

White Paper



# The Future of Recruitment

The evolution of RecTech towards 2025

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# The accelerating influence of technology

Recruitment is a weathervane for economic health; hiring and firing reflects the prosperity of the times. The world of work and employment continues to change quickly. Many changes since the millennium have been indexed to the increasing influence of technology. However, changes to the operating environment are also responsible. We have now entered the 'fourth Industrial Revolution', where the digital and physical worlds are blurred.

Sometimes, these factors collide. Disruptive changes to the economy, legislation and regulation often create the opportunity for new technologies to emerge or present the chance to exploit existing ones. The COVID-19 pandemic is a prime example.

A key characteristic of today's technology-enabled workplace is that we are using machines to augment human work, getting them do manual, repetitive high-volume tasks to help us be more efficient and effective at what we do. In short, the influence of technology is accelerating, and recruitment agencies need to innovate at the pace our sector demands.

With the fallout from the global Covid crisis still yet to be fully understood, here we look at some of the factors shaping the short to mid-term development of Recruitment Technology (RecTech) and the impacts they might bring for the recruitment industry through to 2025.

# RecTech Impact 1 – Accelerating talent search and selection

## Setting the record straight on AI

When analysing the future of recruitment, there is no better place to start than Artificial Intelligence. AI has been a big technology buzzword for a few years, but we need to get

it straight! AI is a much-abused term and misuse is leading to widespread misunderstanding of what it really means. Driverless cars and dating robots are often said to be AI. But that's simply not true at the moment.

Currently, these are technologies that simply crunch a lot of data to look for patterns. Patterns are analysed to identify algorithms, enabling probabilities to be calculated. This is really the art of prediction and it is termed Machine Learning (ML).

'True' AI is computing power with the capability for autonomous thinking. AI is not really there yet. True AI cars and dating apps are some way off...

There are a few areas in which ML is drastically transforming recruitment processes, but its most dramatic impact is already being seen in enabling smarter, more efficient talent searching.

## Attracting more of the right candidates

The latest recruitment platforms enable the optimisation of job ads. ML-based writing tools are used to analyse word patterns and sentence structures in job adverts. By seeing which ads worked best at attracting applicants, the most effective ways of laying out information and constructing language is identified. This enables adverts to be optimised to maximise job ad response. This can be applied dynamically across channels and websites, ensuring consistent ad construction across all recruitment channels.

## Qualification for shortlisting

Chatbots are being used by recruiters to put basic questions to potential candidates, qualifying their interest and suitability for a role. This means the least appropriate applicants can be filtered out automatically, sending only the strongest candidates through to interview.

## Matching candidates to roles

Another area where smarter search is developing is in candidate skill matching. The CVs of people looking for new opportunities are scanned and important data such as their location, qualifications, experience and key strengths are used to profile them.

When a client identifies a new job opening or a gap in their skills base, recruitment agencies are able to match the client's brief against the candidate profiles to create a best-fit shortlist for the role. Not only is this significantly quicker than reviewing CVs manually, it ensures only high-quality candidates are put forward for vacancies. This a bit like a dating app, but instead of people finding people, it's finding people jobs!

The most exciting part of this approach is that the system 'learns' by fine-tuning the algorithm based on the accuracy of previous matches. It becomes a little bit smarter each time it completes a data crawl.

Moving towards 2025, equipped with this type of talent search and selection technology, recruiters should produce stronger and stronger outcomes for clients.

## Video interviewing

Video in business has really come into its own during the pandemic. Live and recorded online video is being used to save time, cut costs, reduce the risk of infection through unnecessary travel and F2F meetings. Most obviously, digital video technology enables candidates to be interviewed in conventional Q&A sessions.

Another way that enables video interviews to be concise and more focused is for recruiters to pre-record interview questions and then for candidates to submit recorded video responses. Recordings of interviews or specific responses can be analysed and shared with other recruiters or hirers, assisting the collaborative side of the recruitment process.

## Automated hiring platforms

Bringing some of these ML powered tools together, all-in-one platforms are now appearing. These are used to create and post optimised ads, screen out unsuitable applicants and assess candidates that might be a good fit by providing testing capabilities. Integrating video interviewing functionality means that such platforms are likely to be increasingly important as recruitment moves forward to 2025.

# RecTech Impact 2 – Empowering freelance and contract workers

## The rise of freelancer and contractor communities

The gig economy has shown one way of enabling HR to be brought into step with spiky fluctuations in demand. However, for some employers and workers alike, issues such as zero hours contracts and the avoidance of employer responsibility and liability are too contentious.

As we move towards 2025, freelance and contract working is going to strengthen its position as the most widely acceptable form of employment. Quite simply, it balances the needs of workers while readily lending itself to helping business negotiate the challenges of increased volatility and uncertainty.

People who sell their skills as freelance, contractors or consultants are generally very savvy around the issues affecting employment, benefits and tax. In part, their intelligence around employment issues flows from access to online information sources.

Some players in the recruitment sector are using relevant content to build online communities like [The Freelance Informer](#) of temps and contractors, which act as focal points for the job market and the wider issues and concerns of such workers.

In one sense, such a community can be viewed as social unionisation. In the future, this block of labour may be able to speak with a single voice and act collectively in its own best interests...

## Candidate control of data

The widespread use of internet technologies continues to disrupt and raise issues about privacy and control. It's not just the tech giants. At the moment, any service that collects data is in control of sensitive information, rather than the person who owns that data.

For example, Covid has raised the murky question of patient information sharing with big pharma and where this might ultimately lead us, such as designer drugs for each individual – at a cost of course!

The movement for individuals to take back control of data, as described in the GDPR, is getting stronger. The growing technology literate and internet savvy communities of freelancers and

contract workers feels very strongly about privacy issues.

The use of blockchain technology is being increasingly touted as a solution. This is set to change the nature of data-based relationships. In the future, the relationship is likely to be turned on its head, with workers controlling as well as owning their data.

Blockchain enables an individual to store all of their personal data in an encrypted format and uses unique cryptographic keys to provide access. This allows specific pieces of information to be shared with specific people or organisations.

Towards 2025 we may well see recruitment technology catch up with this evolution to secure the management of personal data. More services are likely to use blockchain to give information authority back to the data owner.

Candidates will have complete authority over their personal data, so they can choose where it is stored, who can see it and for what purposes. As a result, candidates will start controlling the recruitment relationship. For some candidates, recruitment agencies may assume more of a talent agent role, negotiating contracts on behalf of freelancers and contractors.

# RecTech Impact 3 – Greater influence of tech literate workers

## It's not all about RecTech!

The influence of technology on the recruitment industry is not restricted simply to the technologies recruitment businesses use. The use of technology across all areas of business has increased significantly since the millennium. This has filtered into society and is reflected in the education system curriculum and the tools used to facilitate learning.

As a result, Millennials and Generation Z have grown up with tech and the majority are totally comfortable with using it and learning new technologies quickly. However, the opposite is true for many older workers, some of whom have been left behind.

For those that were able to keep up, retirement or winding down careers may be on the cards. With more technology and technically savvy younger workers queued up to replace them, the workforce is set to become more switched on.

For GenZ, the digital and physical worlds are almost indivisible; they use technology intuitively and are quick to grasp new concepts; and their connected existence means they are 'always on'.

As a result, GenZ has synergies that align with the modern workplace more so than older, established workers. We may see recruitment agencies seeking to leverage this to re-energise their clients' businesses.

## Tech skills to trump experience

The biggest challenge that recruiters face tapping into the GenZ talent pool is overcoming the attitudes of clients. Many companies still judge a candidate's potential on the length of their CV, rather than the raw skills they have to offer.

However, with the ubiquitous nature of tech in the wider economy driving an increased need for tech skills by hirers, there won't be much room for debate. Big skills gaps are currently forecast, so possessing specific tech skills is likely to be the determining factor in hiring decision making.

The technology accelerated search and selection we've already discussed directly supports a closer focus on the specific skills, qualifications and certifications that agencies are going to need to locate. These tools highlight the USP of relatively inexperienced Gen Z workers, helping them play to their strengths in the recruitment process.

Recruiters can then make the case to clients on the wider benefits of employing Gen Z workers. Despite relatively short careers, this group is a blank canvas, hungry for success, with strong digital skills and a natural resourcefulness.

In short, tech qualifications and certifications in proprietary technologies in particular are set to trump the preference for time served experience, long CVs and track records of achievement that many employers like to see.

# RecTech Impact 4 – Impacts on agency operations and the back office

## The march of automation continues

It's not just the relationships between candidates, clients and agencies that are evolving. In the next few years, seismic shifts will also take place behind-the-scenes in the recruitment industry.

Automation has already had a massive operational impact on many agencies, and the adoption rate for automating technologies will increase rapidly in the years to come. Many of the manual processes that are commonplace within agencies at the moment are likely to disappear with a decade.

Because of its scale, and potential for fast gains linked to transactions, FinTech is something of a magnet for innovation and continues to attract a lot of investment. However, progressive RecTech software companies are watching how the innovators are using automation, and applying it to the RecTech development roadmap.

## Delivering value by eliminating manual operations

As we move to 2025, the recruitment industry is likely to move away from technology that focuses on a particular function, to offering a suite of integrated services.

Leading RecTech companies are looking more deeply at where automation is used to replace repetitive tasks, joining-up processes in a way that makes a big difference to a recruitment agency's bottom line.

The best technologies like [ETZ](#) have already broken significant ground in the back office space, taking the operational burden away from staff and letting software automation do the heavy lifting. By streamlining processes and putting automated workflows in place, recruiters are able to supply the right resources to clients quicker, enhancing recruiter-hirer relationships.

Such software is handing paperwork demands – such as timesheet and invoicing management – over to technology. This releases agency back office teams to focus on the things they do best. It's the perfect marriage of technology efficiency and human skill which has the net result of delivering more value from tech by cutting the time and cost of running your recruitment back office.

## Joining the dots with integrated functionality

Integrated functionality enables different platforms to be brought together into a technology stack. This joins up different areas creating greater efficiency. One of the chief targets for integration within the recruitment back office is payments. Automating the hand off between recruitment and payment technologies not only enables recruiters to run more efficiently, it has the potential to change process models.

Instead of paying temporary and contract workers weekly or monthly, agencies are able to use technology to seamlessly check, approve and send contractor timesheets on a daily basis. This capability can ensure that secure payments can be made and processed in real-time for work completed that day. The CFO's dream come true... Proper real-time control of cash flow and working capital...

Daily payment has positive benefits for all parties involved. Contractors will see the fruits of their labour quickly, helping them to stay motivated. Meanwhile, recruitment agencies can redesign credit control and aged debt reporting, and put in place appropriate agency-hirer payment terms.

# Summary

By now, you should have a better idea of the technology driven changes that are likely to shape the recruitment industry in the next few years. Of course, changes in the operating environment have a part to play too.

We've made some educated guesses and hopefully, they won't be a million miles from how tech development and environmental change plays out for the industry and recruiters.

To thrive, recruitment agencies need to be dynamically proactive, continually adapting to changes in the market, within their clients' businesses, and in the workforce.

As a leader in recruitment technology since 2000, ETZ always looks for ways to help new recruitment agencies uncover more efficiency and stay ahead of the curve with tech. It is certainly going to be interesting to see how key industry trends shape the development of ETZ.

# There's a better way to grow your recruitment agency

**Save agency costs by up to 85%**

ETZ empowers recruitment agencies to automate and streamline their back office.

Our full stack of software integrates everything you need – including timesheets, invoicing, compliance and payroll – to help your business grow.

ETZ makes admin processes quicker and more cohesive, and integrates with your current systems, cutting back office costs by up to 85%.

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