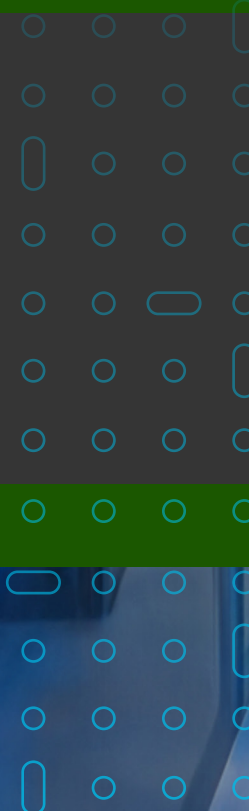# Hiring in the Age of Automation

SHL.

A New Era Dawns

In an era marked by rapid technological advancements, shifting demographics and evolving workplace dynamics, organizations face a multitude of challenges when it comes to hiring and retaining talent.

Digital transformation together with the advancements in Artificial Intelligence (AI), is prompting organizations to upskill and reskill their workforce to stay competitive.

How do HR professionals perceive the hiring landscape?
How are they changing hiring practices?
And what value can assessments bring to hiring processes?

SHL surveyed 1,600+ HR professionals across the globe to find out.
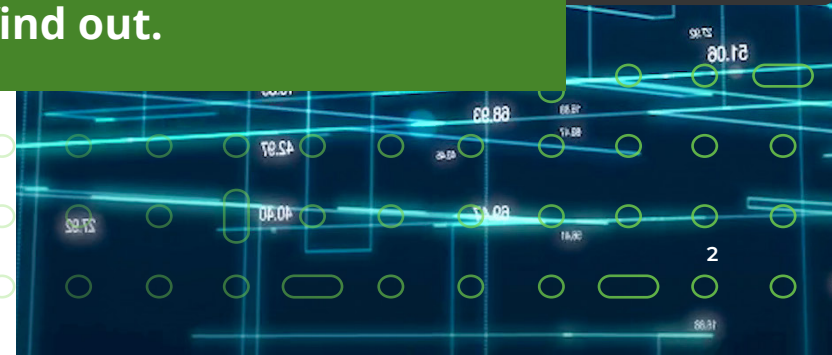
Current Trends in Hiring

The hiring practices an organization adopts are crucial for its success—having close strategic alignment between HR and the rest of the business can ensure hiring decisions are efficient and effective.

80% of HR professionals state that major people decisions happen within the context of business objectives.

This is increasingly important as talent acquisition costs rise and account for a larger percentage of an organization's budget. Despite this, most organizations are maintaining or increasing hiring budget—indicating the value of getting hiring right.

36% of organizational budget is allocated to talent acquisition.

The labor market has experienced a tumultuous couple of years in the wake of the pandemic. While 2023 has exhibited a more stable trend, talent shortages persist,[1] and organizations are actively filling a growing number of job vacancies.

Hiring the right person—the first time—becomes paramount as a bad hire can disrupt the working environment and have financial implications that extend beyond the initial investment in that employee.

Hiring the wrong employee can be nearly three times as expensive as making the right choice.[2]

An effective hiring strategy—one that is data-driven and science-backed—is the best way to minimize these risks.

Two thirds of organizations expect that the recruitment and hiring of talented individuals for key positions will become progressively more challenging in the coming year.

[1] www.forbes.com/sites/johnbremen/2023/01/30/why-talent-shortages-persist-moving-beyond-the-great-resignation-and-quiet-quitting/?sh=6b4c82877139

[2] www.hrmagazine.co.uk/content/news/businesses-paying-the-financial-consequences-of-bad-hiring/

Considering all these changes and challenges, it is clear that organizations are increasingly leaning towards internal hiring, and now ranks above external hiring as a more important priority for organizations in 2023.

Finding those existing employees with the potential to develop into critical roles where there are shortages can be the most cost-effective and quickest way to overcome these challenges.

57%

of organizations are focusing more on hiring and developing talent internally.

The Role of Assessments in Hiring

For many organizations, assessments play a crucial role in the hiring process for several compelling reasons. Incorporating assessments can help organizations make more informed and reliable hiring decisions by objectively evaluating a candidate's skills and competencies, and accurately predicting a candidate's job performance while minimizing bias.

Nearly two thirds of respondents (65%) stated that their organizations use assessments for hiring new talent, and 70% indicated that they will be using assessments about the same or more in 2023 compared to 2022.

80% of respondents indicated that testing candidates is a valuable part of the hiring process.

Traditional hiring methods such as CVs, application forms and interviews remain popular. Many HR teams are reluctant to move away from processes they are comfortable working with, despite them being subjective and lacking transparency. This is more prevalent amongst smaller organizations, where hiring requirements are more ad-hoc, and investing in modernizing their hiring strategies is less of a priority.

Types of Assessments Used for Hiring

Cognitive Ability Assessments

38%

Personality Questionnaires

42%

Skills Tests

47%

1 in 4 are using interactive assessments, such as simulations and job fit assessments, in recruitment.

3 in 5 HR professionals currently use application forms, CVs, prescreening questions and interviews for hiring.

There is also a rising trend (33%) in the use of assessments for filling roles that typically did not depend on such evaluations for selection in the past, e.g. leadership roles.

Despite this growth in assessment usage, other methods are still preferred for hiring:

- References are preferred to objective assessments for external hiring.
- Subjective input such as manager feedback, past performance, experience, and interviews are preferred to assessments when hiring internally.

Information Used for External and Internal Hiring Decisions

Objective Assessments
- External: 44%
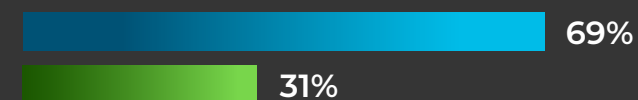- Internal: 56%

Experience
- External: 38%
- Internal: 62%

Interviews
- External: 43%
- Internal: 57%

Subjective Input (e.g. manager feedback)
- External: 13%
- Internal: 87%

Past Performance
- External: 22%
- Internal: 78%

References
- External: 69%
- Internal: 31%

■ External   ■ Internal

Spotlight on Graduate Hiring

Early Careers recruitment is a crucial area where organizations invest a significant portion of their hiring efforts to secure the right talent.

With an aging workforce, there is a growing demand to hire more graduates to fill the workforce gap. Over a quarter of organizations state this as their top priority for next year.

Successful graduate programs enable organizations to hire the best-fit candidates and invest in their growth by putting developmental programs in place.

57%
indicated that their organization is maintaining or increasing its budget for graduate hiring programs.

27%
ranked graduate hiring programs as their number one priority for the next year.

Assessment Usage for Graduate Hiring

Only 24% of respondents indicated that their organization uses assessment for filling early career roles, and as budget and priorities increase it is expected that the use of assessments for these programs will increase too.

Respondents also indicated that they believe most graduate-level candidates prefer an assessment experience that is between 10 and 20 minutes, showing that they are aware of the importance of providing a streamlined application process in a competitive marketplace.

The majority of graduate candidates prefer 10-20 mins assessment experiences

Only **24%**
use assessment for filling early career roles

The Impact of Automation

As automation and AI become increasingly pervasive, the nature of on-the-job tasks will continue to evolve. Organizations will shift towards hiring individuals who can adapt and who possess the skills needed to excel in evolving roles, rather than solely relying on candidates with experience tailored to current job requirements.

Our research has pinpointed essential skills that serve as predictors of success[3] across various industries, enabling a more flexible approach to expedite the hiring of top talent.

1 in 2 respondents expect their hiring and selection programs will change in the near future due to job automation.

Over half of HR professionals, specifically 53%, anticipate that the rise of automation will create new roles within their organizations in the near future.

[3] www.shl.com/assets/premium-content/skills-of-the-future-and-where-to-find-them-en-v2.pdf

How to Future-Proof your Hiring

Make the Most of Your Existing Talent

As internal hiring is becoming more common, it is imperative to invest in nurturing existing talent pools. This not only saves on hiring costs but also fosters employee loyalty and retention. The talent you are looking for to fill an open position might already be within your own organization.

Leverage Assessments

Utilize assessments as a crucial part of the hiring process. Incorporate cognitive ability assessments, personality questionnaires, skills tests, and emerging interactive assessments such as simulations and job fit assessments. These tools provide valuable insights into candidates' skills and suitability for specific roles.

Hire for Skills

Shift the hiring focus from solely relying on previous experience and educational attainment to hiring for skills. Research indicates that skills are more predictive of success, allowing organizations to tap into diverse talent pools from different industries and regions.

Prioritize Candidate Experience

The hiring process is often a candidate's first interaction with prospective employers. Ensuring this experience is positive can enhance your organization's reputation and help attract top talent.

40% of organizations neglect to provide candidate feedback during the hiring process, however this is expected by individuals that invest their time in a hiring process.

Stay Agile and Adaptive

Maintain agility and adaptability in your hiring practices. Continuously monitor industry trends, technological advancements and changing demographics to evolve your hiring strategies accordingly.

*Results based on over 1600 HR professionals who were surveyed mid-2023 from various industries and geographical regions about their perspective on current practices in hiring.
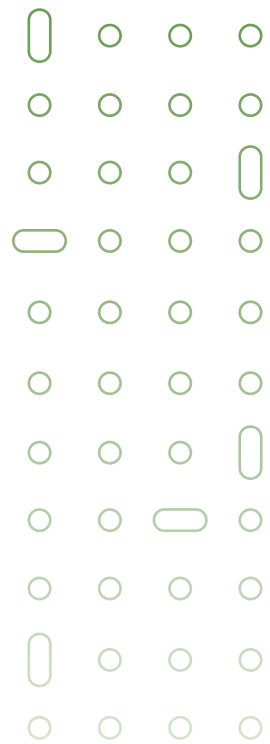
SHL brings powerful and transparent AI technology, data science, and objectivity to help companies attract, develop, and grow the workforce they need to succeed in the digital era.

We empower talent strategies to unlock the full potential of your greatest asset—people.

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