



2021 Hiring Trends Report

**Building on Crisis,
Focusing on the Future**

 Modern Hire

The overnight shift in the spring of 2020 from candidate scarcity to candidate abundance didn't ease the challenge of talent acquisition, but it did swing wide open the door for hiring teams to innovate. And 2021 will continue to bring groundbreaking challenges and opportunities to redefine best practices and commit to data-driven decision making.

Adaptability and forward-thinking will be the watchwords for hiring teams.



You're still in the same fight for good candidates as your competitors, but the war for talent has changed dramatically.

Many of the pandemic-driven hiring trends promise to have lasting effects for talent acquisition in 2021.

At this time last year, the national unemployment rate sat at a low 3.6%, and we predicted 2020 would be a challenging year to hire good candidates.¹ The unfolding of 2020 demonstrated how hugely we understated that challenge. As the COVID-19 pandemic reached the U.S. in March, it forced transition to remote work for everyone who could and changed almost every aspect of life overnight. Virtual and online connectivity replaced the daily in-person activities of life, from shopping for groceries to seeing the doctor to spending time with loved ones.

Our analysis integrates Modern Hire research, learnings from our diverse clients, and industry data to identify the most influential trends for 2021.

The unemployment rate swiftly shot to 14.7% in April as tens of millions of workers lost their jobs—some temporarily, many permanently.² By June, the U.S. economy was officially in recession.³ Now a year into the pandemic, unemployment has edged back down to 6.7%, but daily life, and talent acquisition, aren't likely to return to "normal."⁴ The hiring process has been changed forever by the effects of widespread job loss and the move to a virtual work environment.

Our 2021 Hiring Trends Report narrows the focus in this post-pandemic world to the trends we predict will be most influential for practitioners like you in the coming months. We'll help you get ahead of your biggest hiring challenges in 2021.

1. <https://www.bls.gov/opub/ted/2020/unemployment-rate-2-percent-for-college-grads-3-8-percent-for-high-school-grads-in-january-2020.htm>
2. <https://www.bls.gov/opub/ted/2020/unemployment-rate-rises-to-record-high-14-point-7-percent-in-april-2020.htm>
3. https://www.upi.com/Top_News/US/2020/06/08/US-economy-officially-in-recession-due-to-COVID-19-19-Economists/6611591640583/
4. <https://www.bls.gov/news.release/pdf/empsit.pdf>

Trend 1: Leverage Talent Agility



COVID-19 has acted as a massive change agent in the employment world. Some changes have been obvious, like the mass shift to remote work and forced adoption of remote recruiting, hiring, and onboarding. While 80% of organizations used video interviewing before the pandemic, more than half (57%) say they've increased their use, and 95% indicate they'll continue to use it post-pandemic.⁵ Other changes have been less evident, such as the significant role change in many jobs as businesses continue to find ways to adapt to survive.

Pandemic fallout has also led to the acceleration of digital transformation for many organizations, and with it, a much earlier arrival of the jobs of the future workplace than expected. One of every two employees will likely need reskilling in the coming four years to manage the increasing digital technologies adoption.⁶

Hiring teams will need clear visibility into their organization's approach to staying relevant in their market this coming year. They will need strategies for adapting to changing business needs and anticipating them. One of the shifts we've already seen is a more agile approach to talent. Rather than tie candidates to a single job requisition, hiring teams are evaluating candidates for fit across many jobs, and they're doing it concurrently.

Despite the relatively high unemployment rate though, hiring good talent is not getting any easier. **Some of our retail, warehouse, and healthcare clients are seeing markedly higher turnover rates for post-March 2020 hires than for pre-COVID-19 hires.** And that's keeping the pressure high on retention, even though retention is traditionally less of a priority when the talent pool is overflowing.

5. <https://rocket-hire.com/2020/06/17/covid-19-talent-acquisition-benchmarking-report/>

6. <https://www.weforum.org/reports/the-future-of-jobs-report-2020>

Trend 1: Leverage Talent Agility (continued)

One of the factors contributing to the rise in early turnover is a misalignment between the hiring process and the candidate pool. With the spike in unemployment, the talent pool is not only larger it is also qualitatively different. Organizations that don't realign their hiring process to the candidates coming in are setting themselves up for a missed opportunity.

Another factor is the adjustment to job responsibilities occurring in response to the new business environment. New and different roles are being created each day. The challenge for hiring teams is evaluating candidates not only for their skills but also for their adaptability. The pressure is on to fast-track high-volume hiring for these mission-critical roles.

Telehealth is just one example. Healthcare professionals are seeing up to 175 times the volume of patients via telehealth.⁷ The change of pace isn't the only adjustment they need to make. In addition to traditional healthcare skills, telehealth requires additional skills, such as being adept at using and troubleshooting technology and the ability to interpret patients' reactions on-screen or using only audio cues.

Organizations that implement advanced pre-employment assessments will excel at quickly identifying the candidates most likely to succeed in the role whether they've performed that specific job before or not. Advanced artificial intelligence (AI) techniques and scientifically backed prediction of on-the-job success will allow hiring teams to better understand the agility of their potential talent and hire the most promising candidates faster than the competition as they adapt to changing market demands and business environments.

Predicting On-the-Job Success in New Roles

Modern Hire's Telehealth Provider Virtual Job Tryout[®] pre-hire assessment offers TA practitioners scientifically valid prediction of on-the-job success for telehealth candidates, while also giving candidates an honest look at the role. This job-specific assessment includes a realistic job preview and exercises to measure competencies related to success as a telehealth provider, evaluates turnover risk, and asks questions about past experiences and work preferences. It enables hiring teams to make more informed candidate selections and candidates to make more informed choices about their employment.

Healthcare organizations that need to quickly hire telehealth providers at scale use **Modern Hire's Telehealth Provider Hiring Blueprint**. This three-step virtual hiring template starts with on-demand text questions to ensure candidates meet minimum qualifications for the role. Qualified candidates are then invited to complete the Telehealth Provider Virtual Job Tryout. The most qualified candidates then move on to an on-demand video interview with a recruiter. The on-demand interview features dynamic, competency-based questions and structured rating scales to aid recruiters in quickly identifying best fit through a process that is consistent and fair for all candidates. The Hiring Blueprint also helps hiring teams track and measure key metrics to demonstrate and continuously improve hiring success. As talent agility becomes increasingly important in 2021, the hiring advantage will go to recruiters who prioritize data-driven selection as well as the candidate experience.

7. <https://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/telehealth-a-quarter-trillion-dollar-post-covid-19-reality>

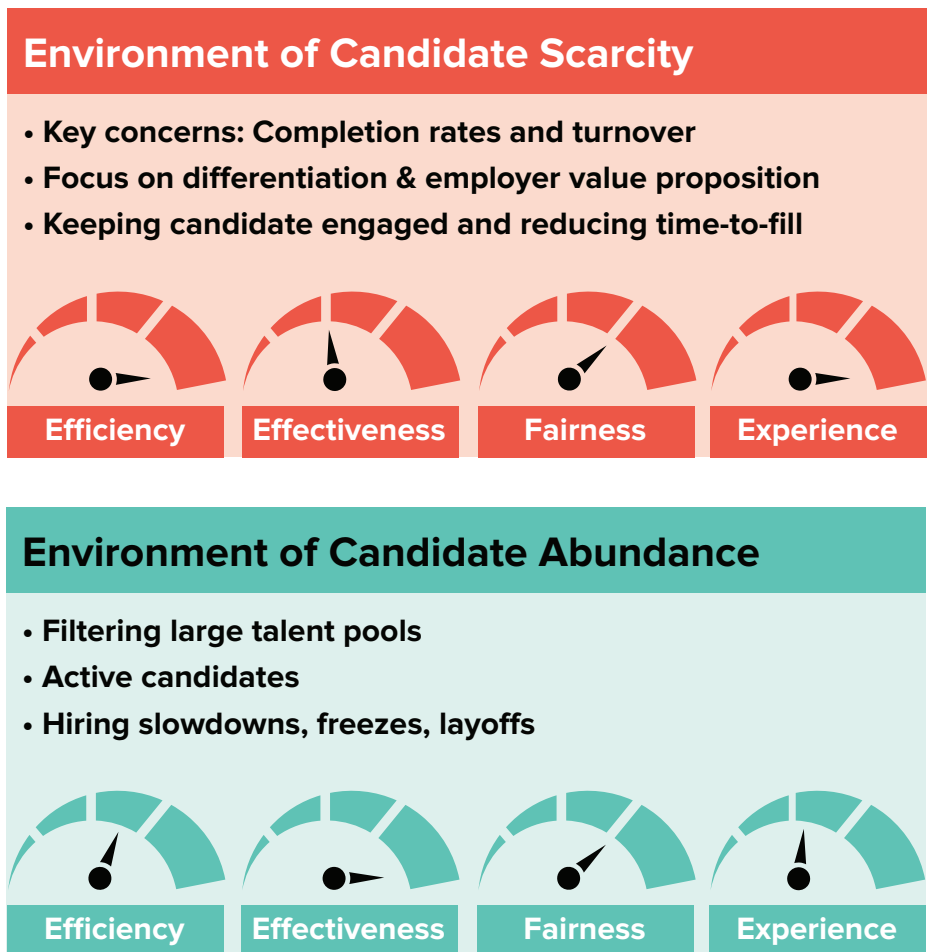
Trend 2: Build Hiring Processes Immune to Shock with Automation

In early 2020, hiring teams were dealing with record lows in unemployment and severe candidate shortages.

Naturally, hiring processes were aligned to this candidates' market—as they had been for several years. The candidate experience was paramount. In those times of candidate scarcity, TA practitioners concentrated on differentiating their organizations with their employer value proposition. Their goals were keeping candidates engaged and reducing time-to-fill and turnover.

Like a flip of the switch, the 2020 pandemic caused a rapid and massive shift to a candidate-abundant market. For numerous organizations, hiring slowed or was frozen. Many hiring teams had the difficult job of managing layoffs. Others had an immediate need to fill essential positions, and suddenly, were facing a very different candidate market. In this environment of candidate abundance, hiring teams are now filtering large talent pools and trying to manage a huge volume of active candidates. While hiring teams can never lose sight of the candidate experience, hiring efficiency has had to become a higher priority.

Shift from Candidate Scarcity to Candidate Abundance



Trend 2: Build Hiring Processes Immune to Shock with Automation (continued)

Building a hiring process immune to labor market shocks like this is a key concern for hiring teams in 2021. Forward-thinking hiring teams are refining their hiring process to flex with changes, and automating as much as possible is the most promising path forward. Automation enables a frictionless hiring process and increased speed to hire. Hiring teams can pivot to hire immediately for essential positions and handle fluctuations in candidate volume, while maintaining a consistent, personal hiring experience.



Walmart Fast-Tracks High-Volume Hiring

Walmart accepted the challenge of providing essential services to millions of Americans during the initial and ongoing phases of the pandemic. By mid-April 2020, Walmart had hired 150,000 new workers nationwide at a rate of 5,000 per day.⁸ With the market flooded with record numbers of unemployed workers, fast-tracking critical hiring was a colossal test of hiring operations for every organization that needed to fill positions. Organizations like Walmart that already had science-based selection tools and automation in place to move top talent seamlessly through their hiring process and drive fast, accurate candidate selection have been most equipped to handle the hiring demands and challenges of the pandemic.

Years before the pandemic, Walmart had been working with Modern Hire to develop job-specific Virtual Job Tryout assessments. Their hiring teams faced many of the same challenges, from high-volume hiring demands on a national scale to the fact that many of their applicants are also their customers. Modern Hire's scientifically validated Virtual Job Tryouts, delivered via Modern Hire's all-in-one hiring platform, became the tailor-made solution at Walmart for data-driven hiring processes that also created personal, branded hiring experiences. **Walmart earned the Human Resource Management (HRM) Impact Award** from the Society for Industrial and Organizational Psychology (SIOP) and Society for Human Resource Management (SHRM) and their foundations, for their Virtual Job Tryout-enabled outcomes, which amounted to immense savings in reduced turnover. Partnership with Modern Hire has additionally equipped them to respond to volatility in the labor market and customer demands created by the pandemic and quickly hire hundreds of thousands of the most qualified candidates.

8. <https://corporate.walmart.com/newsroom/2020/04/17/walmart-meets-commitment-to-hire-150-000-associates-pledges-to-hire-50-000-more>

Trend 2: Build Hiring Processes Immune to Shock with Automation (continued)

Hiring teams need to understand and select automation that will continuously improve their outcomes and avoid adverse impact. Data and predictive analytics can show the way.

The pandemic has been a hard lesson for some hiring teams that they need flexibility and speed in their hiring operations now and for the future.

The aim should be to minimize friction in the process. While the labor market shift from low to high unemployment occurred at record speed in 2020, the fact is the labor market is always shifting between low unemployment (many job vacancies) and high unemployment (few job vacancies). Back in 2010, economics professors Peter A. Diamond, Dale T. Mortensen, and Christopher A. Pissarides were awarded the Nobel Prize in Economics for their work in identifying the impact of friction in hiring.⁹ Their application of search theory to the labor market helps explain the complex relationships between labor market variables such as the unemployment rate, the number of job openings, and length of time of unemployment.

While the labor market shift from low to high unemployment occurred at record speed in 2020, the fact is the labor market is always shifting between low unemployment (many job vacancies) and high unemployment (few job vacancies).

A decade later, advanced technologies are creating hiring automation that minimizes friction in the hiring process and enables recruiters to handle all types of hiring environments efficiently, effectively, and in a personal way for candidates. Automated hiring technology currently at work in organizations across industries and markets include:

- **Auto-scoring** of candidate responses to open-ended assessment and interview questions
- **On-demand text** screening that checks candidate responses against basic job requirements and auto-advances qualified applicants, expediting the process for all
- **Self-scheduling tools** that sync with hiring teams' calendars and offer candidates their choice of interview times

Automation can help drive incredible improvement in hiring outcomes, but TA practitioners need to understand the technology they are deploying. Without that knowledge, there is a real risk of unintended consequences in hiring outcomes, one of the most notable being propagation of bias. To protect against this risk, be sure your assessment partner has the data to demonstrate its technology tools do not lead to adverse impact on protected populations, are proven to select for job relevance, and are otherwise compliant with industry guidelines and legally defensible.

9. <https://www.nobelprize.org/prizes/economic-sciences/2010/illustrated-information/>

Trend 3: Increased Urgency for Diversity in Hiring

The urgency for meaningful improvement in organizational diversity and inclusion will spur increased concentration on more effective diversity hiring in 2021.

While the changing social climate may be the immediate catalyst, organizations have long recognized that diversity and inclusion are drivers of financial performance.¹⁰ Research has also shown that at the human level, diverse and inclusive teams are more creative, innovative, and engaged at work.¹¹ For all of these reasons, organizations are engaging more fully in understanding diversity and barriers to diversity within their workforce. They view hiring both as the primary driver reinforcing bias and also as a primary driver for improving it. Those that have truly mastered diversity compliance practices such as the 80% selection rate (which states that protected groups should be hired at a rate that is at least 80% of non-protected groups) and awareness and avoidance of adverse impact are going beyond that to embrace diversity and inclusion as holistic best practices.



Companies with a more culturally and ethnically diverse executive team were 33% more likely to see above-average profits.¹²

Applicants with White-sounding names received 30% more callbacks than applicants with Black-sounding names.¹³

Workforce diversity begins with sourcing strategies that attract a more diverse talent pool, but the hiring process must remove the barriers of unconscious and systemic bias for organizations to make real progress. Data-driven hiring technologies are the key to minimizing and eliminating bias in candidate selection.

66%
of companies have strategies for diversity hiring, but only 25% set gender diversity targets.¹⁴

10. <https://www.weforum.org/reports/the-future-of-jobs-report-2020>

11. <https://www2.deloitte.com/us/en/insights/focus/human-capital-trends/2017/diversity-and-inclusion-at-the-workplace.html>

12. <https://modernhire.com/data-driven-selection>

13. <https://www.jdsupra.com/legalnews/ofccp-s-new-mou-with-the-eeoc-could-54821>

14. <https://www.thetalentboard.org/benchmark-research/cande-research-reports>

Trend 3: Increased Urgency for Diversity in Hiring (continued)

In 2021, more companies will make predicting, measuring, and programmatically controlling for bias part of their hiring process.

How is this done? By combining pre-employment assessment data with protected class information, it's possible to determine if members of one group score significantly higher or lower than members of another group. Examining such trends is important because if the protected group scores lower by a certain margin, this gap could be evidence the assessment is having an adverse impact on a particular class of candidates. Group differences analyses are typically done at defined intervals, such as annually and often in tandem with classic strategies such as concurrent validation or predictive design validation.

However, as the candidate pool changes, the nature of predictor-criterion relationships can change. Organizations must monitor these statistics frequently, and, more and more often, it can be done in real-time. As we share in our white paper *The Future is Fair: How AI Is Eliminating Bias*, ongoing scrutiny is an essential piece of combatting adverse impact.

Candidates are on board with using AI to improve fairness in hiring. In Modern Hire candidate research, 44% of candidates said they have experienced discrimination in the hiring process.¹⁵ Of these candidates, 56% believe AI may be less biased than human recruiters, and 49% believe AI may improve their chances of getting hired.

44%

of candidates said they have experienced discrimination in the hiring process.¹⁵

Employment's Legislative Landscape: What to Expect in 2021

2021 is likely to bring some significant change on the regulatory front for TA practitioners. The incoming presidential administration is expected to address the ongoing EEOC (Equal Employment Opportunity Commission) backlog, which may hobble both the EEOC and OFCCP (Office of Federal Contract Compliance Programs) now that the two agencies will collaborate differently under a new Memorandum of Understanding signed in November 2020.¹⁶ There's also growing awareness that after 42 years since adoption, the Uniform Guidelines on Employee Selection Procedures (UGESP) is ready for a reboot.

With the shift to online hiring, the Web Content Accessibility Guidelines (WCAG) have come into the spotlight. TA leaders may have a difficult challenge in 2021 in bringing their online recruitment and hiring programs into compliance. Recruiting and hiring complexity at the regional and national levels will continue to increase as city- and state-level ordinances take effect on specific issues. In 2020, Illinois led the way with its Artificial Intelligence Video Interview Act and Nevada with its Background Check Act. Technology is also becoming a more regulated industry, which will require TA leaders to think beyond just the regulation of hiring practices. Watch for tech industry regulation like the California Consumer Privacy Act of 2018 (CCPA) to impact the way hiring teams do their work.

15. <https://modernhire.com/data-driven-selection>

16. <https://www.jdsupra.com/legalnews/ofccp-s-new-mou-with-the-eeoc-could-54821/>

Trend 4: Candidate Experience as Brand Experience

The pandemic only accelerated the move many organizations were making to virtual hiring. Unfortunately, their choice of point solutions for video interviewing, text interviewing, gamified assessments, and other steps in the hiring process is high-risk for the candidate experience. Instead of passing candidates from vendor app to vendor app, hiring teams need to be intentional about making sure their employer brand comes through in a strong, seamless hiring experience.

A seamless experience is also a major influencer of candidate completion rates. [According to Modern Hire research](#), the top predictor of candidate completion rate is *not* assessment length, as commonly assumed. **The highest completion rates are for all-in-one hiring experiences, when all the parts of the process can be handled seamlessly and in one session for a candidate.**

Here are just three reasons why:

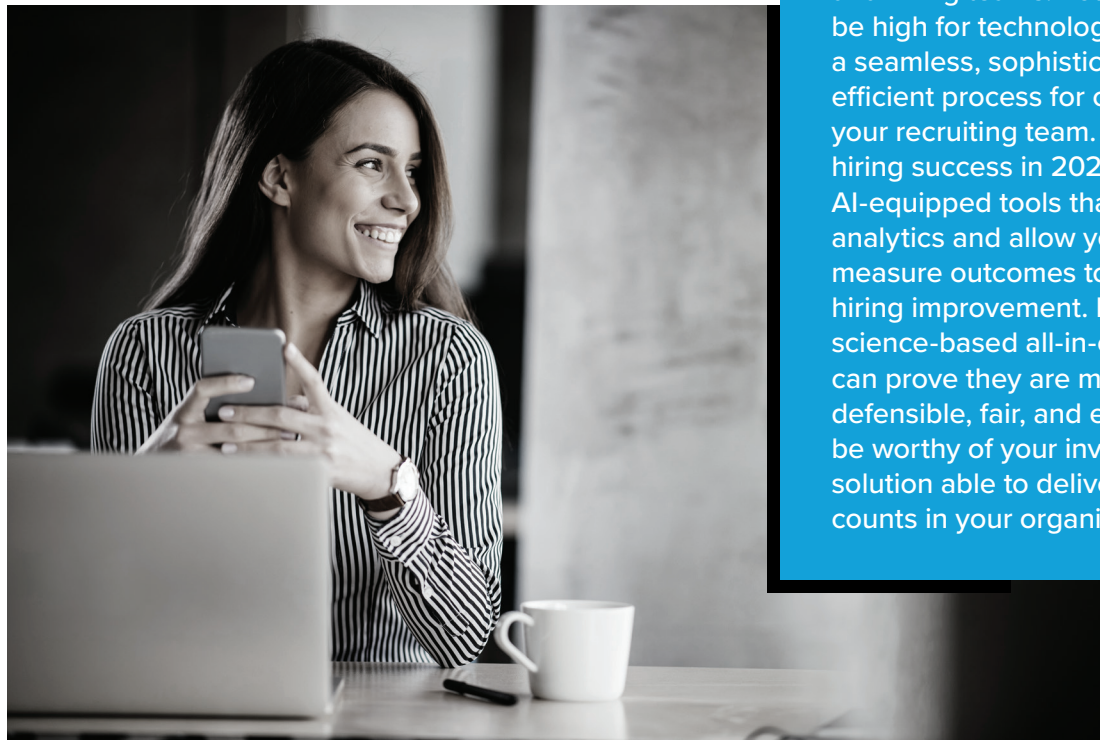
- 1.** Candidates in financial crisis because of the pandemic are applying for many jobs each day. A strong employer brand can influence their decision to accept your offer.
- 2.** If your candidates are also your customers, you want them to come away feeling favorable about your organization whether they receive a job offer or not.
- 3.** In this environment of candidate abundance, losing sight of the candidate experience is easy in the effort to efficiently manage a large volume of candidates.



Trend 4: Candidate Experience as Brand Experience (continued)

Candidate engagement is an integral aspect of the brand experience. Candidates should feel they have the chance to demonstrate competence and provide job-relevant information during their assessment and throughout the entire hiring process. Pre-employment assessments should enable hiring teams to build their employee value proposition directly into the evaluation process and give candidates a realistic preview of the job so candidates can be informed decision makers, too. These types of opportunities have proven to be a tangible competitive edge for the winners of the 2020 Talent Board Candidate Experience Awards.¹⁷

Gamified experiences that don't appear to be job-relevant or personality tests that aren't predictive of on-the-job success are much less likely to drive candidate engagement and satisfaction. They are also least likely to increase an organization's quality of hire.



All-in-One Hiring Solutions Are Setting a New Standard

Large enterprise organizations that shifted to online hiring produced 2020 talent acquisition success using technologies that enabled them to make smarter hiring decisions. Many adopted all-in-one hiring solutions, and they likely will keep their hiring processes 100% virtual post-pandemic.¹⁸ The trend that began in 2020 with interview companies buying assessment vendors with an eye toward creating an end-to-end solution also shows no signs of slowing.

Dynamic TA practitioners will look beyond technologies that simply cover all the hiring stages to solutions that deliver a high-quality experience for candidates and hiring teams. Your standards should be high for technology that enables a seamless, sophisticated, extremely efficient process for candidates and your recruiting team. Must-haves for hiring success in 2021 and beyond are AI-equipped tools that use predictive analytics and allow you to track and measure outcomes to facilitate continuous hiring improvement. In addition, look for science-based all-in-one solutions that can prove they are more predictive, legally defensible, fair, and efficient. What will be worthy of your investment? Only the solution able to deliver the kind of ROI that counts in your organization.

17. <https://www.thetalentboard.org/benchmark-research/cande-research-reports>

18. <https://hrexecutive.com/why-remote-hiring-isnt-going-away-and-what-that-means-to-hr/>

Trend 5: Increased Emphasis on Human-Centered AI

By mid-year 2020, one of every two companies had adopted AI in at least one of their business functions.¹⁹ It's not a stretch to believe that percentage increased as the pandemic wore on. But of the risks companies consider relevant to the use of AI, just 41% consider explainability relevant, and only about one in four think equity and fairness is material.

Such a finding may not be so surprising a finding in the hiring world. **Rarely do we see HR technology vendors talk about how specific AI techniques are being used or how they were developed.** The outcome data that proves the predictive validity and fairness of the AI technique being used in the solution is also rarely discussed. **This “black box” approach can't endure in the use of AI in a world where talent acquisition seeks to be fair and ethical.**

AI tools must be created with a human focus. Every single research question and product developed with AI must be done to benefit individual humans first. Otherwise, we run the risk of creating advanced technologies whose goals are not aligned with ours, with values that do not preserve our basic human ones. In fact, it is a virtual certainty that if developers are not careful to avoid unintended consequences, humans will suffer as a result.

This “black box” approach can't endure in the use of AI in a world where talent acquisition seeks to be fair and ethical.

At Modern Hire, our focus is on the pragmatic application of AI to solve real problems, drive real results, and improve the well-being of all people who interact with our AI. In the list of standards we recommend for the ethical use of AI in the context of hiring, the first is this: **AI products must be beneficial for individuals as well as organizations.**²⁰

Human-centric AI can add value to the hiring process and talent management decisions in so many ways, from bias control and real-time candidate feedback to better job fit and satisfaction. We believe 2021 will be the year more TA practitioners make sure they deploy only AI hiring technologies that can demonstrate a human-centric approach.

19. <https://www.mckinsey.com/business-functions/mckinsey-analytics/our-insights/global-survey-the-state-of-ai-in-2020>

20. <https://modernhire.com/ethical-ai-hiring>

Conclusion



Hiring will increasingly be defined by data-driven techniques and virtual tools that support continuous process improvement and improved interactions and experiences for candidates and hiring teams.

The forced digital transformation in 2020 represents a permanent paradigm shift in hiring. HR leaders and TA teams adapted quickly, and as it turns out, virtual face-to-face interviews often work just as well as in-person ones. Hiring will increasingly be defined by data-driven techniques and virtual tools that support continuous process improvement and improved interactions and experiences for candidates and hiring teams.

In 2021, hiring teams can build on their momentum to define innovative best practices for talent acquisition and deliver enhanced value for their organizations. This year is the one to acquire the tools and processes to build your workforce of the future.

Make hiring personal to continuously improve experiences and results

Modern Hire's all-in-one enterprise hiring platform enables organizations to continuously improve hiring results through more personalized, data-driven experiences for candidates, recruiters and hiring managers. CognitiOn™, the nucleus of Modern Hire's platform, merges expertise in industrial-organizational psychology, talent selection science, advanced analytics, candidate experience, employment law, data science and the practical application of ethical AI. This trusted science predicts performance, ensures fairness and automates workflow enterprise-wide, combining AI, predictive analytics, workflow automation, assessment and interviewing technology in a single SaaS solution that integrates with leading HCM systems and is trusted by 47 of the Fortune 100.

Modern Hire delivers the best experience for everyone involved in the hiring process. To learn more about the company's vision for making hiring personal, visit www.modernhire.com.

modernhire.com



Modern Hire