

## **Adapting to a Candidate-Driven Job Market**

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New England-area employers and hiring managers are experiencing first-hand a shift to a candidate-driven job market. They're finding that it's become more difficult to land top talent and that candidates are increasingly in the driver's seat.

This shift is a result of several market conditions that drive demand for skilled workers, including:

- 4.8 percent - Massachusetts' unemployment rate in March 2015
- 10,500 jobs were added to the Massachusetts economy in March, about double the monthly average job growth over the past year
- 66.2 percent of the U.S.' eligible workforce is participating in the labor market; according to the Bureau of Labor Statistics, the labor participation rate in March was the highest it's been since June 2010
- There are now 5.1 million job openings in the U.S., an increase from 4.2 million in 2014 and a rise of more than 21 percent

This demand for highly skilled workers – across all industries – continues to rise and has become a central challenge for recruiters and hiring managers. Recruiters and hiring managers are becoming well aware that this candidate-driven market exists and they are responding.

Highly skilled workers have many job openings to choose from, and are ultimately receiving multiple job offers during a typical job search. Skills and experience in IT, professional services and healthcare continue to be among the highest sought after. For example, temporary contractors with IT skills and experience are seeing multiple offers for future projects or permanent positions before wrapping up projects they're currently on.

Not only are skilled candidates seeing multiple opportunities and then fielding several offers, but compensation and benefits are also affected. Salaries across the U.S. have remained mostly stagnant, but for highly skilled IT, Project Management, and niche financial and healthcare professionals, it's a completely different story. One banking client of ours in Boston hires several experienced consultants to facilitate cyclical financial reporting projects. According to him, "Recently, there are just fewer immediately available candidates with the specific skills [he] needs to hammer through these reports, and they are able to demand higher hourly rates simply because of supply and demand."

Our clients are faced with a critical decision over how much budget to allocate for each new hire. If they allocate too little, they will lose candidates to other offers. Large tech companies like Google and Facebook are setting new standards for both compensation and benefits, forcing other companies to follow suit. A large social media and tech company just outside Boston recently offered select highly skilled software engineers salaries at three to five times the market average, and is increasing company-provided lunch from three days per week to five days per week starting in July this year. Employers are trying to be flexible and think creatively about how they attract talent.

Companies in the Boston and New England area have been forced to rethink how they go about getting work done, the type of candidates they end up hiring, and the process through which they hire. It seems obvious, but I'll elaborate a bit. In today's economic climate, where demand for skilled workers has steadily increased, companies going through organizational change, merger or acquisition, implementations, upgrades, growth or decline will face difficulty finding available talent that meets their exact need. The more prerequisites or more specific the skill-set is, the

harder it is to find the perfect match.

Hiring managers feel the pressure of time to meet deadlines and manage through change, and more frequently than ever before, they are utilizing temporary or contingent workers to fulfill those needs. According to the BLS and Staffing Industry Analysts, temporary workers as a percentage of total employment is at an all-time high and trending upward. Some firms find that it is faster and more affordable to utilize a staffing firm to hire a temporary consultant than to post a job and find the perfect full-time employee.

Hiring managers who hire quickly win. With a talent pool on the decline and demand on the rise, those who shorten the time it takes to find and onboard candidates are winning the best available talent when they need it most. Many of our clients have elected to trust our screening and interviewing process, asking us to send our best available candidates, rather than requesting to see and screen resumes and then interview themselves. This can mean the difference between getting the best available candidate or the second or third round, and it saves our clients money and time toward deadlines and goals.

On another note, clients who are generally more flexible with required skills and experience are finding access to alternative talent pools more efficient and successful than waiting for the perfect candidate to turn up. Intertwined in our screening and interview process is a detailed and rigorous extraction of skills and experience not appearing on resumes. Another way to speed the vetting and hiring process up a bit is simply by using technology – like Skype or other video conferencing tools – to ease requirements for meeting in-person.

At PSG, we rely heavily on our ability to build strong relationships with clients where this process is a true collaboration, and we commonly coach and advise clients on effective search techniques. In today's tight market, shortening identification and onboarding time, being more flexible with prerequisites and offering competitive wages and benefits are keeping our clients at a competitive advantage in this new candidate-driven market.

If you or your company would like to discuss hiring in a candidate-driven market, please feel free to reach me at [nbrown@psgstaffing.com](mailto:nbrown@psgstaffing.com) or 617-250-1000.