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2021

Mind the Trust Gap

Annual Research Report,
Thomas International.

spotlight
on recruitment

Contents

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Introduction

If you can't trust something, you'll never get the best out of it.

Pick anything. Transport, technology, toasters. When you know deep down that it can't be relied on to do what's asked of it, you've got a problem. And it's usually pretty hard to build trust and confidence back after a few bad experiences.

It's why the emerging and growing trust gap in the recruitment world is such a problem for hiring managers, businesses, and candidates. Because in your world, a lack of trust isn't being caused by a few rounds of burnt toast.

Instead, it's down to a worrying number of hires not working out, recruitment tech and processes that've fallen out of step with the times, and a heavy reliance on hiring methods that a lot of people *know* don't work, and that are tough to move away from. (Oh. And the general mess that was 2020 wreaking havoc in hiring.)

Thomas has been working with HR leaders across industries for over 40 years. That means we've seen every major development, enabled new ways of working, and helped hiring like few others.

We're now at the beginning of a crucial period of change for HR and talent acquisition. So, to understand the pressures, pain points and priorities of an era marked by post-pandemic recovery, rapid digitisation and workplace evolution, we're taking an in depth look at trust for our new annual research series, Spotlight on Recruitment.

In spring 2021, we spoke to HR and talent leaders across sectors to find out how they hire, the common challenges they face, what works in the hiring process – and what doesn't. We also took a look at their use of advanced recruitment technologies, readiness for smarter ways of working, and psychometric testing.
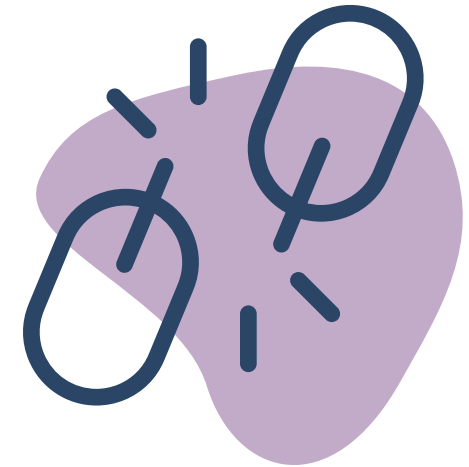
What we learnt is this:

Recruitment is broken

And businesses that don't take action to fix it are facing significant challenges as they look to accelerate hiring over the next couple of years, establish workforces that are fit for the future, and rebuild and reshape teams to take advantage of new economic opportunities.

Five things to know right now

1 **Over half** of all hires are not working out for businesses

2 **86%** of respondents say differentiating between candidates is their most commonly experienced challenge, beyond remote hiring

3 Improving **hire quality** is the biggest priority for recruiters over the coming year

4 Most businesses are either using or looking to use **application tracking**, **predictive hiring**, and **psychometric testing** solutions with 24 months

5 **46%** of respondents say they would trust psychometric testing to predict the future performance of hires, just **21%** say they'd rely solely on the CV

1

People problem?
Or process problem?

It's no surprise that recruitment fell back a bit in 2020. Of our survey respondents, **68%** said they'd slowed down and 8% stopped for a period completely. But as business settled down and we all began to readjust, the need to take hiring off ice became more urgent, with almost the same number who slowed down planning to speed up (see Fig. 1) – mostly prioritising filling existing roles.

What this means is that there's a big opportunity in front of businesses to bolster their teams with new talent. One that's resting on their ability to find the right cultural fit, bring in the talent they need, and reduce the time it takes to do it.

So, what's standing in the way?

Fig. 1: Which of the following best describes your recruitment plans for 2021?

38%	28%	24%	7%	3%
We plan to increase recruitment activity a little (by up to 20%)	We plan to increase recruitment activity significantly (by more than 20%)	Recruitment activity will remain stable	We plan to reduce recruitment activity a little (by up to 20%)	We plan to reduce recruitment activity significantly (by more than 20%)

"

Thomas says...

When recruitment activity surges, the risk of getting it wrong increases, too. That is because with more live roles and more candidates it becomes harder to ensure a consistent experience for everyone involved. If recruitment processes aren't grounded in objective data about how people behave and learn, the risk of biased and subjective decision-making is higher. That isn't good for candidates or hiring managers. Companies today are likely to experience these challenges like never before as we enter an accelerated period of recruitment in the post-pandemic recovery period.

Jayson Darby
Head of Science, Thomas

⌂ 1 2 3 4 5

Recruitment's varied challenges

Hiring has never been all that easy. And yet it does feel like right now is a particularly hard time to be looking for new people. As Fig. 2 shows, finding the right person when you can't actually meet them in person is tough, and while video conferencing has given us ways to work together when we're not together, it hasn't quite nailed fostering a personal connection between strangers.

But, for all that remote hiring is hard yards, the need to stay apart *will* end. With that comes a far more balanced approach in certain elements of hiring, particularly interviews.

Fig. 2: To what extent do you see the following as challenges with your recruitment?

Finding the right candidate in a remote hiring environment

| 41% | 47% | 12% |

Differentiating between candidates with similar CVs / experience

| 39% | 47% | 14% |

Concerns about bias / lack of diversity

| 38% | 39% | 23% |

Assessing candidates for fit with the job or culture

| 38% | 48% | 15% |

Screening applicants that clearly do not fit the requirements of the role

| 38% | 44% | 17% |

● Significant challenge   ● Moderate challenge   ● Not a challenge

Few businesses intend to go back to nine-to-five office life, and while that's a concern for some industries, it will present exciting opportunities for many others. The door is now open for a different kind of recruitment, based on wider talent pools with fewer regional restrictions. Additionally, many will use remote interviews for some stages of the process, to avoid candidates having to travel for two or three different meetings, which would be even more beneficial for junior roles where the face-to-face meeting isn't as important until it comes to decision time.

So with hybrid working, and hiring, likely to represent an improvement, perhaps more pressing are the other items on the laundry list of hiring headaches. Like candidate differentiation, bias, and cultural fit.
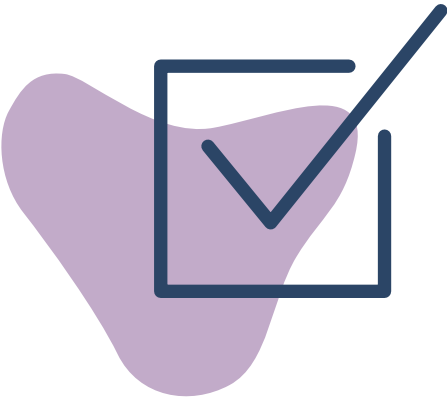
Each of these are in some way related to process. Candidate differentiation issues come from too heavy a reliance on CVs. Bias is notably one of the most complicated things to address in recruitment, and while steps can be taken to reduce bias, it's almost impossible to eliminate without intervention from a solution dedicated to it. Screening and assessment are time and resource intensive, and recruiters are stretched.

These present recruiters with a distinct set of problems to respond to. And respond they must, because **over half** of all hires aren't working out on some level – with a **quarter** not working at all (Fig. 3).

Fig. 3: Thinking about the hires that your organisation has made in the last two years, what proportion would you say fall into the following categories?

43%

Hire is working out well in all areas

32%

Hire is working out in some areas, but not all

25%

Hire did not work out / is not working out

"

Over half of all hires aren't working out in some capacity.

Broken recruitment = bad hiring decisions = lower productivity and engagement.

⌂ 1 2 3 4 5

Patently, hiring demands change, new ideas and innovation to help recruiters, better serve candidates, and ensure that the right people are able to find their way into the right roles at the right time.

But before we get out of the woods, we need to go a little further in.

**Key takeaways from People problem?
Or process problem?**

- **57%** of hires are judged as having a poor person-to-job fit today, as measured by the people who made the hire
- Beyond remote hiring, respondents are finding difficulties in candidate differentiation, eliminating bias, and screening
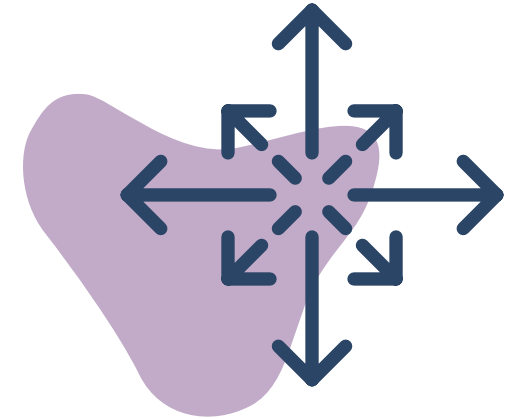- Recruitment is on the rise in 2021 for many after a slow year, so getting things right is vital

Four factors reshaping recruitment

There's no single issue behind the various challenges in recruitment today. Different businesses find themselves hit by macro trends they can't always control in different ways. Our research explores this, finding that:

1. Remote working due to COVID-19 is having a significant impact, with **44%** of businesses saying it's their biggest driver for reshaping recruitment within their organisation

2. Brexit concerns haven't gone away; four in ten (**37%**) say it's a big influence on hiring and skills acquisition

3. Digitisation, AI and emerging technologies is bubbling away, with **35%** saying it's the second biggest influence on reshaping recruitment in their business

4. Despite the headlines, the gig economy isn't as influential as other factors. **57%** say it's the fourth biggest influence on change, and just **3%** put it top
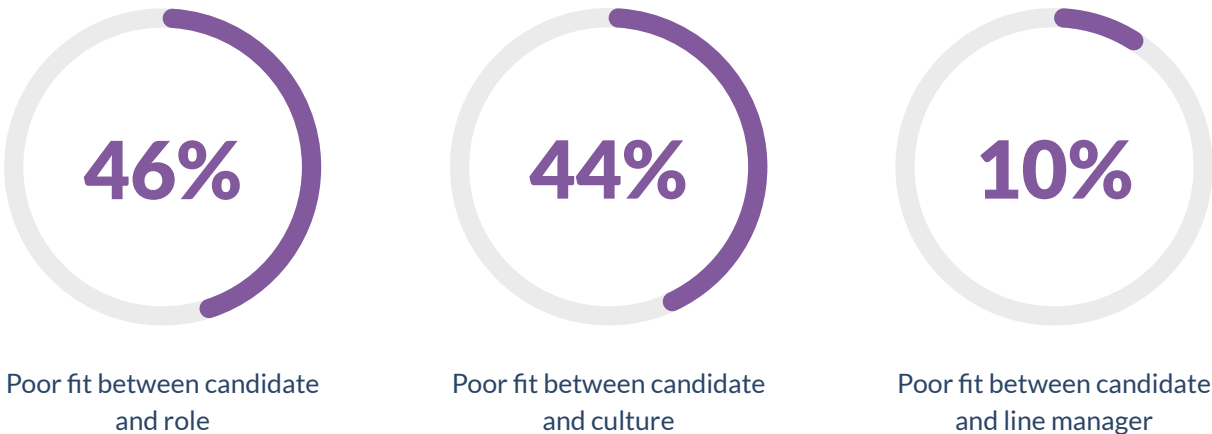
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What's not working, and why

So, the headline news is that the majority of hires aren't working out. Diving further into our research, we learn that there are three key reasons why this is happening. And we have to acknowledge that some of these reasons are down to a trust gap between HR and line managers (Fig. 4).

It leaves us with broad areas where hiring is struggling: culture and role. Going further still, the research shows us that a range of systematic issues are the root cause of almost half these failed hires. The top five offenders are:

1   Complicated, elongated processes (an issue for **31%**)
2   Poor candidate experience (**31%**)
3   Inability to test culture or role fit (**31%**)
4   Lack of transparency (**30%**)
5   Over reliance on gut instinct (**29%**)

Fig. 4: Where new hires have NOT worked out, which of the following is the most likely scenario in your organisation?
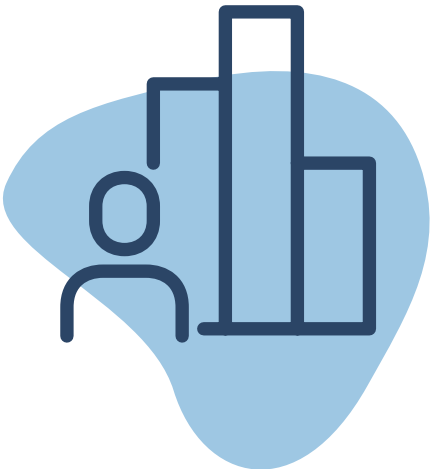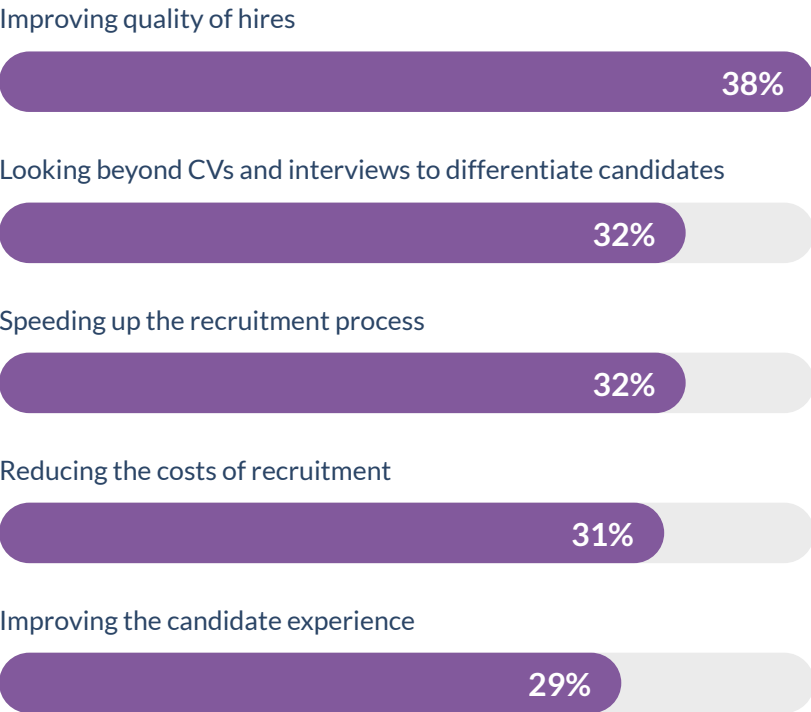
46%

44%

10%

Poor fit between candidate and role

Poor fit between candidate and culture

Poor fit between candidate and line manager

If you want to know what's undermining trust in recruitment: there's your answer. While remote hiring is popularly cited as a problem, it's really just a smokescreen obscuring some troubling, long standing issues.

The positive thing here is that HR leaders are more than aware of these challenges. The research shows that they know what steps to take to get past them, so they're able to harness the opportunities for team building and business reshaping that will define the COVID recovery period.

Improving hire quality is a top priority (as Fig. 5 shows). While that's a bit of a no brainer, the need to speed up processes, cut costs, reduce bias and look beyond CVs (all while improving candidate experience) all offer some insight into how recruiters intend to transform their bit of the business over the coming year.

But with systems recognisably understrength, they've got to think about how they do this.

Fig. 5: What are your key priorities with recruitment over the next 12 months?

Improving quality of hires

38%

Looking beyond CVs and interviews to differentiate candidates

32%

Speeding up the recruitment process

32%

Reducing the costs of recruitment

31%

Improving the candidate experience

29%

What we talk about when we talk about culture

Company culture is always hard to pin down. But it matters – often being cited as one of the deciding factors in the success or failure of a hire.

The Harvard Business Review explored culture as a shared, pervasive, enduring and implicit thing, existing across organisations. And describes it as an 'elusive lever, because much of it is anchored in unspoken behaviours, mindsets, and social patterns'.

To you, that might mean a combination of teams, people, workplace and values. Or more besides. Whatever's the case, trying to find people that fit your culture is hard. And harder still without the right tools and technology that measure person-to-company fit.

Changing process for progress

Just **1%** of the people we surveyed think that it's not at all important to improve the quality of recruitment systems and processes. Which means they've either got advanced tools in the building. Or are really brave.

By contrast, **55%** think it's important, and **30%** critical. This maps to an overriding sense of a need for evolution in hiring systems and a different overall approach in recruitment. One which, if executed well, should close that trust gap that's undermining hiring.

As Fig. 6 shows, technological solutions and tactical approaches that will solve many of today's recruitment problems are either being used, or on the way, for the vast majority of our respondents. Key here are things like predictive hiring and psychometric testing, which avoid the culture and role clashes that lead to a lot of failed hires. As well as apps to improve the candidate side of things, and blind CVs to remove the unconscious bias that troubles so many businesses.

Fig. 6: In which of the following ways are you evolving, or would you consider evolving your recruitment approach?

Application tracking systems

| 46% | 40% | 14% |

Predictive hiring systems (matching people to jobs and teams by combining individual assessment results with 'ideal job profiles')

| 41% | 42% | 16% |

Psychometric testing (behavioural, personality, aptitude and emotional intelligence assessment)

| 40% | 43% | 17% |

Employer app to alert candidates / employees of progress, vacancies etc.

| 39% | 43% | 18% |

Programmatic advertising to different candidate personas

| 39% | 44% | 16% |

● Currently using   ● Looking to use within next 24 months   ● Not using and not considering using within 24 months

🏠 ① ② ③ ④ ⑤

Yet, while these numbers are positive, in many cases they're intentions. To turn good practice into reality and close the trust gap, businesses need to understand their readiness for technology – and be willing to invest.

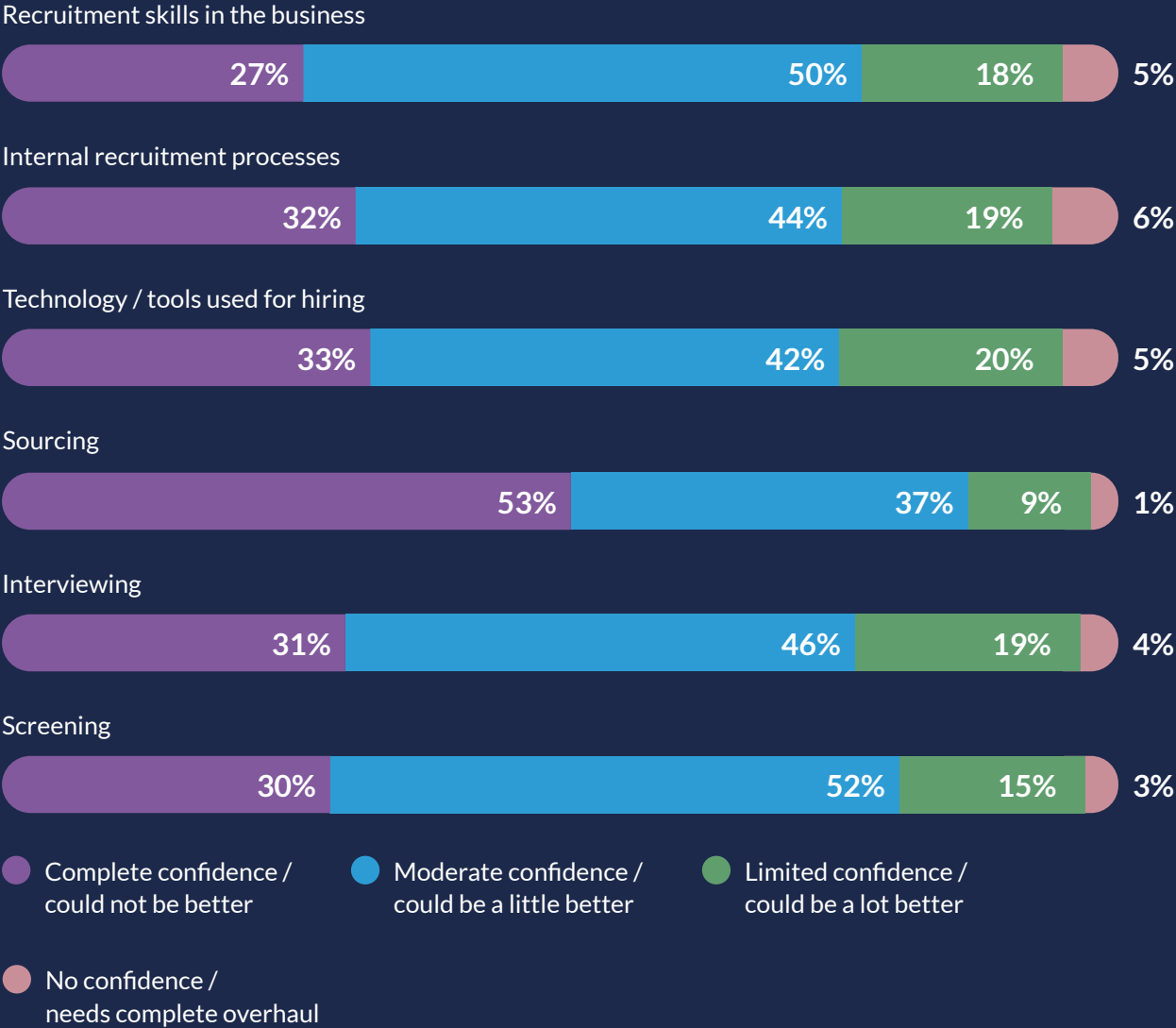**Key takeaways from What's not working, and why**

- **85%** of our respondents think it's important to improve systems and processes to some degree
- Predictive hiring and psychometric testing are seen as vital evolutions in recruitment
- The top priority over the coming 12 months is improving the quality of hires (**38%**)

Votes for no confidence

One problem created by the erosion of trust in recruitment systems is varying levels of confidence in certain areas of the process. While businesses have no qualms about the ability to source good candidates, interviewing and screening could be better (almost a quarter cite limited or no confidence in interviewing).

Restore trust in the process and these levels rise. Allow things to continue and they'll slide further with every hire that doesn't work out.

Recruitment skills in the business

| 27% | 50% | 18% | 5% |

Internal recruitment processes

| 32% | 44% | 19% | 6% |

Technology / tools used for hiring

| 33% | 42% | 20% | 5% |

Sourcing

| 53% | 37% | 9% | 1% |

Interviewing

| 31% | 46% | 19% | 4% |

Screening

| 30% | 52% | 15% | 3% |

● Complete confidence / could not be better

● Moderate confidence / could be a little better

● Limited confidence / could be a lot better

● No confidence / needs complete overhaul

3

Tech for trust

Ideally, the next few years of post-pandemic business will be about the three Rs: recovery, reshaping and rebuilding. And that's about teams, as well as about products and customers. Businesses that want to make the 20s roar will need a lot of new skills, smart people, and efficient ways to bring them in.

If recruitment practices continue to erode trust and yield so many failed hires, none of that is going to happen.

This is why increasing numbers of ambitious businesses are responding to the issues in recruitment by exploring technological solutions that can improve hire quality, accelerate processes and reduce the effects of bias.
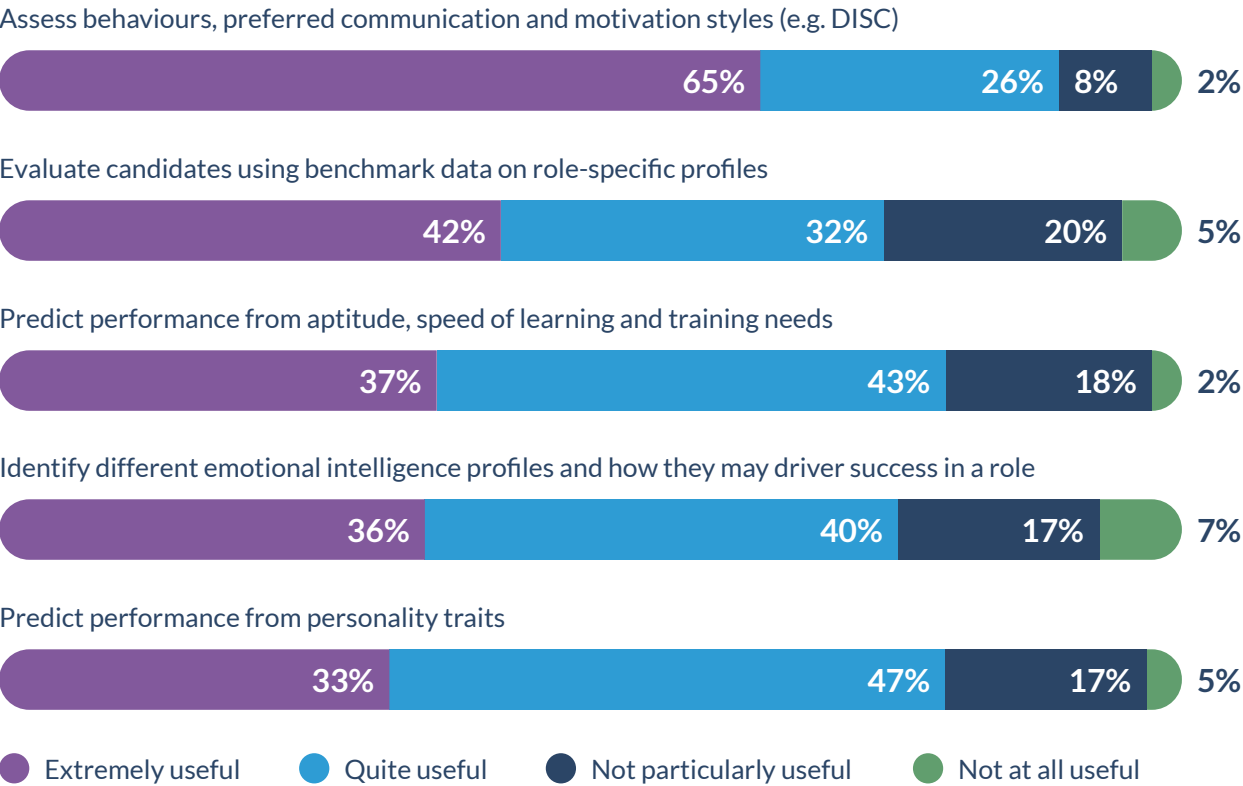
Fig. 7 shows that most respondents view recruitment software and tools as useful assets to understand candidates in a deeper, more intelligent way than before. As well as to predict performance and success during the recruitment process, rather than waiting to see how things pan out after a hire has been made.

If businesses adopt recruitment software swiftly, it will almost certainly improve the likelihood of the right person finding the right role, becoming a successful hire and improving trust in recruitment as a result.

Similarly, many think that tech will be key to hitting the 12-month goals we outlined in the previous section:

- **24%** say it'll help with improving hire quality
- **22%** say it'll speed up recruitment
- **19%** say it'll improve the candidate experience

Fig. 7: How useful do you think recruitment software / tools would be in helping you to do the following?

Assess behaviours, preferred communication and motivation styles (e.g. DISC)

| 65% | 26% | 8% | 2% |

Evaluate candidates using benchmark data on role-specific profiles

| 42% | 32% | 20% | 5% |

Predict performance from aptitude, speed of learning and training needs

| 37% | 43% | 18% | 2% |

Identify different emotional intelligence profiles and how they may driver success in a role

| 36% | 40% | 17% | 7% |

Predict performance from personality traits

| 33% | 47% | 17% | 5% |

● Extremely useful　　● Quite useful　　● Not particularly useful　　● Not at all useful

This points to an increased role for technology in recruitment. To the extent that our research finds that technology and humans will split tasks 50/50, which amounts to a significant change in the role of a recruiter, the amount of tasks they'll be able to automate, and the subsequent focus this will give them on the most valuable elements of their job.

Fig. 8 shows a little more about what HR leaders think about this, revealing the percentage of the process that will be played by humans, AI and non-AI technology. But this doesn't just tell us something about technology. Instead, it says something about AI specifically (which **80%** say they're ready for), as it takes a prominent role in automating and streamlining certain elements of the work – in doing so allowing people to focus on the stuff only people can do.

Fig. 8: What do you see as the optimal blend of human and technology as a % of the end-to-end recruitment process to deliver the right people and outcomes for the business?
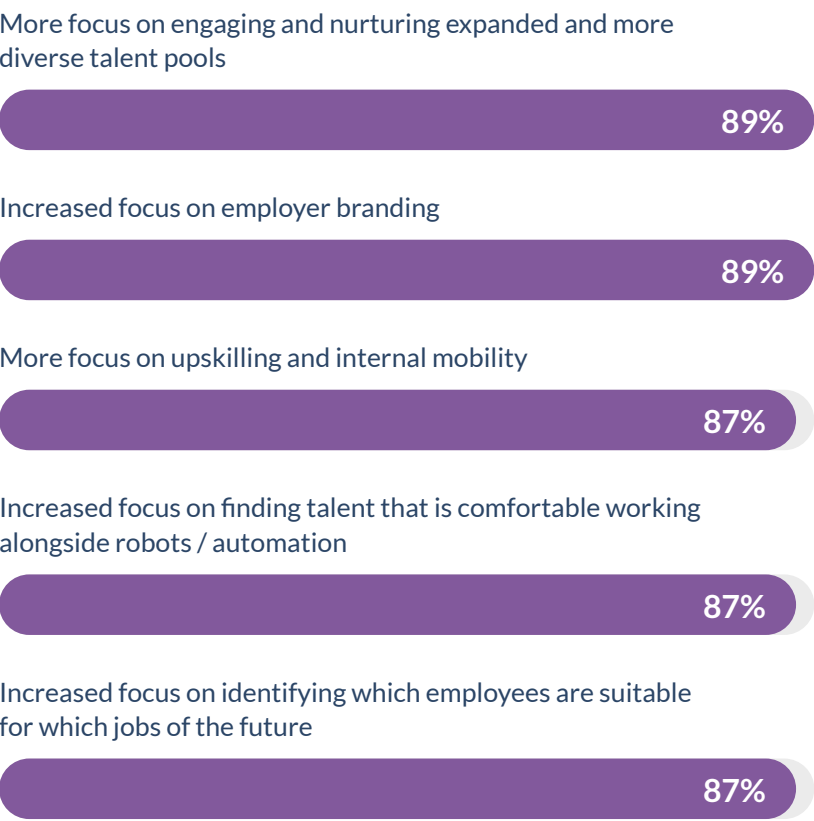
48%	27%	25%
Human	AI technology	Technology (non-AI)
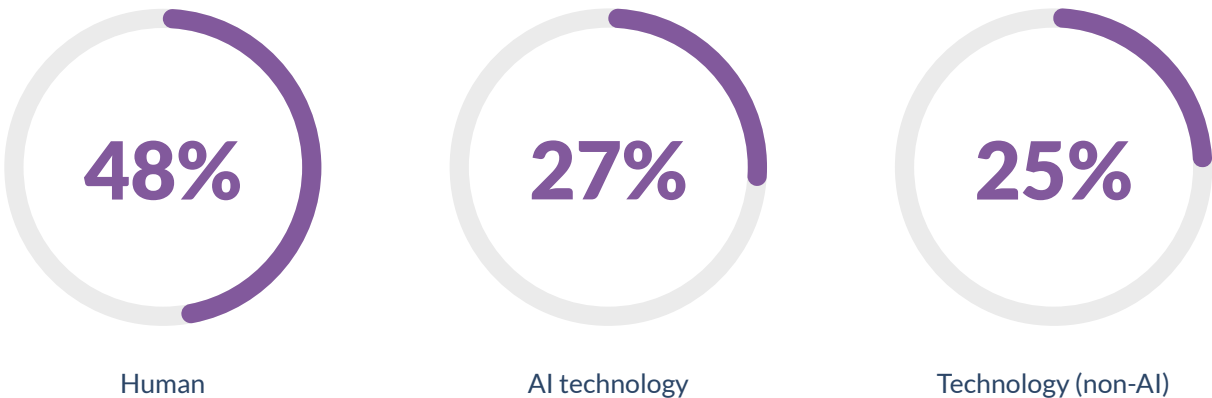
Where do you see yourself in five years?

It's the archetypal interview question, right?

However, with trust in recruitment practices wobbling, asking it of our industry is essential, as we dig down into what precise role software and science will play and how recruitment will close its trust gap.

According to the leaders we surveyed, nurturing diverse talent pools tops the list, alongside finding talent that can work alongside tech itself. Just behind we see things like data-driven recruitment, identifying future suitability, and predictive hiring (all Fig. 9). All things that will help HR departments be more confident in the skills, abilities and cultural fit of the people they're inviting into their businesses.

Fig. 9: How likely do you see the following scenarios or trends in recruitment emerging and enduring over the next five years?

More focus on engaging and nurturing expanded and more diverse talent pools

89%

Increased focus on employer branding

89%

More focus on upskilling and internal mobility

87%

Increased focus on finding talent that is comfortable working alongside robots / automation

87%

Increased focus on identifying which employees are suitable for which jobs of the future

87%

But it doesn't stop there. We also see increased reliance on psychometric testing during the process to ensure the cultural and role fit that's essential to hire quality and a trustworthy, efficient recruitment process. As the most forward-thinking HR leaders come to believe that relying on a CV, two interviews and a firm handshake is no way to recruit today (Fig. 10).

Fig. 10: If you had to trust only one of the following to predict future performance of all your hires for the next 12 months, which would you choose?

46%

Psychometric testing only (combination of personality, behaviour and aptitude testing)

33%

Interview only

21%

CV only

Résumé reliance?

Thomas research shows that just **19%** say that experience or CVs is a good indicator of performance. Against **34%** for personality and **32%** for emotional intelligence.

Key takeaways from Tech for trust

- Psychometric testing will play a greater role in hiring, as the most trusted method for future performance for **46%**
- Humans will increasingly work alongside AI technology going forward, revealing a greater role for automation within recruitment
- Recruitment software is seen as a vital tool in various areas of the process, from candidate evaluation to predicting performance

4

Don't trust your gut, Trust Thomas

There's little doubt that many recruitment practices have a trust problem. Failed hires can cast a shadow over the otherwise good work of HR teams; and when so many businesses are going through a period of urgent restructure and reshape, patience is short when things don't work out. The good news is that there are now methods and tools available to better support and supercharge the current efforts of HR teams and close that trust gap.

Here at Thomas, we know how to enhance recruitment with a blend of software and people science. Our recruitment solutions help hiring teams find the best possible candidates who will fit the company culture, enjoy their roles and deliver results.

We do this by helping people measure what really matters; the behaviours, aptitudes and personality traits of their candidates. Insight into these areas allows us to identify the candidates with the best possible chance of succeeding in a role and in your culture.

5

What do HR leaders need to do to fix recruitment in their business?

This research into HR leaders today has shown what a better future looks like. Where trust is rebuilt on the back of process and systems transformation, intelligent tech and testing, all to deliver faster, smarter hiring. With this on side, HR teams will help businesses make the right hire more often than not, earn back the trust of their businesses, and restore confidence in what they do.

Recruitment is tough, even more so when trying to navigate-through and recover-from a global pandemic. There are no silver bullets, but you can stack the odds in your favour and unlock more efficient hiring processes if you invest in recruitment software underpinned by trustworthy people science.

We are not underestimating the challenges that HR departments and recruitment as an industry face right now, and we know their leaders are doing a lot of things right. We hope our research has helped share valuable insights from your peers that helps get under the skin of the current issues as well as identifying actionable ways to address them.

So, if recruitment really is broken, we've shown how to start fixing it.

Get in touch with our team of experts to understand how Thomas' tools and insight can restore trust in your hiring.

Speak to us now →

thomas™

Founded in 1981, Thomas International transforms the performance of organisations around the world through smarter people decisions, looking be-yond just skills and experience to identify the true potential and capability of people. Its talent assessment platform combines technology, psychology and data to make the complex nature of human behaviour, aptitude and personality easier for everyone to understand. Today, Thomas helps over 11,000 companies across 140 countries unleash the power of their people.