

The State of Pre-Hire Assessments

The art of finding
and hiring quality
candidates

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Executive Summary

Recruiting and selecting talented people has become a top HR priority. To support this priority, many organizations are leveraging assessment tools and processes to find, hire, and select the best candidates.

To better understand both the use and value of modern assessments, HR.com and its partner, HireVue, launched *The State of Assessments* survey. The investigation covered the following topics:

- The biggest challenges to hiring the best talent
- Primary benefits and uses of assessments
- Features that HR professionals want most from assessment tools
- Most commonly used components of assessments
- Time-to-completion and completion rates associated with assessments
- The role of video interviewing in the assessment process
- Future investments in pre-hiring assessments
- And, finally, the ways that high-performing organizations tend to differ from other organizations in terms of how they use these tools

About this Survey

The *State of Assessments* survey ran in September and October of 2017. It was conducted by HR.com in partnership with HireVue, an HR software company. We gathered 599 usable responses from participants in virtually every industry vertical. The participants represent a broad cross-section of employers by number of employees, ranging from small businesses with under 50 employees to enterprises with 20,000 or more employees.



Below is a high-level overview of key findings in this report:

The majority (79%) of respondents said that “finding enough qualified candidates” is a major challenge. Many also cite other challenges such as moving candidates through the recruiting process within an acceptable timeline.

Most (76%) use some sort of assessment, with the most common usage being the recruitment for professional positions. A majority use assessments in the selection of external candidates for open positions, but once candidates are hired, they use assessment tools less frequently for purposes of promoting current employees and/or identifying high potential talent for career advancement.

Fully 90% said their systems enable them to hire quality employees. This is the primary role of a pre-hiring assessment process.

Two-thirds said their processes are an effective screening method for managing volume, and 59% said their systems save administrative and managerial time. Less than half, however, said their systems reduce time-to-fill.

Competency analysis is the most popular feature of assessment tools, but the capability to summarize or interpret assessment results was a close second. This reinforces the value of the pre-hire assessment tool as an operational tool to enhance efficiencies within the talent acquisition process as well as to provide a higher level of quality candidates.

Only about a quarter of respondents said most of their candidates complete their assessments. Candidates typically do not complete assessments, although most assessments take an hour or less to complete. Organizations that are higher performers tended to enjoy higher completion rates.

Organizations that have already invested in pre-hire assessments are most likely to invest in them again in the future. Moreover, larger organizations are more likely to make such future investments than smaller ones.

How Are Organizations Coping in Today's Labor Market?

Finding: Just locating enough qualified talent is difficult in today's labor market

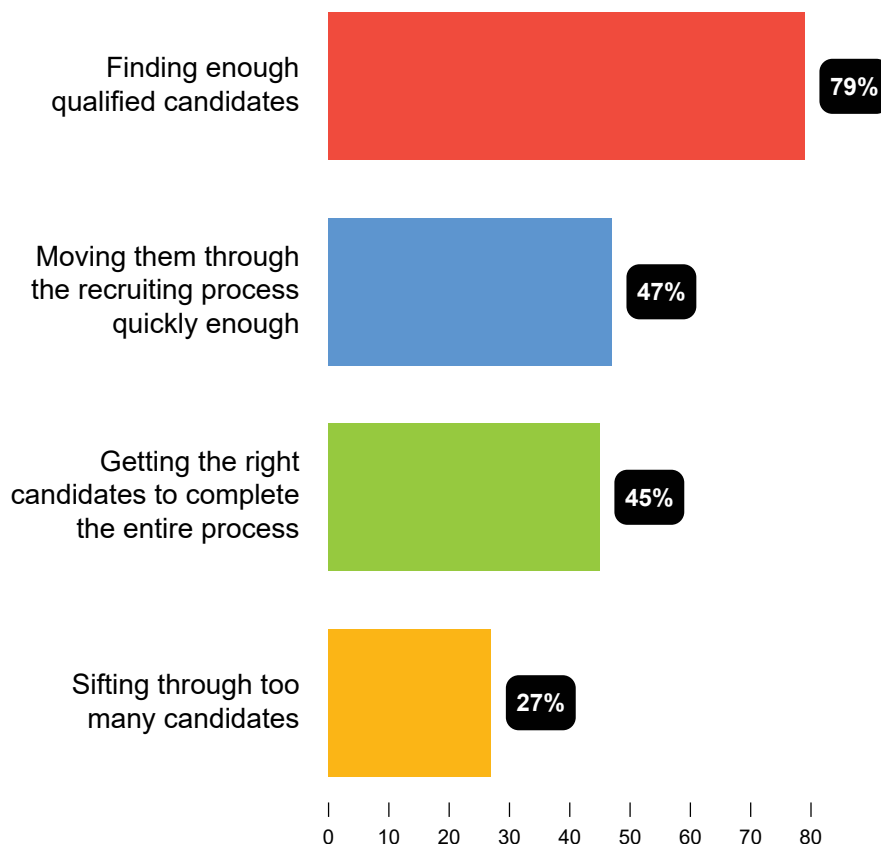
In April 2018, the official U.S. unemployment rate was 3.9%. Are employers having difficulty locating the talent they need in this tight labor market? According to the study results, the answer is yes. When we asked respondents about the biggest challenges facing them, fully 79% cited “finding enough qualified candidates.” Many respondents also expressed concern about being unable to move candidates through the recruiting process quickly enough.

These two challenges are related. It does no good for an employer to find qualified people if it takes too long to bring those people aboard. After all, in today's labor market, a qualified candidate may well slip through the organization's proverbial fingers and wind up with a faster-moving competitor.

But getting candidates through the process quickly means that the process itself must be efficient and effective. Part of efficiency means being able to sift through many applications to find the right candidates your organization needs, a problem cited by 27%.



Survey Question: In your organization, what are the three biggest challenges to hiring the best talent? (select up to three)



Four-fifths cite the challenge of finding enough candidates



What Role Are Assessments Playing?

One way to locate the best talent is via assessments. Assessments can, of course, be used for a variety of purposes, from identifying skill gaps to selecting candidates for succession management programs. This study indicates, however, that assessments are—first and foremost—about finding talent.

Finding: Most organizations use candidate or employee assessments

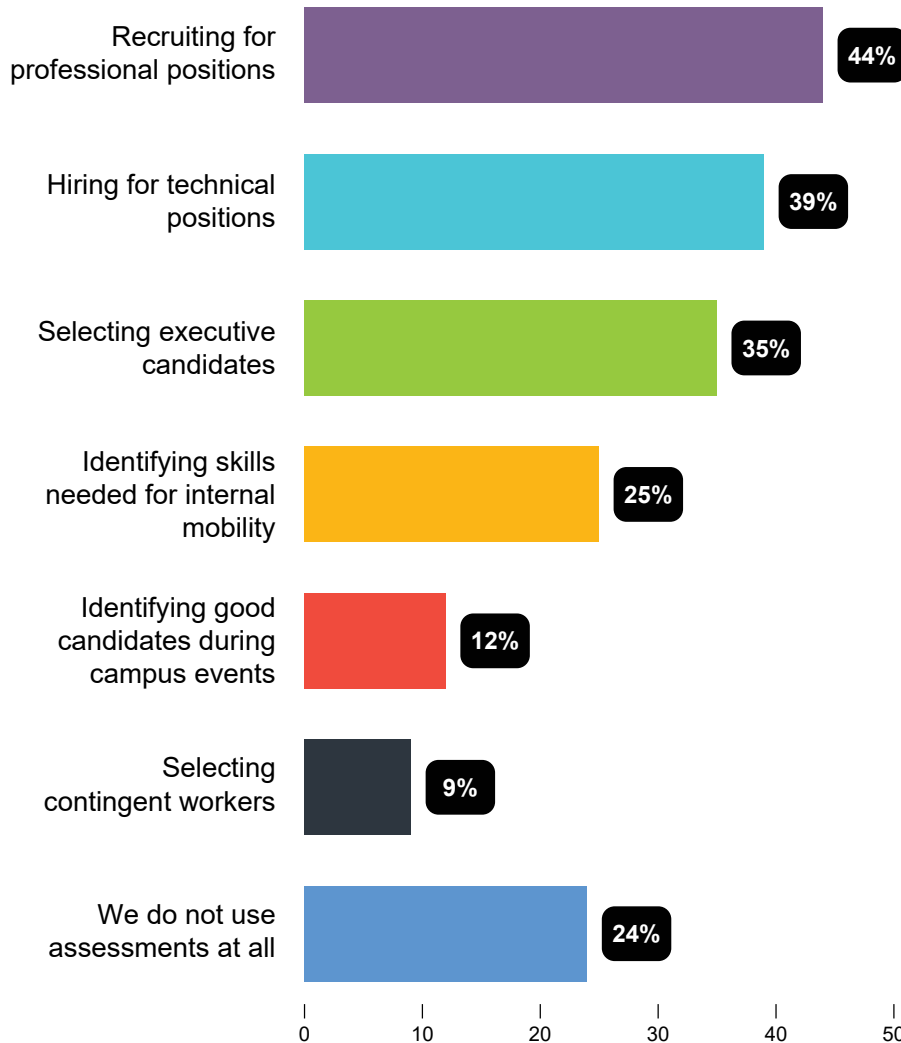
Assessments are most commonly used to recruit employees for skilled and professional positions and to select executive candidates, according to our respondents. Although some indicated that they use assessments for purposes of internal mobility, respondents rated this application lower than for recruitment and selection purposes.

Respondents from larger sized entities (i.e., more than 1,000 employees) were somewhat more likely than average to use assessments in general (88% versus the 76% average) and pre-hire assessments in particular.

We also added an “Other” category response to this question where employee and professional development were the most commonly cited type of assessment.



Survey Question: For what purposes does your organization use assessments? (select all that apply)



Recruiting professional employees is the most commonly cited reason for using assessments



How Are Pre-Hire Assessments Useful?

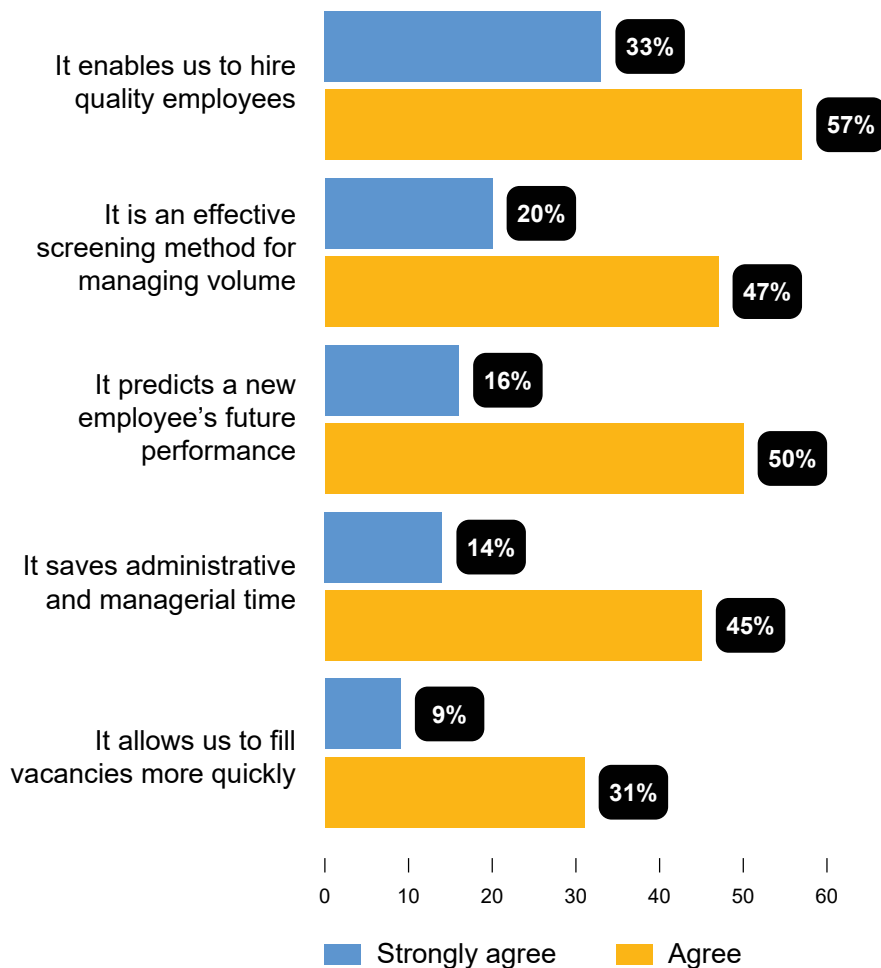
Finding: Assessments are used to find quality amid the volume of possible candidates

The vast majority (90%) of respondents agreed that pre-hire assessments enable them to hire quality candidates, though only 66% agreed that their assessment process allows them to predict a new employee's future performance. This sounds like great news for pre-hire assessment tools, but we should note that only 33% *strongly agreed* that such assessments enable them to hire quality candidates, suggesting that few see their assessment tools as being truly excellent.

There are also administrative benefits in using a pre-hire assessment tool. Most see such tools as a way to manage the volume of potential candidates as well as to reduce administrative and management time associated with the recruitment, selection, and hiring of candidates. In short, organizations want both quality *and* efficiency from their assessment tools.



Survey Question: To what extent do you agree with the following statements about your pre-hiring assessment process? [percent strongly agree and agree]



Pre-hire assessments should also be capable of boosting recruitment efficiency

But how do respondent organizations that view their pre-hiring assessment as top-notch differ from other organizations? To find out, respondents were separated into two groups:

- **Higher Performers:** These are the organizations that strongly agreed that their process enables them to hire quality employees.
- **Lower Performers:** These are the respondents who did *not* strongly agree that their process enables them to hire quality employees. Their assessment systems often serve their needs to an extent, but respondents are not as enthusiastic about them as they might be.

Throughout the rest of this report, we refer to these two groupings when interesting variances appear.

What Are the Most Important and Most Valued Features?

Finding: Accuracy is what users want most from an assessment tool

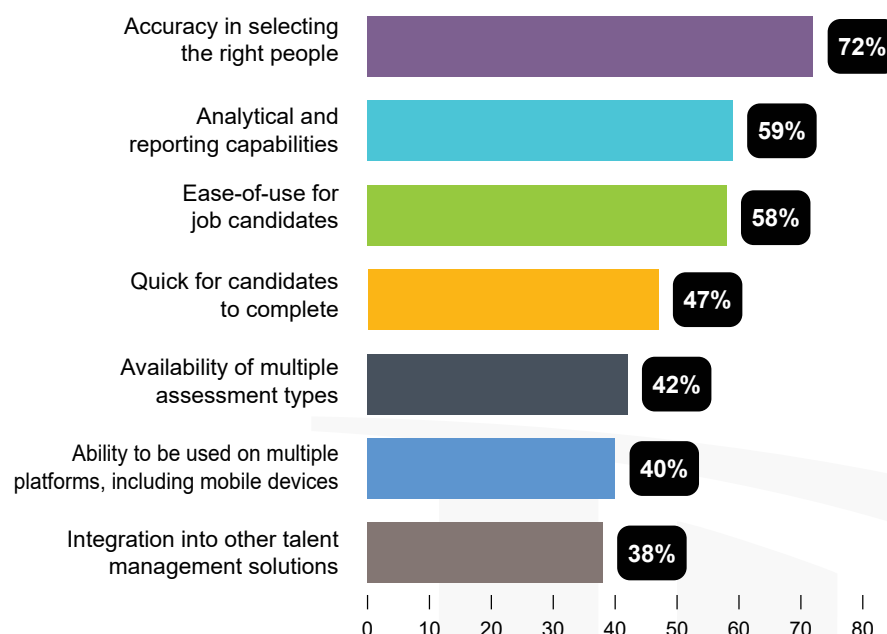
When asked about the features they want most of a pre-hiring assessment tool, 72% cited accuracy as the most desired feature. More than half also selected analytical reporting capabilities and ease-of-use for job candidates.

In short, respondents tend to want an accurate tool that job candidates find easy to use. That tool should also have good analytical and reporting capabilities.

Respondents from larger organizations most value assessment tools with the “ability to be used on multiple platforms, including mobile devices,” which makes sense given the complexity of multiple locations, diverse roles, and typically higher investments in technology. This highlights the fact that organizations will demand different features based on the unique needs of their businesses.



Survey Question: Which features and benefits of a pre-hiring assessment tool do you value most? (please select up to five)



Accuracy, analytical reporting, and ease of use are the most critical features of an assessment tool

Finding: Competency analysis is the most common feature among assessment tools

Competency analysis is the most common feature found in pre-hire assessments. In this type of analysis, the competencies of a candidate are compared to those required of the role. It is a core need of organizations using assessments.

But specific competency analyses are not enough in themselves. Nearly as important is the reporting function of the assessment tool, which provides not just a summary but an interpretation of assessment results. In short, this feature helps users make sense of the data and it helps them explain the results to others.

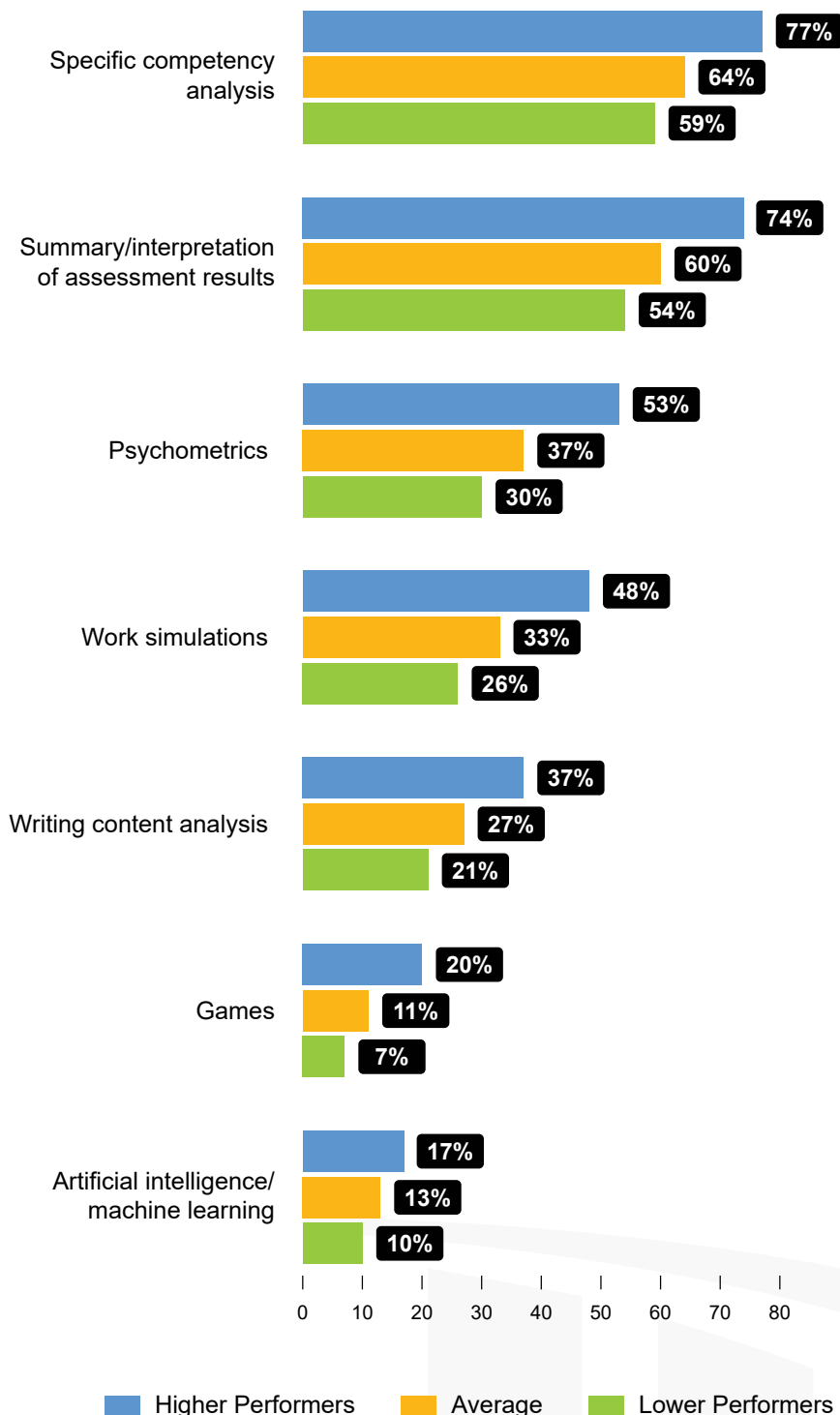
Additional features such as psychometrics and work simulations have been incorporated into the pre-hiring process by about a third of the respondents who use pre-hiring assessment tools. But this fraction goes up substantially when we focus on Higher Performers, about half of which use psychometrics (53%) and work simulations (48%). In contrast, only 30% of Lower Performers use psychometrics and just 26% use work simulations.

This suggests that one of the reasons that Higher Performers have a stronger belief that they are hiring quality individuals is because they are drawing from more data points and are receiving a more well-rounded picture of each candidate.

Relatively few respondents, even among high performers, say their pre-hire assessments currently include artificial intelligence. We should note, however, that some of today's top vendors incorporate artificial intelligence to improve and otherwise generate features such as competency-based assessment summaries that are grounded in psychometrics.



Survey Question: To what degree does your organization's pre-hiring assessment include the following features? [percent responding to a high or very high degree]



Higher performers are more likely to use a range of features

What Are Typical Completion Rates?

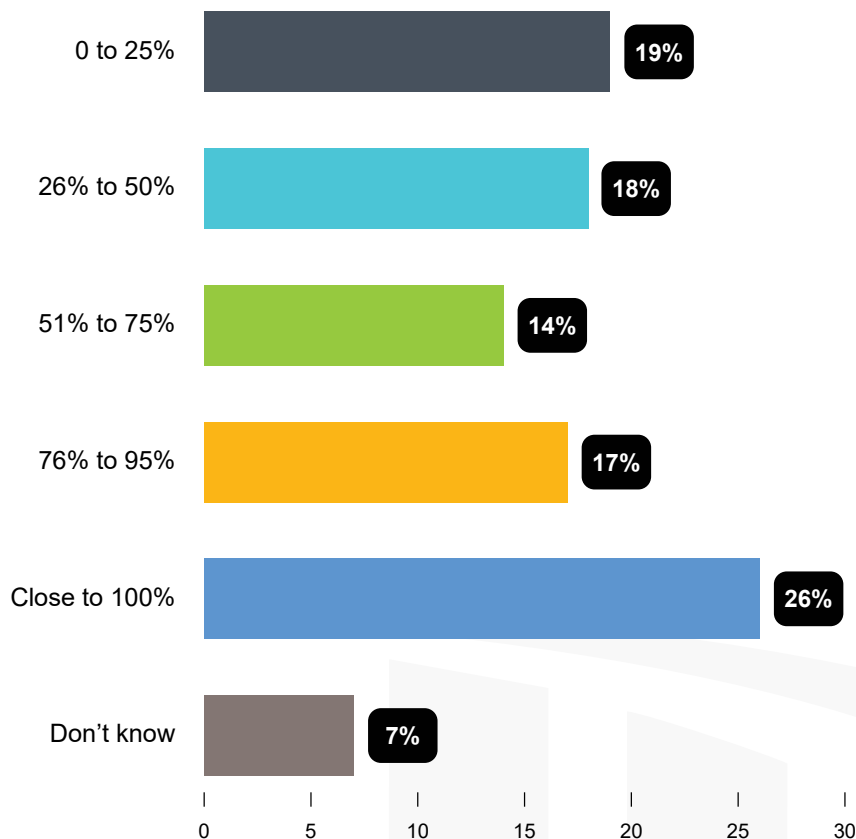
Finding: Relatively few organizations have high completion rates

Relatively few candidates complete their pre-hire assessments, this study shows. In fact, only about a quarter of respondents (26%) believe that nearly all of their candidates complete the assessment, whereas 37% said that half or less of their candidates complete their assessments.

There are, of course, many possible reasons candidates quit their assessments part way through. In some cases, they may lose patience or just run out of time. In other cases, the assessment may convince them that they are not a good skills fit for the job, or the types of questions may suggest to them that they do not wish to work in the kind of corporate culture that they believe the tool reflects.



Survey Question: What percentage of candidates completes your pre-hire assessments?



Only about a quarter of respondents reported that nearly all candidates completed their assessments

Do Completion Rates Matter?

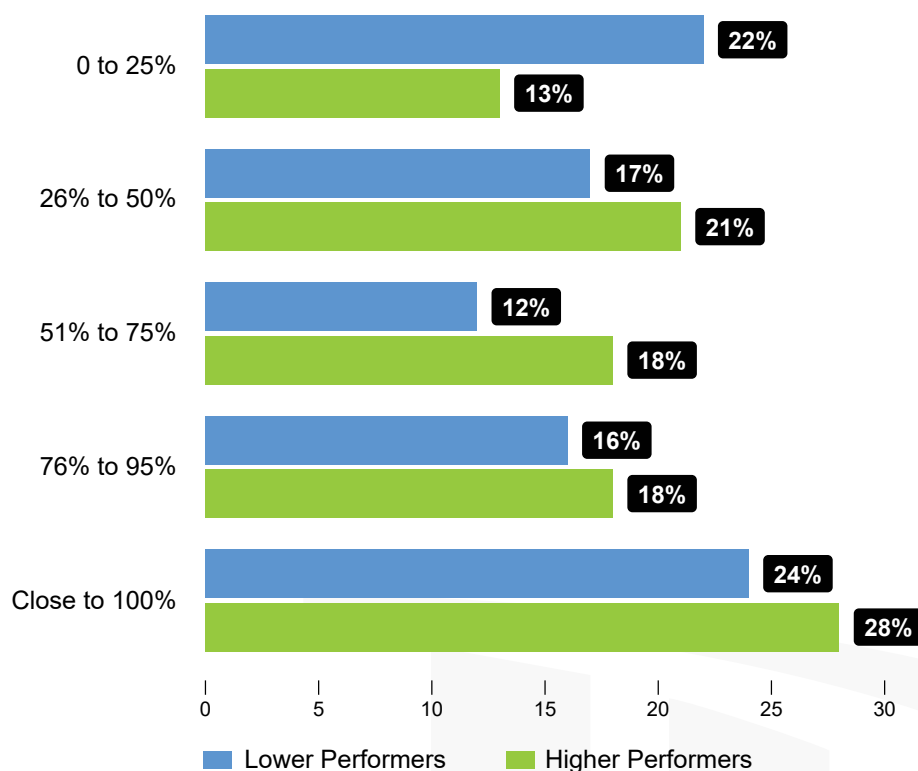
For many organizations, yes. As noted earlier, nearly half of respondents (45%) reported that “getting the right candidates to complete the entire process” is a major challenge for them. Knowing this, we looked for relationships between completion rates and recruitment performance.

Finding: Higher Performing organizations tend to have higher completion rates

Our analysis showed that Higher Performers were considerably more likely than Lower Performers to say that a larger percentage of candidates complete assessments. Although we cannot assume causation here, the data is suggestive that there may be a benefit—in terms of finding quality candidates—associated with higher completion rates.



Survey Question: What percentage of candidates completes your pre-hire assessments? [By organization performance]



Editor's Note: The data above does not include those replied “Don't know” to the question.



Few candidates complete the entire assessment

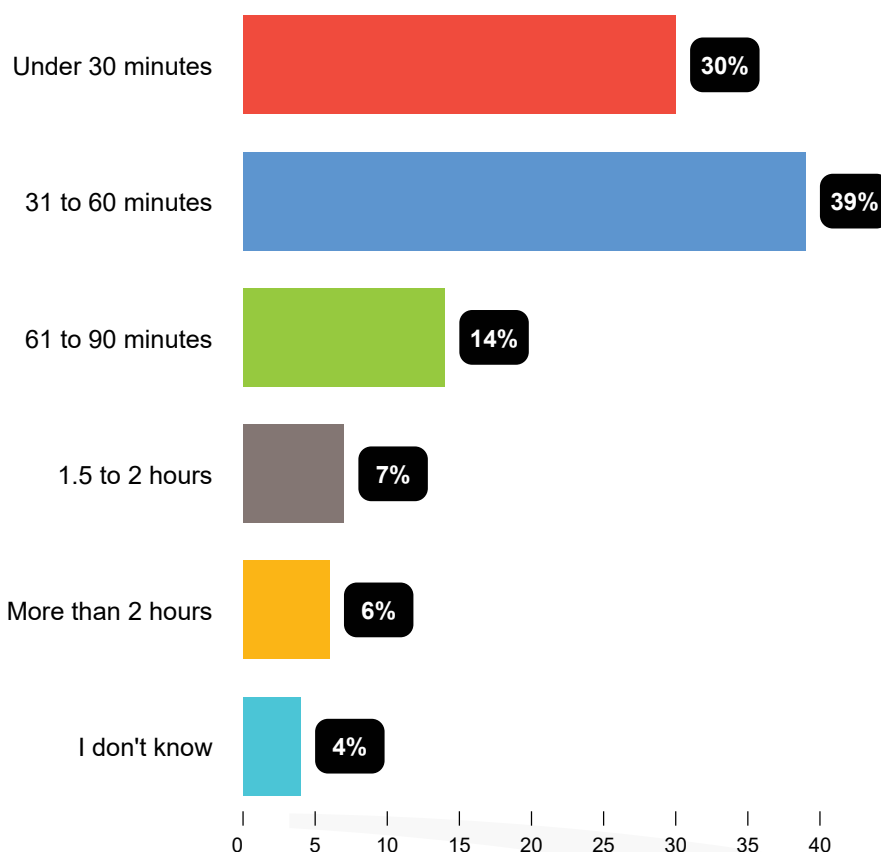
How Much Time Is Spent?

Finding: Most pre-hire assessments take an hour or less

Most (69%) respondents said that the pre-hire assessment process in their organizations takes no more than an hour to complete. On average, candidates at larger firms (with 1,000 or more employees) take longer to complete assessments than candidates at smaller ones (999 or fewer employees). Among larger organizations, 63% of respondents say their assessments take less than an hour, compared with 75% of smaller ones.



Survey Question: What is the average amount of time it takes for your candidates to complete your current pre-hire assessment process?



Candidates typically complete the pre-hire assessment process in less than an hour

Will Companies Continue Investing in Pre-Hire Assessments?

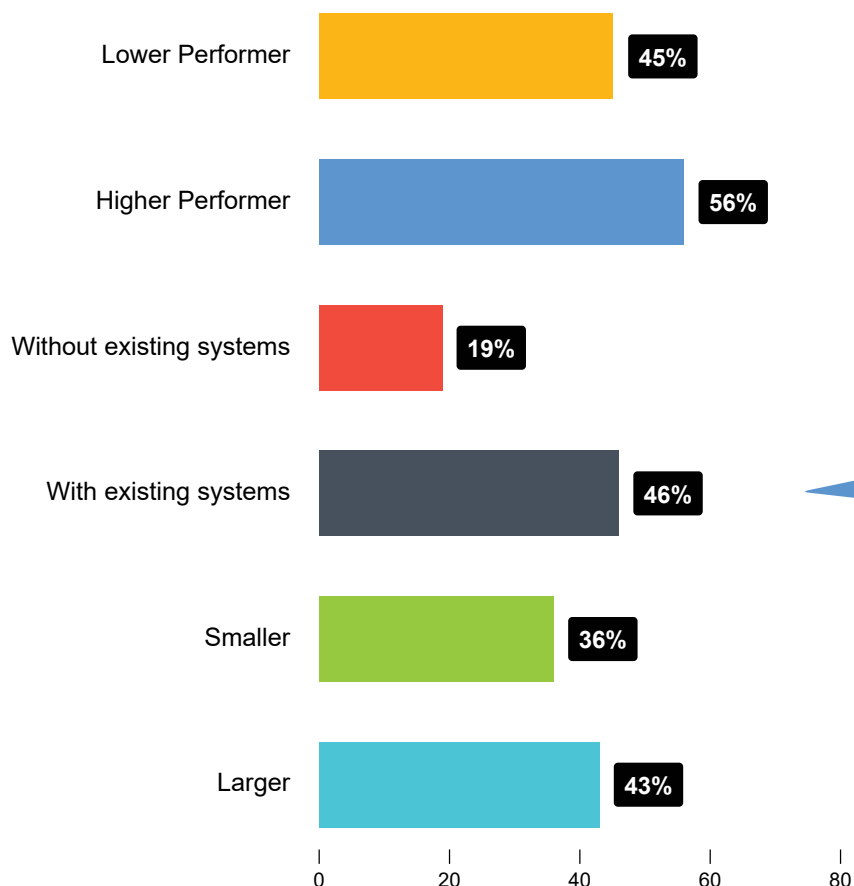
Finding: Higher performers are more likely to make further investments

One might guess that the organizations likely to invest in pre-hire assessments in the next year would be those that have invested little in the past. However, just the opposite is true. Organizations that already believe that their pre-hire assessment process enables them to hire quality candidates were most likely to invest in such assessments in the next 12 months. Why? Perhaps because these organizations have the greatest appreciation of the value and potential return on pre-hire assessment investments. Similarly, organizations with existing systems are more likely to make investments than those without existing systems.

Less surprisingly, larger organizations are more likely to plan investments than smaller ones. Larger companies, of course, tend to recruit a larger number of candidates for a wider variety of positions and so may benefit more from economies of scale. On the other hand, well over a third (36%) of smaller organizations anticipate making such investments over the coming year, so it's clear that they too can derive benefits from such systems.



Survey Question: Does your organization plan to invest in pre-hire assessments in the next 12 months? [by percent who said yes]



Organizations with existing systems are more likely to invest in the next 12 months





Takeaways

Given the findings of this study, what should organizations consider in terms of the pre-hiring assessment process? While the answer depends on the specific circumstances of an organization, below are key takeaways that may help.

1

If your organization does not already use a pre-hire assessment process, seriously consider one. Those who completed the survey overwhelmingly stated that the process had a positive impact on hiring quality candidates. Moreover, there are other associated advantages of assessments, including serving as an effective screening method for managing volume and saving administrative and managerial time.

2

If your organization already has such an assessment process, continue to refine it. Many companies with such assessments are willing to invest in them in the near future in order to continue to improve them. Relatively few study participants, for example, stated that their current pre-hire assessments include artificial intelligence. Yet, machine learning may help organizations do a better job of predicting a new employee's future performance. Thanks to these and other technologies, the pre-hire assessment space will likely evolve quickly in coming years.

3

Develop competency models that have an impact on the hiring and selection processes. While general competencies are often incorporated into pre-hire assessments, a preponderance of research suggests that customized competencies (those that fit the role and align with the culture) are much more effective than generic competencies. If organizations are using pre-hire assessments for those “hard to find/hard to lose” positions, it may be useful to build customized competencies into the assessment tool.

4

Train managers to investigate the pre-hire assessment findings as candidates move into the final interview and selection phase. Although technical features and efficient processes can be built into pre-hire assessment tools, it is ultimately the hiring manager who makes the final selection. Those managers must be able to corroborate the findings of the assessment tool to ensure that candidates really do have the right skills and attitudes to succeed.

5

Continue to gauge the accuracy and efficiency of assessments. Are they really doing a good job of predicting the future success of new hires? Which components tend to be most successful? Which need improvement? Can the system be better used to achieve goals such as managing volume or reducing time-to-fill? Assessments should be evaluated annually to ensure they are providing results and predicting performance for the current skills required for each role.

6

Study time-to-completion and completion rates. You may find ways of reducing the length of assessments without negatively affecting their accuracy and validity. You may also find that using features such as interactivity may help boost completion rates.

7

If it is not already being done, consider using assessments to improve areas such as professional development, career planning and advancement, and succession planning. The range of capabilities found within assessment tools can be customized to augment talent management programs throughout the organization. Additionally, they can add an objective perspective to what is often seen as a very subjective approach to promoting from within the organization.

8

Examine your system's video capabilities. Could better video capabilities affect the effectiveness or efficiency of the assessment process? Would a dedicated interviewing platform significantly raise the quality of the interviewing experience? This is another area that is subject to change as technologies rapidly evolve.

About HireVue

HireVue is transforming the way companies discover, hire and develop talent with its Video Intelligence platform. Combining predictive, validated industrial organizational science with artificial intelligence allows companies to augment human decision-making in the hiring process, delivering higher quality talent, faster. We provide video interviewing, assessments, scheduling and more helping global enterprises gain a competitive advantage in the modern talent marketplace. HireVue works with over 600 customers globally including leading brands such as Vodafone, Unilever, Deloitte, Tiffany & Co., Dr. Pepper Snapple Group, BASF Corporation, Qantas and Carnival Cruise Line. For more information visit www.hirevue.com

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