there has been no shortage of headlines proclaiming the hiring challenges that employers are facing. We don't just understand it–most of us have been **living** it.

The real focus should be on how successful employers are actually trying to solve this problem. In the research, we found that employers are using a few different methods to try and create better hiring outcomes in the midst of the current environment.

*Figure 1: Solutions to Today's Tight Talent Market*

How are you trying to solve the challenges of the tight talent market today?

	Hire more recruiters	Leverage outside service providers/partners	Adjust our processes to be more candidate-friendly	Adjust compenstation rates	Utilize new hiring technology
Value	~32%	~34%	~47%	~49%	~52%

Lighthouse Research & Advisory 2022 Talent Acquisition Trends Study (n=1,054)

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What's intriguing about these options is that historically, the first choice for solving a problem like this was to hire additional recruiting staff. However, the overall shortage of talent has hit that profession as well, meaning there are fewer recruiters available than companies who need them. The graphic below illustrates just how many job postings for recruitment-related positions have been posted over the last 24 months.

Figure 2: Recruiting Job Postings Over Time
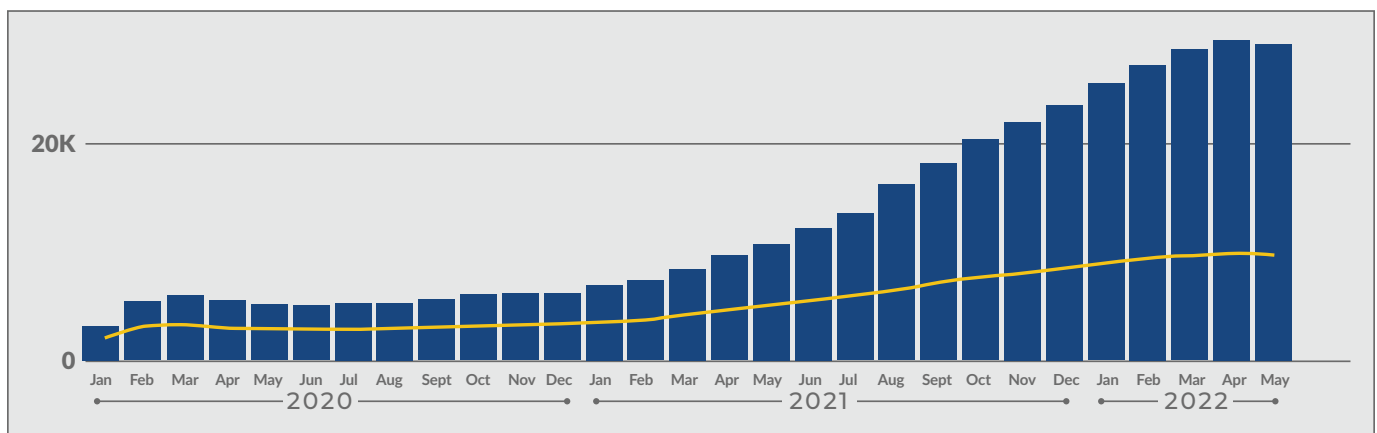
Source: Greenwich.HR (n=533,174 job postings)

■ **14-Day Moving Average of Job Listings**

— **14-Day Moving Average of Hiring Companies**

Naturally, that shortage leads to increases in price/cost to acquire those resources, as any employer who has looked to hire a recruiter recently knows all too well.

At the top of the list of remedies employers are trying is technology. There are so many tools and platforms that help to support hiring activities, and employers are attempting to leverage as many of them as they can to help drive faster, cheaper, and/or better hiring outcomes. The difficulty? Noise. There are dozens of tools available (at least!) for every type of category in hiring technology. To name a few:

- **Applicant tracking systems**
- **Recruitment marketing solutions**
- **Chatbots and conversational recruiting**
- **Assessments and screening tools**
- **Sourcing tools and technologies**
- **Labor market tools (supply and demand)**

The difficulty for most employers isn't that they can't find a tool to solve their problem. It's that they find many tools that claim to solve their problem, and it's a challenge to wade through the noise to find out which ones really solve the problems they claim to solve. In the next section of this report we'll touch on one of the ways to support smarter technology decisions, but suffice to say this is a very real challenge for leaders trying to tackle the current issues with hiring.

I'll touch on one other item from the list before moving on: compensation. Employers have been adjusting compensation rates where possible to support hiring activities, but this often comes with unintended consequences. If you raise your rate by 20% for incoming employees and your current staff find out, the first thing they will do is start looking for another position elsewhere to reap that same 20% pay raise. This is a vicious cycle and creates a challenging scenario that no leader wants to have to address.

All of these options are potential mechanisms for business leaders that are hiring to support their operations, whether they are scraping by with minimum viable staffing levels or trying to maximize hiring to ramp up to meet customer demand or other business needs.

The bottom line is that this challenge is very real, and some of the legacy solutions either aren't available or aren't viable right now. As with any challenge, the answers sometimes have to be found elsewhere, and that's what we will touch on in the following sections.

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Engaging the Modern Candidate:
A Primer

"It felt like a hostage negotiation."

In a discussion with an HR executive for a government contracting firm, she was explaining some of the recent interactions with cybersecurity candidates for a role in Washington, DC.

"When I reached out to them, they started telling me that they wanted to work from home, work just three days a week, or work as independent contractors on their own schedule at their own predetermined hourly rates. It was chaos, frankly, and I don't know what we're going to do. It felt like a hostage negotiation with a never-ending list of demands that I couldn't meet."

This conversation is an example of one of many similar discussions that have taken place in the last year or two, and it shows just how much power has shifted into the hands of the workforce in some areas.

Elsewhere in this report we've covered some of the business side of hiring, but it would be a mistake not to pinpoint a few examples of how candidates (and the hiring process by extension) are changing in today's environment.

Our hiring research also brought in responses from 1,000 global candidates on their preferences and priorities when it comes to hiring, and the results were both compelling and illuminating.

For instance, we as employers expect workers to be short-sighted and transitory, because that's how the news media paints them. However, we see numerous examples in the research where these individuals want longer time horizons and future-oriented discussions with potential employers. Consider the following statistics:

● **83% of candidates want to know about future growth opportunities during the hiring process**

● **About two-thirds of candidates prefer a hiring assessment that evaluates their future potential, not just their current abilities**

● **Candidates say that their top priority in taking a new job is to get up to speed on the role, but closely following that is building deeper connections with their manager, peers, and the core values of the organization**
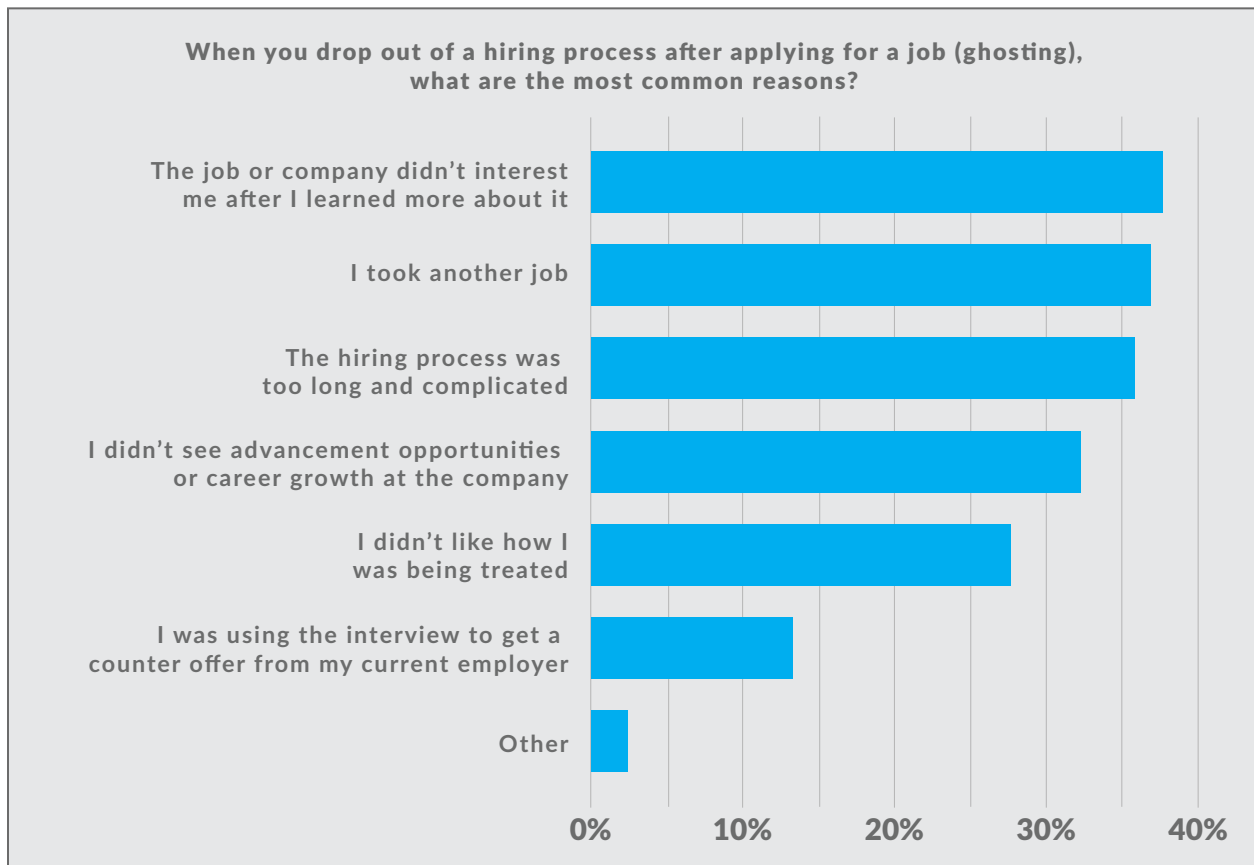
To me, that shows a clear desire to want an employer that really sees and appreciates them for what they bring to the table, not just one that wants to trade some dollars for their time in a very transactional sense.

Not only that, but the focus on building a richer and more streamlined candidate experience could actually help to mitigate some of the problems with candidate ghosting, an incredibly frustrating and common challenge.

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The research shows that candidates disappear from the hiring process for a number of common reasons, but interestingly the top three reasons on the list are all very close in volume, meaning there's not one single standout reason above all the rest.

Figure 3: Top Reasons for Candidate Ghosting

When you drop out of a hiring process after applying for a job (ghosting), what are the most common reasons?

- The job or company didn't interest me after I learned more about it
- I took another job
- The hiring process was too long and complicated
- I didn't see advancement opportunities or career growth at the company
- I didn't like how I was being treated
- I was using the interview to get a counter offer from my current employer
- Other

0% 10% 20% 30% 40%

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What's most alarming about this ghosting phenomenon is the age correlation, frankly. We see in the data that someone age 25 is much more likely than someone who is 55 to have ghosted an employer. That alone is concerning. However, consider this: that 25-year old has a fraction of the experience in the workforce compared to someone who is 55 years old, and they are already doing it more often. This means that employers should expect to see ghosting happening more and more often as this demographic becomes a more prominent segment of the workforce.

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So, how do we reconcile these two things? On one hand, it feels like candidates hold all the power. On the other, they seem to be sending signals that they want employers to commit to longer-term relationships.

What we find in the data is that successful employers don't just look at hiring as a pay problem (although that's part of it). The best and most effective hiring teams look at how to create a picture of the opportunity, the impact, and the overall value proposition that the candidate can expect by joining the organization. Those things touch the deep-seated need that every human has for meaning and purpose.

If you go beyond the surface level and tap into that area of need, the conversation and the commitment level radically changes.

8 IN 10
talent leaders said that hiring has risen from an HR/talent priority in the last year to a business/ operational priority.
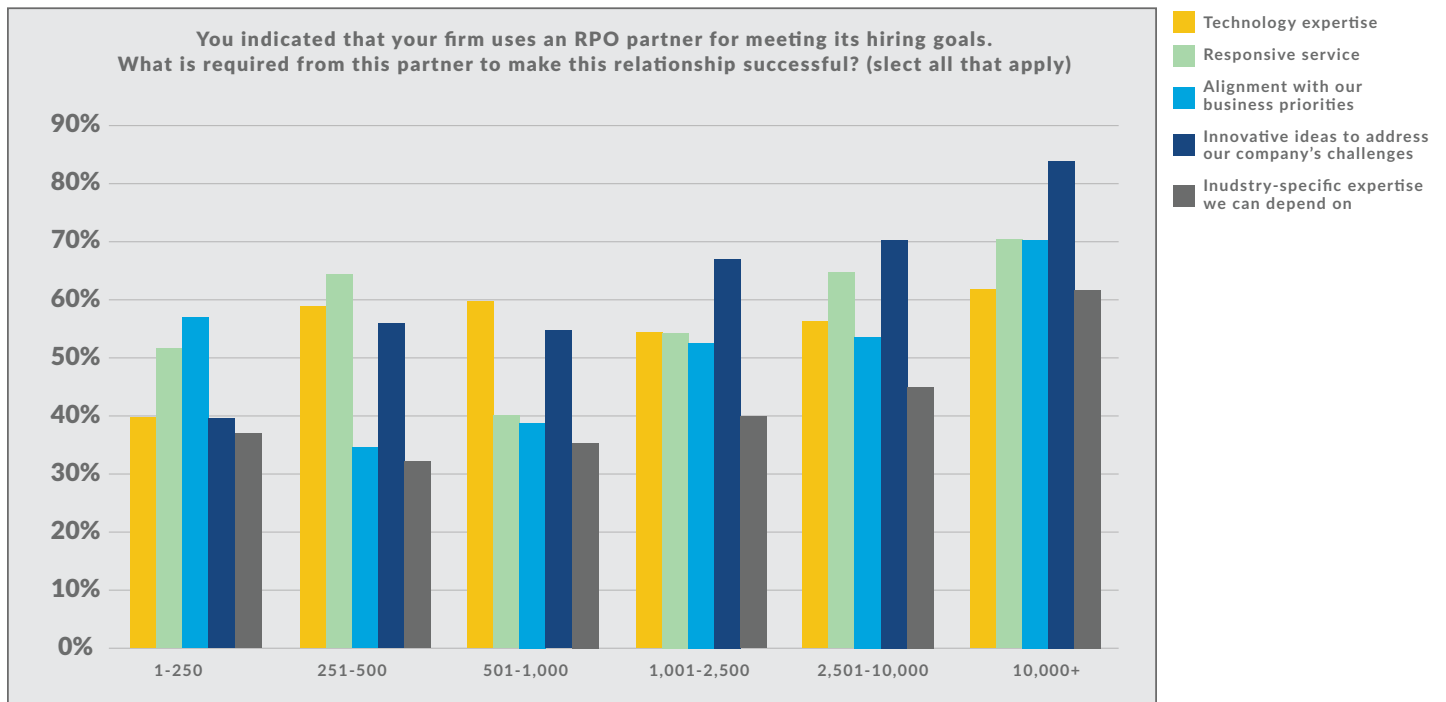
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The Value of Hiring Partners

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In a perfect world, every employer would have unlimited budgets to hire a full staff of expert recruiters for every type of hire they made. However, we've already established, the vast majority of companies today have difficulties keeping their basic recruiting teams staffed.

One of the areas we see growing not just in popularity but in successful outcomes is hiring service partners. One of the key categories of this type of partnership is an RPO–recruitment process outsourcing–firm. These strategic players help to elevate hiring conversations across the business, highlighting key data points and KPIs, illuminating opportunities for streamlining and automation, and bringing the same rigor to hiring that other functional areas of the business already embrace.

Plus, in a tight or abundant hiring environment, they can help to scale your recruiting operations up or down without having to churn your own team. This allows employers to focus on their core business, regardless of what it is, and share the burden and priority of hiring with a trusted, proven partner.

The research shows that the best RPO providers don't just bring warm bodies to fill job requisitions, though. They bring a variety of value points that create better hiring outcomes, higher quality decisions, and more alignment with the business. The case study in the following section clearly demonstrates this, as does the chart below.

Figure 4: RPO Partner Value Points by Company Size

Legend:
- Technology expertise
- Responsive service
- Alignment with our business priorities
- Innovative ideas to address our company's challenges
- Inudstry-specific expertise we can depend on

Lighthouse Research & Advisory 2022 Talent Acquisition Trends Study (n=1,054)

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Interestingly, the size of a company dictates just what they most expect from an RPO partner. The smallest firms want to ensure alignment with business priorities, and the largest firms desire innovation and outside the box thinking that helps to deliver better results.

While these value points highlight areas of interest for employers to consider, what's most exciting is a look at Talent-Centric Organizations, as they have leading edge talent practices that are a benchmark other organizations should aspire to.

For clarity, one of the organizational demographics in our hiring research is what we call a Talent-Centric Organization. These firms prioritize their talent practices by being aligned strategically to critical business activities. Talent-Centric hiring teams look for ways to actively partner with the organization, because they know that taking care of talent will take care of customers, and customers will take care of the bottom line.
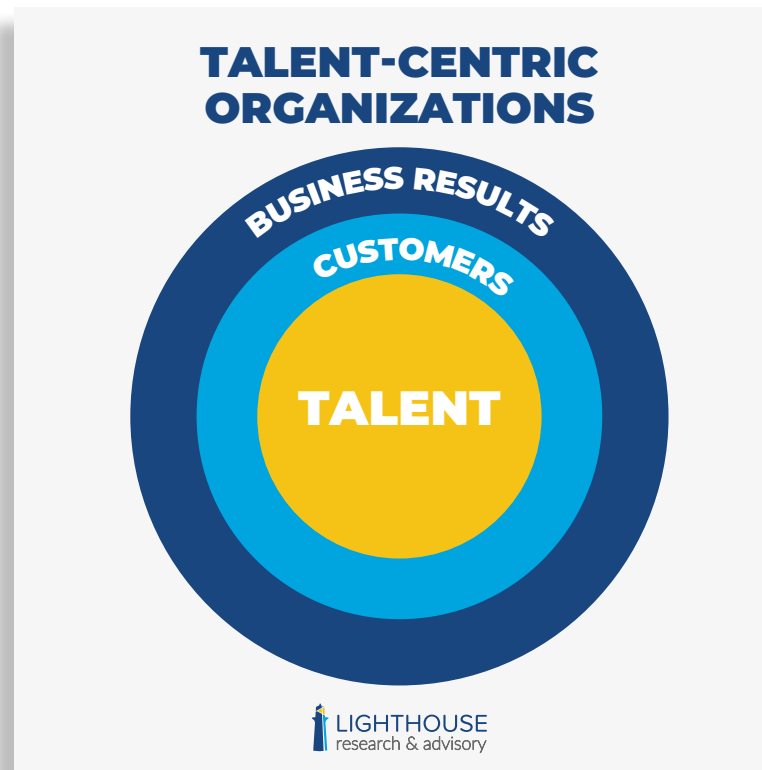
When we cut the data by these types of firms, we see a few areas where they stand out from other firms in the data set. According to the research, Talent-Centric Organizations:

- **Are expecting to increase budgets for hiring partners more often than Passive organizations**

- **Currently utilize hiring partners like RPO firms more often than other organizations**

- **Seek out and expect more value of every type highlighted in Figure 4 above from their RPO partners**

We'll leave you with one final statistic as food for thought: employers who have better revenue, retention, and employee engagement KPIs than their peers are doing something differently than the rest. **These high performers are twice as likely to be using an RPO partner to support hiring objectives compared to other firms that don't have those same KPIs.** While there is no magic solution to today's hiring challenges, having a professional, dedicated partner can help your business to focus on its core priorities instead of pushing into the headwinds of today's hiring climate.

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TALENT-CENTRIC ORGANIZATIONS

BUSINESS RESULTS

CUSTOMERS

TALENT

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Case Study: Global Pharmaceutical Company Partners with RPO to Build a Leading Team

KEY STATS

- 1,000+ hires a year and counting
- Prioritization on DEI strategy
- Targeted hiring for specialized, in-demand skills

As one of the fastest-growing biotechnology companies in the United States, a leading global pharmaceutical company is pioneering cell therapy research, with a singular focus to treat and cure cancer. Founded just over a decade ago, the organization is now a leader and innovator in the industry for its FDA-approved cell therapy as a transformational treatment option for cancer. The company has been growing rapidly, resulting from recent approvals and developments, and is rapidly expanding its workforce as a result.

Scientific industries like biotechnology and pharmaceuticals have historically struggled with recruiting because of the learning curve and technical skills required from each role. Many companies rely on external recruiters and agencies to fill open roles, which frequently requires heavy time commitments from the hiring team and high fixed costs for recruiting.

Similar to other pharmaceutical companies in the industry, the organization had relied on agencies to source and hire talent. But the biotechnology company recognized in a market that's short of highly-skilled talent, it had to step up its recruiting approach. Partnering with NXTThing RPO transformed the way the organization now sources and hires candidates — enhancing its ability to attract specialized talent and improving the results of its hiring outcomes.

Increasing Hiring Outcomes with the Right RPO Partner

The organization looked for a recruitment services partner that could build its talent network with a broad diversity of skilled candidates to fill the growing list of technical requisitions. Partnering with NXTThing RPO was a natural fit to recruit and expand the high-quality teams required to work within the company.

After partnering together, NXTThing RPO quickly put together a world-class team of recruiters for the organization. A full-time team of around 25 people are now actively recruiting for the biopharmaceutical company to expand its talent networks, hire well-qualified employees, continuously improve the hiring process, and promote the company culture to potential candidates.

Direct Sourcing with Candidate Skill Matching

In such a technology-driven world, it makes sense that candidate sourcing and skill matching is accomplished by blending automation with qualified recruiters. The talent team can take a list of requirements for a role provided by a hiring manager and source candidates that match the desired skills, experience, or training. This process improvement has enabled NXTThing to support the biopharmaceutical company in quickly finding the qualified applicants they need to build teams that drive ongoing scientific discoveries and business results.

Over 1,000 Qualified Employees Hired Per Year – And Counting

This RPO partnership has allowed the organization to recruit and hire critical roles like never before — across scientists, technical, regulatory, compliance, corporate, and lab technician roles. The recruiting team uses leading

technology to search a wide talent network for the right candidates and matches them to positions that they have potential to succeed in.

Since starting the partnership nearly three years ago, the team has sourced more than 100,000 candidates, conducted more than 10,000 phone interviews, held approximately 3,000 interviews with hiring managers at hiring events, and hired over 1,000 qualified employees per year.

100,000
CANDIDATES SOURCED

10,000
PHONE INTERVIEWS HELD

3,000
INTERVIEWS AT HIRING EVENTS

1,000
QUALIFIED EMPLOYEES HIRED

Attracting and Converting Top Talent

Employer brands must be strong within the competitive landscape to stand out against other employers. And even though it is competing for the same pool of qualified candidates, the company has successfully carved out its name as a top employer in the industry. Working in lockstep with the NXTThing team of recruiters, sourcers, coordinators, and talent professionals, the biopharmaceutical company has

successfully expanded its talent networks with the best candidates in the industry.

This team has prioritized the human aspects of recruiting in its strategy to best establish the company's employer brand — with everything from attending recruiting events to hiring an expert in building diverse candidate slates. Dedicating resources to building a quality employer brand has given the organization the advantage of recruiting the most qualified talent.

Prioritizing DEI in Recruiting Strategies

The focus on DEI efforts within the organization was a top priority. The NXTThing recruiting team emphasized this effort in building diverse candidate slates and throughout candidate engagement campaigns to attract a wide diversity of talent. For example, the university recruiting program has helped in making the organization's presence known as an employer of choice for post-graduate opportunities. This helps the company capture and engage diverse talent with highly competitive skills and experience early in their careers.

Together, NXTThing RPO and the biopharmaceutical company are building one of the most impressive teams in the industry. By directly sourcing and recruiting 1,000 hires per year, the RPO provider has established meaningful relationships with talent throughout the organization. Aligning teams by specialty and functional area, NXTThing also ensures that flexibility is central in its recruiting approach to shift as needed based on annual headcount plans. The success that has resulted in its scalable recruiting approach will not only make a lasting impact on the organization itself, but greatly influence the contributions of its workforce in cancer treatment both now and for future generations.

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Key Takeaways

1

RETHINKING EFFECTIVE HIRING PRACTICES

Doing the same thing will often get you the same results. However, in a tight labor market, doing the same thing will quickly have diminishing returns. Employers have to rethink what it takes to hire effectively today, leveraging technology partners, service providers, and other resources for a more comprehensive approach.

2

ATTRACTING AND ENGAGING THE MODERN CANDIDATE

Today's candidates have different priorities, expectations, and desires. Employers that fail to recognize and respect those needs will have difficulty attracting, engaging, and converting those candidates into hires. The position isn't filled until the person shows up, and employers have to be consistent if they want to create lasting relationships.

3

THE REAL VALUE OF HIRING PARTNERS

Hiring partners like RPO providers are more than just a channel for finding staff. They can and should be strategic advisors, technology experts, and sounding boards for innovative approaches to hiring. The deep, specific expertise offered by today's RPO partners isn't just a cost–it's an investment in the future health and stability of the workforce.

About NXT Thing RPO

NXTThing RPO, an Employ Inc. brand, is a leading recruitment process outsourcing (RPO) company with the right resources and technology to source and hire candidates that other people can't find. We design and improve the HR processes of our clients–collaborating and drawing on a range of flexible RPO and talent acquisition programs and services to build the right solution for each company's unique needs.

Learn more at nxtthingrpo.com

About Us

Lighthouse Research & Advisory is a modern analyst firm dedicated to setting the standard for excellence in talent, learning, and HR. By providing compelling research and actionable insights for business leaders, our team's mission is to navigate the rapidly changing field of human capital management to support today's talent and learning functions.

Our advisory, research, content, events, HR Awards Program, and other offerings serve tens of thousands of employers across the globe every year.

Put simply: our goal is to chart a new course for talent. We do this with compelling research, innovative ideas, and a strong grasp of the current state of talent and technology at work. We have supported hundreds of organizations with our research, advisory, and insights since our beginning in 2016. In addition, our data also inform key product and strategy decisions at the industry's leading technology and service providers.

Ben Eubanks is the Chief Research Officer at Lighthouse, providing trusted advice for today's modern talent leaders. Prior to joining Lighthouse, Ben worked as a research analyst and an executive practitioner. His analyst work focused on learning, talent acquisition, and talent management. During his career, he has published more than 100 pieces of research and provided advisory services to executives from some of the largest and most respected organizations in the world.

Unlike most analysts, he also has hands-on experience working as an HR executive, leading both strategic and tactical talent practices. Ben is the host of We're Only Human, a podcast focused on the intersection of people, technology, and the workplace. In addition, he runs upstartHR.com, a website serving HR leaders that has reached more than 1,000,000 readers since its inception.