



2018 Global Assessment Trends Report

Tracy M. Kantrowitz
Kathy A. Tuzinski
Justin M. Raines

Talent in Innovation.
Innovation in Talent.

Contents

3	Executive Summary
6	Introduction
8	About the Report: Methodology and Participating Companies
10	Part I: The Changing Nature of Work and Implications for Organizational Strategy and Talent Management
10	Planning for the future of work starts now as respondents indicate that automation is driving fundamental changes in work and has the potential to change the nature of talent processes
12	Priorities are shifting internally and focusing on top talent programs to identify and develop leaders who can lead organizations through tremendous change and disruption
19	Part II: The Increasing Importance of Talent Data
19	Assessments, long viewed as critical for hiring, are now increasingly common for development - along with tracking associated business outcomes
22	Access to big data and knowledge of how to leverage it will be critical to be competitive, and there is work to do to achieve this vision
23	We're not "there" yet - HR tech fails to fully serve intended purposes and will continue to challenge organizations in the future as they increasingly rely on integrated talent data.
24	Considering an expanded range of hiring tools and outcomes for talent programs – beyond productivity and process efficiency
26	Part III: Usage of Talent Assessment Tools
26	Organizations are evaluating the adoption of new technologies and their intended uses alongside traditional talent assessment tools.
36	Selected References
37	Summary and Recommendations
38	Appendix: Executive Summary of 2014 Global Assessment Trends Report

Tables

Table 1.	Respondent Reactions to the Role of Automation	10
Table 2.	Impact of Automation Relevant to the HR Function	11
Table 3.	How Organizations are Preparing for Changes in Work	11
Table 4.	Talent Management Trends and Processes	12
Table 5.	Talent Priorities: Overall	13
Table 6.	Talent Priorities: By Geographic Region	15
Table 7.	Trends in Human Resources: Collecting Metrics and Valuing Assessments	20
Table 8.	Business Outcomes Targeted Through the Use of Assessment for Hiring and Development	21
Table 9.	Business Outcomes Targeted by Psychometric and Algorithmic Assessment	24
Table 10.	Business Outcomes Targeted by Algorithmic Assessment, F500 vs. non-F500	25
Table 11.	Assessment Use by Human Resource Area	27
Table 12.	Pre-Hire Assessment Use	29
Table 13.	Use of Interviews, Currently Use or Plan to Use in the Near Future	30
Table 14.	Use of Other Pre-Hire Assessments, Currently Use or Plan to Use in the Near Future	30
Table 15.	Employer Branding and Candidate Preferences	31
Table 16.	Providing Feedback to Candidates, by Region	31
Table 17.	Pre-Hire Assessment Usage, by Region	31
Table 18.	Types of Pre-Hire Assessment Usage by Region	32
Table 19.	Pre-Hire Assessments by Level and by Region	32
Table 20.	Perceived Assessment Type Preference by Level	34

Figures

Figure 1.	Respondents by Location of Company Headquarters	9
Figure 2.	Respondents by Gross Domestic Product (GDP) Status	9
Figure 3.	Respondents by Organization Size	9
Figure 4.	Respondents by Industry Sector	9
Figure 5.	Respondents by Fortune 500 Organization Status	9
Figure 6.	Respondents by Net Promoter Status	9
Figure 7.	Respondents by Company Lifecycle Status	9
Figure 8.	Comparison of Respondents Indicating Talent Initiatives as Top Priority by Impact of Digitalization	17
Figure 9.	Prevalence of Collecting Metrics to Evaluate Use of Assessment for Hiring and Development by Geographic Region	20
Figure 10.	Perceptions of the Use of Big Data for Selection by Leading Company Status	22
Figure 11.	Biggest Barriers to Better Use of Talent Data by Leading Company Status	23
Figure 12.	Assessment Use for Top 5 Talent Initiatives by Leading Company Status	28
Figure 13.	Perceived Assessment Technology Preference by Level – All Assessments	33
Figure 14.	Perceived Assessment Length Preference by Job Level	34

Executive Summary

The Global Assessment Trends Report is an indicator of talent management and assessment practices, giving HR professionals a comprehensive view of how organizations around the world prioritize, measure, and evaluate talent and talent programs.

This year's report includes the results of an online survey conducted in late 2017 with data from 3,135 human resources (HR) professionals from companies headquartered throughout the world. The report focuses on organizations' talent management and assessment practices. The report was last produced in 2014¹. Relevant comparisons to findings from 2014 are made throughout the report to compare and contrast practices over time. Additionally, relevant comparisons between respondents are presented in regard to geographic regions, economic strength, and status as a recognized leading organization.

The report focuses on three areas: 1) the changing nature of work and related implications for organizational strategy and talent management, 2) the increasing importance of talent data in the future, and 3) the current and planned usage of talent assessment tools.

Key findings from the report are listed below:

- 1. Automation positively impacts jobs but with some potentially unintended consequences.** While respondents were generally favorable about the way in which job automation is positively impacting the way in which work is performed, there are indications that automation has the potential to dramatically impact jobs and HR processes.
 - Most respondents (90%) indicated that automation has the potential to enhance productivity of employees in their organization and more than three-quarters (79%) agreed that automation is positively affecting how their jobs are performed.
 - However, 27% indicated that automation has led to layoffs and 23% agreed that there is an increased number of candidates for jobs that have been partly automated.
- 2. Planning for the future of work starts now.** The future of work is a topic captivating the attention of respondents, despite less than half (40%) indicating that their companies have a clear understanding of their current workforce's potential.
 - To close the gap, most respondents (81%) are working with business leaders to understand what roles will be critical in the future, and almost half of respondents (42%) expect that in the future there will be more candidates than roles.
 - Additionally, 77% reported the need to rely on talent data more heavily in the future, 66% are considering the impact of digitalization on current and future roles, and 61% reported spending time considering the future of work and how to re-design HR processes to support it.
- 3. Companies are focused on top level talent programs and managing and developing an agile workforce.** The top 5 priorities for 2018 are leadership development, identification of high potential talent, career development, performance management, and succession planning. Engagement/retention, the top priority in 2014, fell to the sixth highest priority. The top priorities are very consistent across geographic regions, indicating a focus on internal talent programs around the world.

4. **Doubling down on development: Companies are not leaving the success of talent development programs to chance.** While fewer respondents reported using assessments for development (60%) compared to using assessments for hiring (93%), more respondents indicated using metrics to determine how assessments add value to development programs (62%), than hiring programs (49%).
 - The use of metrics to evaluate assessments for development has grown dramatically since 2014 (when this practice was endorsed by 37%).
 - Respondents in Asia are the highest endorsers of the use of metrics to determine how assessments add value to hiring and development programs.
 - Global Fortune 500 organizations are much more likely to track the outcomes of assessment use for development programs compared to other organizations.
5. **The potential to use big data for selection hasn't been fully realized.** An equal number of respondents agreed there are useful applications of big data in selection today (38%) as agreed that useful applications are still several years away (38%) and 17% believe that big data for selection is mostly hype. This suggests either mixed perceptions about the usefulness of this practice, knowledge of how to leverage external or integrated talent data to drive HR processes, and/or knowledge of how to analyze this data for unique insights.
6. **HR technology automation: We're not there yet.** Organizations continue to struggle with the use of their HR information systems to manage talent data. Similar to 2014 findings, only a small portion of respondents (27%) reported satisfaction with the ability of their HR systems to manage talent data. Similarly, the single biggest barrier to better use of talent data was a lack of integration across systems (72% of respondents endorsing). This finding cuts across organizations of all sizes.
7. **Psychometric and algorithmic assessment have different objectives.** While the use of algorithmic assessment is modest (14%), respondents target different business outcomes with its use, compared to the outcomes targeted with psychometric assessment. The top business outcomes targeted by algorithmic assessment include no specific outcome, productivity, process efficiency, retention, and performance ratings. The top business outcomes targeted by psychometric assessment include engagement, retention, productivity, performance ratings, and training effectiveness. These findings paint different pictures for the use of these tools, which are complementary but driven by different intentions. Most respondents did not indicate a specific business outcome associated with the use of algorithmic assessment, indicating tenuous or exploratory rationale for its use.
8. **Assessments continue to be an integral part of several key HR priorities.** Organizations are currently using assessments or plan to use them in the near future for high-potential identification (82%), leadership development (82%), external hiring (79%), career development (79%), and internal hiring (72%) re-affirming the pervasive use of assessment for core HR processes.

9. **Job-specific assessment on the rise, general assessment on the decline.** Despite high levels of usage for a variety of high priority talent areas, respondents reported a decrease in the use of broad assessments (e.g., skills/knowledge, situational judgment, personality, cognitive ability), compared to 2014. The top planned assessment types are job- and/or organization-specific and include culture fit assessments (26%), job simulations (23%), job-specific solutions (21%), and job fit assessments (20%). Lastly, respondents indicated having no plans for future use of several types of assessments, including games/puzzles (70%), interest assessments (66%), and biodata (64%).
10. **Interviews continue to be a mainstay of the hiring process, with real-time video interviews being commonplace.** While traditional structured interviews are widely used (76%), real-time video interviews are starting to become more commonly used (54%).
- Asynchronous interviews are currently used by only 13% of respondents, with 72% indicating no plans to use this technology.
 - Findings from our candidate experience research shows that candidates most prefer in-person interviews. In terms of digital interviews, the preference for real-time video interviews far exceeds the preference of asynchronous interviews (pre-recorded video least preferred followed by pre-recorded audio).
11. **There is significant investment in employer branding but organizations are not connecting this investment to the candidate experience.** While a majority of respondents (64%) indicated that their organizations are putting additional investment into improving their employer brand, only 26% have updated their recruitment and hiring process based on candidate preferences, pointing to an area of opportunity to introduce and reinforce a positive employer brand as part of the candidate experience.
- This is particularly important as findings from our candidate experience research show that those with a positive candidate experience tend to go on to be company promoters, while those with a negative experience tend to be company detractors. The difference between a positive and negative candidate experience can significantly impact brand reputation.
12. **HR staff understand what candidates are looking for ... mostly.** When comparing findings from this survey and our recent candidate experience research, we find that HR respondents and candidates are directionally aligned in their expectations and preferences for the kinds of tools used for hiring; however, HR respondents tend to be more extreme in the extent to which they believe candidates prefer short, novel, technology-enabled hiring tools, compared to actual candidate preferences.

Introduction

Organizations are facing unprecedented levels of change, as socio-political, economic, and technological forces are disrupting the business ecosystem. These forces are impacting the nature of work – the way work is performed, the number and type of jobs, and traditional notions of careers. The rise of the gig economy, the automation and digitalization of work, the availability of information, and the ease of working across geographic regions and languages have significant implications for the way in which talent – arguably an organization's biggest asset – is recruited, selected, onboarded, developed, managed, and led. Traditional methods of managing and measuring talent are being re-considered in light of the changing nature of work, the increased amount and type of talent data, and changes in organizational strategy designed to increase competitive advantage.

With record low levels of unemployment in certain parts of the developed world² and improving labor situations in emerging economies³, many organizations struggle with talent shortages, particularly for roles with in-demand skills that are often tied to organizational strategy. In addition, research shows that employees face high levels of stress at work⁴, engagement is at chronic low levels⁵, and individuals are rejecting traditional concepts of employment in favor of self-employment⁶, flexible work arrangements⁷, and purpose-driven work⁸. Entire industries have been spawned that address worker well-being and non-traditional work. Non-traditional work is attracting individuals with in-demand skills who could otherwise help close talent gaps. Alongside these forces, we are seeing that organizational survival is on the line as it is expected that half of the S&P 500 is expected to turn over in the next 10 years⁹.

“In a world full of many more Chief People and Chief Happiness Officers, the war [for talent] appears to have been lost on all sides. Of course, many workers excel in their jobs and make pivotal contributions to their organizations. But for every one employee who does, there are many more who are underemployed, underperforming, and just plain miserable at work.” (Chamorro-Premuzic & Yeady, 2017)

How are organizations transforming their talent practices to account for changes in the nature of work, talent gaps, and changes in career concepts to enhance their competitive advantage in the future? In an increasingly competitive marketplace, what are they doing to ensure that optimal methods are being used to attract, select, and retain talent that ensures that business objectives are met? As work changes, how have organizations' talent practices responded?

Now is the time to take action to understand how work is changing and how organizational talent practices need to evolve to deliver on business strategy in light of these changes. HR is still undergoing a transformation to place data at the center of its processes and evaluation methods. It is through metrics and outcomes that the success of talent programs will continue to be evaluated. How is HR doing in its quest to put data at the center of every talent investment decision? Has the promise of automated talent systems helped put data at the fingertips of organizational decision makers?

“High impact HR talks about how, beyond automation, the big topic in business today is productivity. We are now working on agile, team-centric organizations, and we are overwhelmed with too much to do. Can we build HR software that really improves productivity and helps teams work better together? That’s the next challenge.”
(Bersin, 2017)

How has enhanced data availability changed the ways in which talent are selected and developed? In the increasingly candidate-centric market and the quest to attract candidates who may also be customers, how have organizations responded to attempts to embed enhanced employer brands into the recruitment process? Have they leveraged technology to a greater degree? Have they shifted talent measurement to new, convenient, unobtrusive ways of determining who to hire and develop?

Addressing questions like these will lead to critical discussions for the evolution in talent practices will allow organizations to survive – and thrive.

About the Report: Methodology and Participating Companies

The 2018 report is based on data from an online survey administered to 3,135 HR professionals in November 2017. Specific sample size varies by analysis. The global sample referred to in the report describes data from all respondents.

Nearly equal portions of respondents work for organizations headquartered in the Americas (26%), Europe (23%), and Asia (22%), with smaller portions of respondents in the Middle East and Africa (19%) and Australia and New Zealand (10%) regions. Breakout by geographic region is reported in Figure 1. Respondents represent countries both within and outside of the Global Top 10 for Gross Domestic Product (GDP; see Figure 2)^a. Respondents represent a variety of company sizes and industries (see Figures 3 and 4). Most respondents report into an HR function within their organizations and represent a variety of roles. The largest portion of respondents reported their roles to be in HR Leadership (39%).

We also examine results in the context of an indicator of leading organizations: membership on the Global Fortune 500 (F500) listings in the past three years (see Figure 5). Figures 6 and 7, respectively, show other descriptive information about the global sample – net promoter status and company lifecycle status.

^a GDP is the total market value of all goods and services produced in a country in a given year. International Monetary Fund World Economic Outlook (April, 2017)

Figure 1. Respondents by Location of Company Headquarters

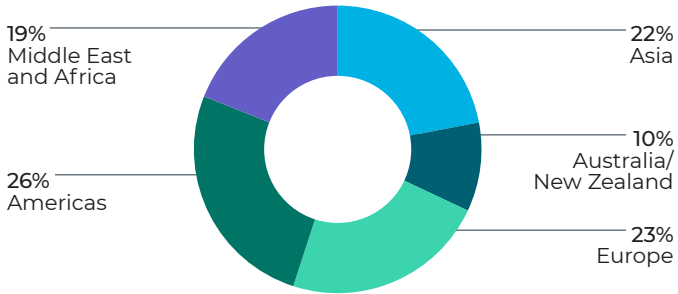


Figure 2. Respondents by Gross Domestic Product (GDP) Status

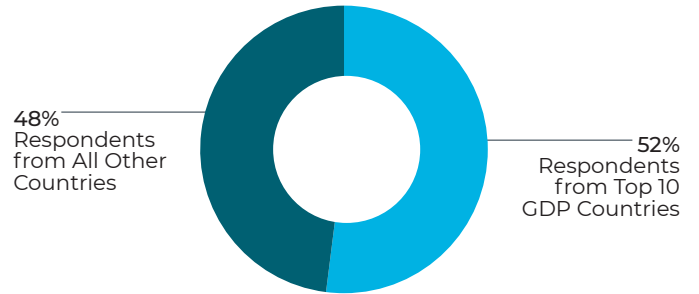


Figure 3. Respondents by Organization Size

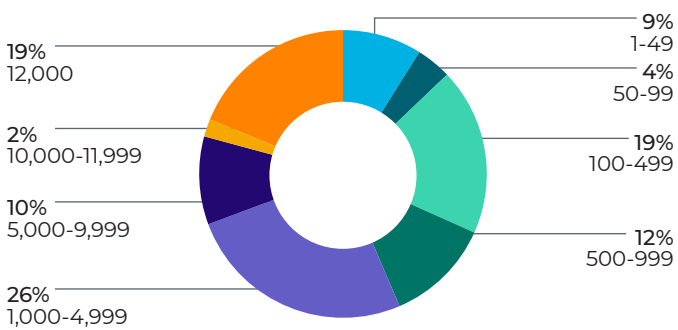


Figure 4. Respondents by Industry Sector

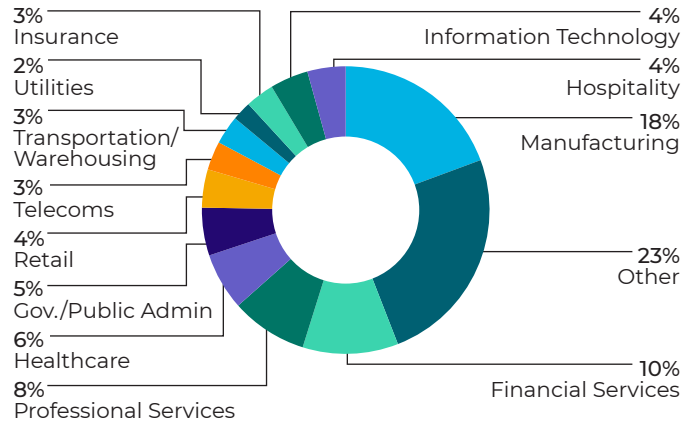


Figure 5. Respondents by Fortune 500 Organization Status

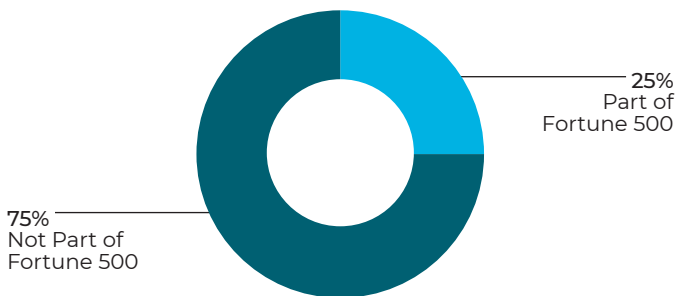


Figure 6. Respondents by Net Promoter Status

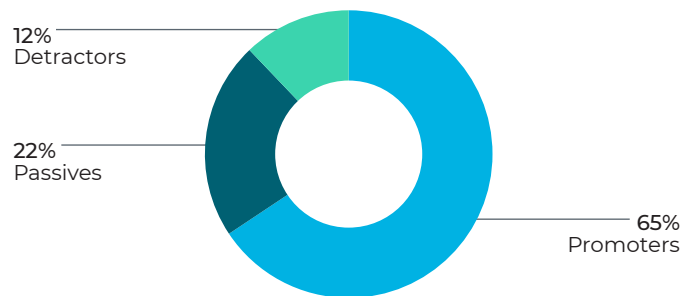
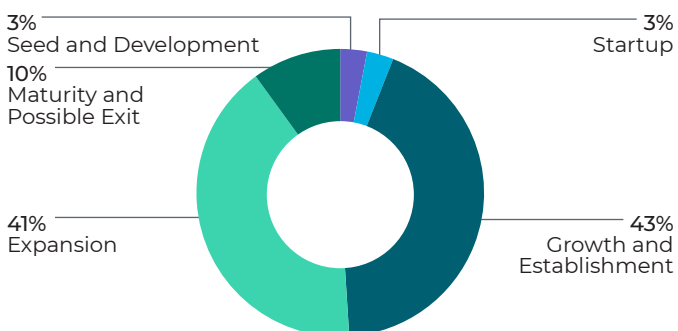


Figure 7. Respondents by Company Lifecycle Status



Part I

The Changing Nature of Work and Implications for Organizational Strategy and Talent Management

Planning for the future of work starts now as respondents indicate that automation is driving fundamental changes in work and has the potential to change the nature of talent processes.

Today's marketplace is increasingly complex and competitive, with change and disruption constant forces in many work environments. The promise of big data, the increasing role of technology, and the rise of nontraditional careers are contributing to fundamental changes in the nature of work. These trends have tremendous potential to disrupt talent management practices. In this section, we present findings about the changing nature of work with a particular focus on the role of automation and its effects on jobs and changing talent practices. We then present findings related to talent priorities and describe how shifts in talent priorities may be related to changes in the nature of work.

In the survey, we defined automation as "the use of technology to replace or enhance the tasks performed by an employee." We asked respondents whether they agreed with our definition, and most said "yes" (85%). Of the respondents who disagreed, some offered additional explanation, such as:

- "Automation is simply the use of technology, whether it replaces or enhances the tasks that an employee engages in."
- "I would highlight more the aspect that automation can improve the process (e.g. output, productivity) and less focus on replacing employees."
- "My understanding of automation is that in most cases it is the promotion of human beings' efficiency and capabilities. So there might be two trends with automation on HR: replacement of many traditional job roles, [and the creation of] new job roles."

As shown in Table 1, most respondents saw automation in a positive light, as it has the potential to help workers deal with the complexity of their jobs, taking over the more mundane aspects of jobs, and freeing workers to innovate, create, collaborate, and do useful work. For the most part, respondents seemed eager to embrace automation in their work and saw a bright future ahead for automation in their organization.

Table 1. Respondent Reactions to the Role of Automation

Survey Statement	"Yes"
Do you agree with our definition of automation?	85%
I think automation has the potential to enhance the productivity of employees in my organization.	90%
I am worried that automation may replace many jobs once performed by people.	31%
Automation is negatively affecting how I perform my job.	8%
Automation is positively affecting how I perform my job.	78%

Key Finding 1

Automation positively impacts jobs but with some potentially unintended consequences. While respondents were generally favorable about the way in which job automation is positively impacting the way in which work is performed, there are indications that automation has the potential to dramatically impact jobs and HR processes.

- Most respondents (90%) indicated that automation has the potential to enhance productivity of employees in their organization and more than three-quarters (79%) agreed that automation is positively affecting how their jobs are performed.
- However, 27% indicated that automation has led to layoffs and 23% agreed that there is an increased number of candidates for jobs that have been partly automated.

In terms of changes in talent management practices as a result of automation, more than half of respondents (55%) reported that automation is influencing the number of new roles being created, and half indicated that automation is changing their hiring/selection programs. A small but still notable group (27%) reported that automation has led to layoffs in their organization. A portion of respondents (23%) agreed that there has been an increase in the number of candidates for jobs that have been partly automated.

Larger organizations are likely to be first adopters of automation, and their responses are consistent with this. There was simply more endorsement by larger organizations on every question posed about changes affecting the organization due to automation. Most notably, in comparison to the global sample, a greater percentage of respondents from Global Fortune 500 organizations (F500) reported that automation is influencing the number of new roles (65%), has led to layoffs/redundancies (36%), and has led to increased involuntary turnover in their organization (26%; see Table 2).

Table 2. Impact of Automation Relevant to the HR Function

Survey Statement	F500	Global Sample
Automation is influencing the number of new roles we are creating in my organization.	65%	55%
Automation has changed our hiring/selection programs.	55%	50%
Automation has led to layoffs/redundancies/reductions in force in my organization.	36%	27%
For jobs that have been partly automated, we are seeing more candidates for open positions.	28%	23%
Automation has led to increased involuntary turnover in my organization.	26%	19%
Automation has led to increased voluntary turnover in my organization.	18%	13%

Table 3. How Organizations are Preparing for Changes in Work

Survey Statement	Global Sample
We are working with our leaders to understand what roles will be critical in the future.	81%
In the future, I expect that my organization will need to rely on talent data more heavily.	77%
My organization is considering what impact digitalization will have on current and future roles.	66%
Our HR department is spending time considering the future of work, and how we'll re-design HR processes to support it.	61%
In the future, I expect that we will have more candidates for fewer roles.	42%
My company has a clear understanding of our workforce's potential (e.g., for additional responsibilities or leadership roles).	39%

Key Finding 2

Planning for the future of work starts now.

The future of work is a topic captivating the attention of respondents, despite less than half (40%) indicating that their companies have a clear understanding of their current workforce's potential.

- To close the gap, most respondents (81%) are working with business leaders to understand what roles will be critical in the future, and almost half of respondents (42%) expect that in the future there will be more candidates than roles.
- Additionally, 77% reported the need to rely on talent data more heavily in the future, 66% are considering the impact of digitalization on current and future roles, and 61% reported spending time considering the future of work and how to re-design HR processes to support it.

Over time, organizations have increased their reliance on talent information to make business decisions. In 2014, 52% of respondents reported that they relied on their talent information when making decisions about the business; this increased to 61% in the current survey. However, only 27% of respondents are satisfied with their ability of their HR systems to manage talent data, only slightly higher than what was reported in 2014 (25%).

Table 4. Talent Management Trends and Processes

Survey Statement	2014	2018
My organization considers people decisions (hiring, promotion) in the context of business objectives.	83%	85%
My organization uses information about talent to make business decisions.	52%	61%
In general, my organization is focusing more on developing talent internally than on hiring externally.	57%	63%
We are currently recruiting for more open positions organization-wide as compared to last year.	35%	43%
We expect it will become increasingly challenging to recruit and hire talented individuals for key positions in the coming year.	64%	67%
We collect metrics to show the value of our HR investments.	52%	54%
I am satisfied with the ability of our HR systems/automation to manage talent data.	25%	27%
Our organization's competency model is being used effectively as part of our overall employee lifecycle (from hiring to development to promotion).	42%	32%

Priorities are shifting internally and focusing on top talent programs to identify and develop leaders who can lead organizations through tremendous change and disruption

Organizations' talent practices are influenced by broader company priorities, initiatives, and challenges. To enable successful organizational performance, talent practices must be responsive to changes in the business. Are changes in the nature of work affecting how organizations prioritize their talent initiatives? To address this, we next review how respondents view 19 different talent areas, ranging from onboarding to succession planning. The growing focus areas of mitigating leader derailment, graduate recruitment programs, and apprentice recruitment programs were introduced for the first time in this survey. Respondents were asked to indicate whether each area was a top, medium, or low priority for their organization in the upcoming year.

As shown in Table 5, 60% of respondents reported that leadership development was a top priority, followed closely by identification of high-potential talent (56%), career development (55%), performance management (55%), and succession planning (54%). These priorities reflect a focus on top level talent programs (in the cases of leadership development, high-potential identification, and success planning) and managing and developing an agile and high performing workforce (in the cases of career development and performance management). These findings may reflect how organizations are trying to cultivate and develop existing talent to achieve increasingly high levels of performance given the changes in the nature of work.

Key Finding 3

Companies are focused on top level talent programs and managing and developing an agile workforce. The top 5 talent priorities for 2018 are leadership development, identification of high potential talent, career development, performance management, and succession planning. Engagement/retention, the top priority in 2014, fell to the sixth highest priority. The top priorities are very consistent across geographic regions, indicating a specific focus on internal talent programs around the world.

These findings are particularly noteworthy given the change in priorities compared to 2014. Engagement/retention, the top priority in 2014, is not among the top 5 areas. It may be that HR practitioners have recognized that engaging and retaining key talent (rather than all talent) is critical to propelling business performance during times of change and uncertainty. In contrast, career development is an increasingly important focus area, with 55% of respondents indicating this as a top priority compared to 42% in 2014. This finding may suggest that the rapid change and disruption happening across industries requires continuous learning and updating of skills to help companies stay competitive.

The top 5 priorities for leading (F500) organizations are the same as the global sample, with a slight difference in rank ordering. Engagement/retention was also the sixth highest priority in this group. More respondents from F500 companies indicated a higher priority on talent analytics (41% vs. 34% in the global sample), suggesting more focus and perhaps knowledge and access of methodologies to analyze talent data. The focus on internal talent programs was also echoed through a general question about relative priority put on internal development compared to external hiring. Specifically, a slightly higher percentage of respondents from F500 organizations reported spending more time on developing talent internally than on hiring externally (70% vs. 59% in non-F500 sample).

Table 5. Talent Priorities: Overall

Talent Initiative/Area	2014		2018	
	Top Priority	Rank	Top Priority	Rank
Leadership development	54%	2	60%	1
Identification of high-potential talent/emerging leaders	51%	4	56%	2
Career development	42%	7	55%	3
Performance management	54%	2	55%	3
Succession planning	46%	5	54%	5
Engagement/retention	56%	1	52%	6
Change management	42%	7	42%	7
Training	42%	7	39%	8
Onboarding	29%	13	36%	9
External hiring (including recruitment)	34%	10	35%	10
Talent Analytics	46%	5	34%	11
Internal hiring (including promotion)	34%	10	32%	12
Workforce planning	46%	5	32%	12
Creating/implementing competency model(s)	30%	12	30%	14
Restructuring	27%	14	29%	15
Reducing the risk of leader derailment	--	--	23%	16
Outplacement/redeployment of talent	13%	15	16%	17
Graduate programs	--	--	15%	18
Apprentice programs	--	--	10%	19

Looking closer, talent priorities differ somewhat across geographic region. Leadership development and succession planning are the only talent areas to appear in the top 5 across regions. Performance management appears as a top 5 for all regions except Americas. Likewise, identification of high-potential talent appears as a top priority for all regions except Australia/New Zealand. Change management is a top priority only in Australia/New Zealand.

Top Five HR Priorities by Geographic Region

	Americas	Asia	Australia/ New Zealand	Europe	Middle East/ Africa
1	Leadership development	Leadership development	Leadership development	Leadership development	Performance management
2	Identification of high-potential talent	Identification of high-potential talent	Performance management	Identification of high-potential talent	Leadership development
3	Engagement/retention	Succession planning	Change management	Succession planning	Career development
4	Succession planning	Performance management	Engagement/retention	Career development	Succession planning
5	Career development	Career development	Succession planning	Performance management	Identification of high-potential talent/engagement/retention (tie)

The percentage of respondents who viewed each talent area as a priority also differs widely geographically (see Table 6). For instance, identification of high-potential talent was endorsed as a top priority by 66% of respondents in Asia but only 42% in Australia/New Zealand and 56% in the global sample. Performance management, the top priority for the Middle East/Africa was endorsed by 65% of respondents in that region compared to 55% in the global sample. Respondents in the Americas reported lower levels of internal hiring as a top priority (25%) compared to the global sample (32%). Respondents in Europe were less likely to report talent analytics (28%) and workforce planning (25%) compared to the global sample where these practices were endorsed by 34% and 32%, respectively.

Table 6. Talent Priorities: By Geographic Region

Talent Initiative/Area	2018 Top Priority				
	Americas	Asia	Australia/New Zealand	Europe	Middle East/Africa
Leadership development	61%	68%	63%	57%	63%
Identification of high-potential talent/emerging leaders	58%	66%	42%	55%	59%
Career development	52%	58%	38%	52%	61%
Performance management	50%	59%	51%	51%	65%
Succession planning	53%	62%	43%	52%	61%
Engagement/retention	56%	54%	46%	46%	59%
Change management	40%	45%	48%	40%	40%
Training	33%	49%	31%	30%	49%
Onboarding	34%	38%	38%	37%	42%
External hiring (including recruitment)	38%	29%	35%	39%	30%
Talent Analytics	34%	42%	28%	28%	44%
Internal hiring (including promotion)	25%	33%	28%	34%	39%
Workforce planning	29%	36%	36%	25%	44%
Creating/implementing competency model(s)	24%	39%	22%	27%	37%
Restructuring	24%	43%	29%	29%	29%
Reducing the risk of leader derailment	18%	31%	17%	16%	34%
Outplacement/redeployment of talent	9%	27%	7%	12%	25%
Graduate programs	5%	13%	20%	15%	24%
Apprentice programs	4%	9%	8%	12%	15%

In addition to the relative priority of talent areas, we also asked respondents to indicate whether budgets associated with various areas are likely to increase, decrease, or remain the same in 2018. Across all areas, most respondents indicated that budgets are likely to stay the same. As we expected, the areas respondents indicated as most likely to receive a budget increase are those that also appear on the list of top priorities. The notable exception is training, which despite not being listed as a talent priority, was one of the top areas likely to receive increased budget. Interestingly, many respondents also indicated that training was also one of the areas likely to receive a budget decrease, indicating varying expectations and disparities in budgets.

Top Five Anticipated Budget Increases and Decreases

Anticipated Budget Increases

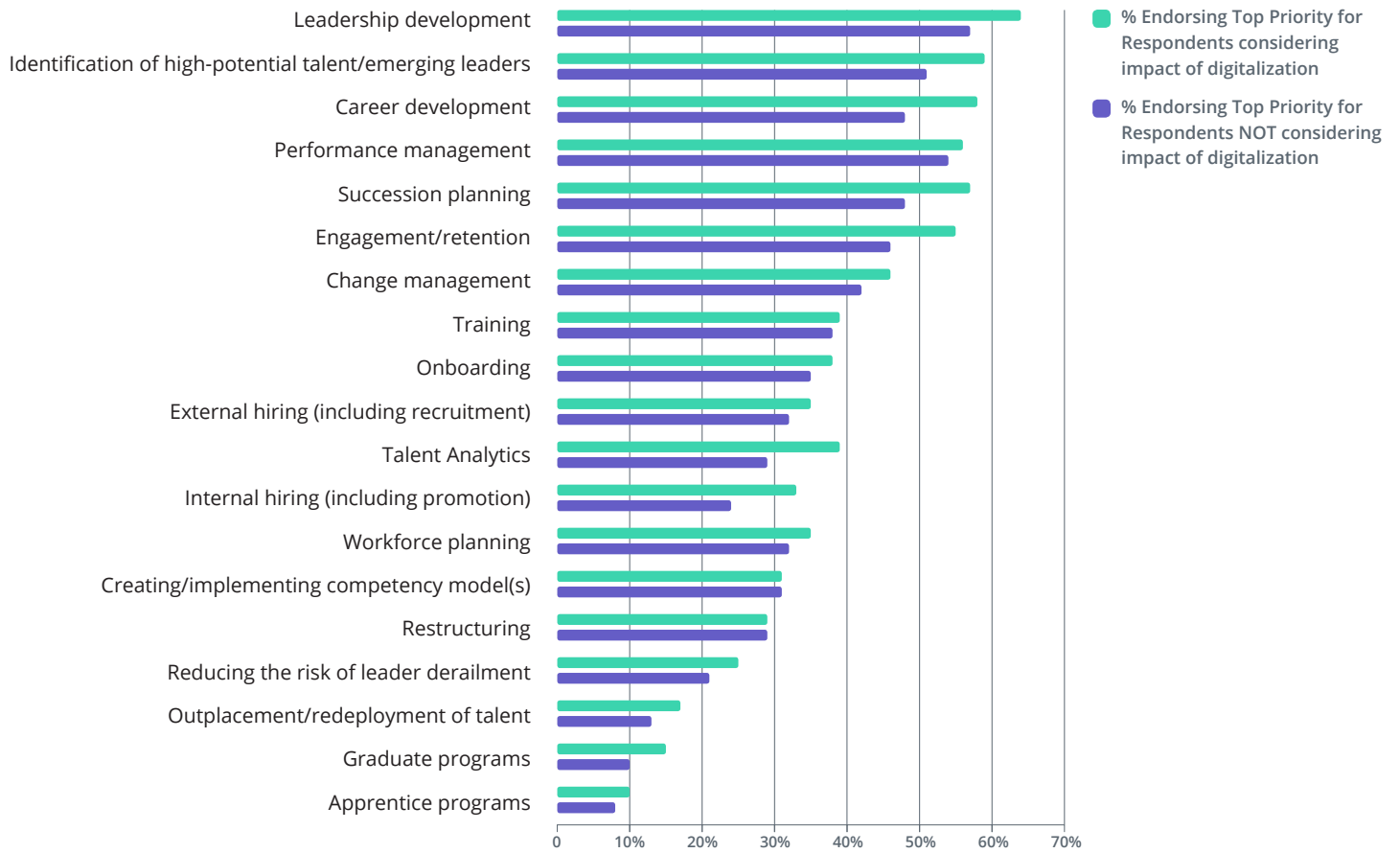
- Leadership development
- Career development
- Identification of high-potential talent
- Training
- Engagement/retention

Anticipated Budget Decreases

- External hiring (including recruitment)
- Outplacement/redeployment of talent
- Training
- Creating/implementing competency models
- Restructuring

We were particularly interested in how organizations which are focused on the rise of digitalization at work prioritize their talent initiatives. Understanding how the organizations most perceptive to changes in technology approach their talent may provide insight into how talent programs are being shaped in response to the changing world of work. As shown in Figure 8, across all talent areas, companies that indicated they are considering the impact of digitalization were more likely to put higher priority on all talent areas compared to those not considering the impact of digitalization, with career development and talent analytics showing the largest differences between the groups. This indicates that companies focused on the digitalization of work prioritize concepts like continuous learning and skill development and may be more likely to analyze talent through new and sophisticated analytics.

Figure 8. Comparison of Respondents Indicating Talent Initiatives as Top Priority by Impact of Digitalization



Taken together, the findings presented in this section point to how changes in the work ecosystem, like automation and digitalization, are disrupting assumptions about jobs and the nature of work. Assumptions around candidate volume, methods of performing work, and traditional uses of talent data may not hold in the future. It will become increasingly important for HR practitioners to work with their strategic business partners to anticipate how changes in work will impact talent needs and how talent can drive business objectives.

As it stands, our findings indicate that companies continue to struggle with understanding their workforces' potential. Coming to grips with that through new methods of forecasting future needs and understanding how to develop and identify talent to meet those needs will be paramount. The shifts in talent priorities also signal a need to re-examine the efficacy of traditional talent acquisition and development programs to ensure they are delivering the right kinds of results. We see that respondents from leading (Fortune 500) organizations are investing in talent analytics to a greater extent than other organizations. This is one example of a talent practice that may help organizations accurately forecast future talent needs and understand their readiness to fulfill those needs.

In the next section, we describe findings related to uses of talent data and intended outcomes associated with various talent identification and development tools. These tools and associated data are one way leading organizations can forecast and measure future talent needs and capabilities.

The Increasing Importance of Talent Data

The cost of a “bad” talent decision is always looming large in the minds of company leaders. As organizations focus on top talent who are responsible for driving competitive advantage, the emphasis on sound talent data will only increase. It will also be increasingly important to ensure that talent programs produce ROI and, accordingly, that organizations use metrics to track outcomes of talent programs.

Organizations are awash in talent data. Take a look inside any technology-enabled HR function and you will find candidates, employees, programs, and processes that are actively (or passively) generating data. Data are everywhere, providing opportunity and competitive advantage, but also some amount of angst about how to capitalize on its potential. The issue is not lack of data, it is the lack of tools, know-how, or system capabilities that would allow the harnessing of data to learn, experiment, and possibly improve the functioning and success of the organization through data-informed talent decisions. The larger the organization, the more likely there is a function devoted entirely to the stewardship of one’s talent data assets, and smaller companies are likely wondering if they should be doing the same.

This section describes the importance of talent data for making informed talent decisions and highlights the key uses of these data in organizations today. These include the use of employee assessment data to evaluate outcomes in key talent management programs, the use of big data in hiring and selection, the use of HR information systems to manage talent data, and finally, the business outcomes which are targeted by psychometric and algorithmic assessment.

Assessments, long viewed as critical for hiring, are now increasingly common for development - along with tracking associated business outcomes.

We start our review of talent assessment practices by exploring companies’ intended uses of assessments and how they evaluate the outcomes of talent assessment practices. Our findings tell slightly different stories of the dominant uses of assessment – for employee hiring and development. On the former, results show that nearly all respondents (94%) believe that testing is a valuable part of the hiring process, which is an increase from 87% in 2014 (see Table 7). However, less than half of respondents (49%) collect metrics to evaluate how testing adds value to the hiring process, though this represents a 5% increase since 2014. Similarly, less than half (46%) have changed or enhanced their hiring programs on the basis of examining business outcomes, indicating lack of follow-through or proficiency on how to link quantifiable aspects of the hiring process, such as assessment or interview scores, with outcome data, such as time to hire, candidate reactions, or job performance.

Results also show that more respondents collect metrics as part of development programs (62%) – a substantial increase since 2014 – compared to collecting metrics as part of hiring programs (49%; see Table 7). Additionally, more respondents from Fortune 500 organizations reported use of collecting metrics to track the value of assessments for hiring programs (66%) and development programs (67%) compared to non-F500 organizations (44% and 59%, respectively).

Key Finding 4

Doubling down on development: Companies are not leaving the success of talent development programs to chance.

While fewer respondents reported using assessments for development (60%) compared to using assessments for hiring (93%), more respondents indicated using metrics to determine how assessments add value to development programs (62%), than hiring programs (49%)

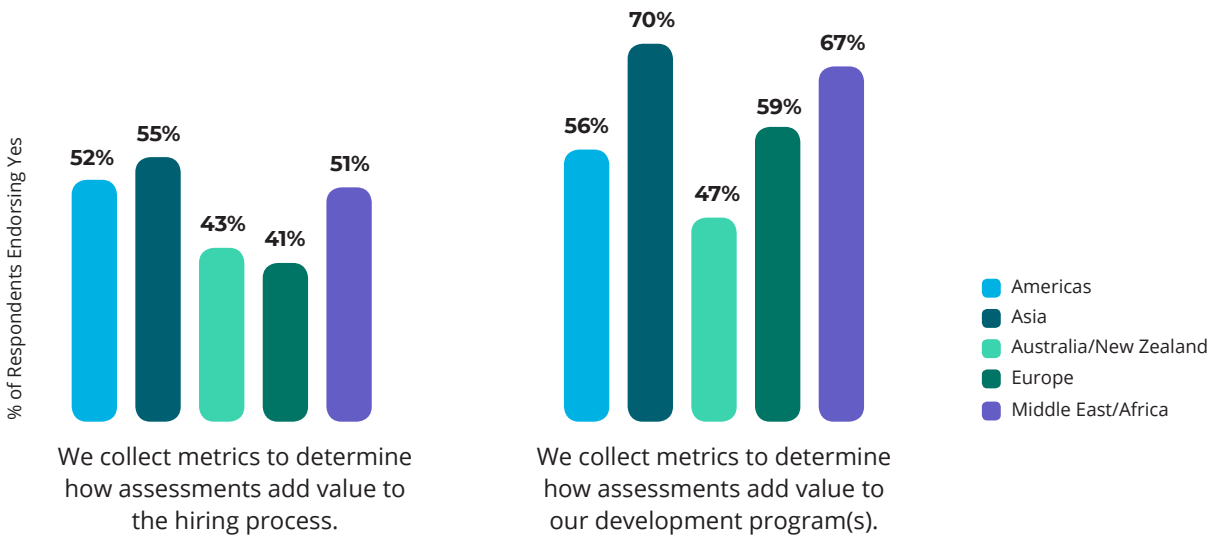
- The use of metrics to evaluate assessments for development has grown dramatically since 2014 (when this practice was endorsed by 37%).
- Respondents in Asia are the highest endorsers of the use of metrics to determine how assessments add value to hiring and development programs.
- Global Fortune 500 organizations are much more likely to track the outcomes of assessment use for development programs compared to other organizations.

Table 7. Trends in Human Resources: Collecting Metrics and Valuing Assessments

Survey Statement	2014	2018	2018	
			F500	Non-F500
Testing candidates is a valuable part of the hiring process.	87%	94%	91%	92%
We have changed or enhanced our hiring process based on examining the success of the program via business metrics.	46%	46%	58%	40%
My organization views assessments as a critical component of any promotion and/or development program.	57%	61%	64%	57%
We collect metrics to determine how assessments add value to the hiring process.	44%	49%	66%	41%
We collect metrics to determine how assessments add value to our development program(s).	37%	62%	67%	59%
We use business outcomes on talent practices to advise stakeholders on how they can achieve their goals.	57%	57%	67%	49%

Regionally, Asia reported the highest endorsement of using metrics to determine how assessments add value to development programs (70%), followed by Middle East/Africa (67%), Europe (59%), Americas (56%), and Australia/New Zealand (47%). The results differed for using metrics to evaluate how assessments add value to hiring programs, with Asia still the top endorser (55%), followed by Americas (52%), Middle East/Africa (51%), Australia/New Zealand (43%), and Europe (41%).

Figure 9. Prevalence of Collecting Metrics to Evaluate Use of Assessment for Hiring and Development by Geographic Region



Tracking the outcomes of talent assessment for predicting job-relevant outcomes has a rich history. Validation or business outcome studies are routinely done to quantify the relationship between scores from talent assessments with individual and organizational outcomes¹⁰. Assessments are commonly used for a variety of hiring and development related initiatives, but what specific outcomes are organizations hoping to achieve? As shown in Table 9, results indicate that the top business outcomes used by organizations to track the usefulness of assessments as part of **development programs** include productivity, retention, training, performance ratings, and engagement. F500 organizations indicated substantially higher rates of tracking these outcomes in connection to evaluating development programs. Similarly, the top business outcomes used by organizations to track the usefulness of assessments as part of **hiring programs** include the same business outcomes as indicated for development programs.

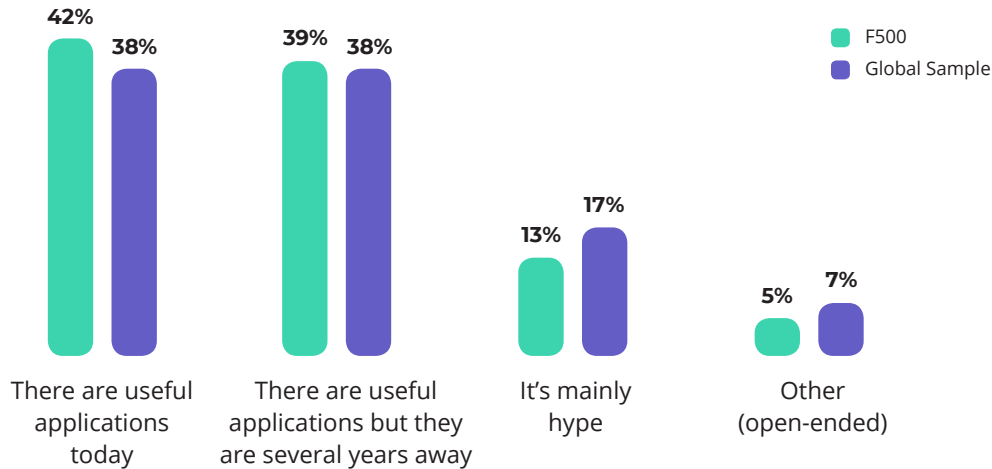
While F500 organizations more frequently endorsed the use of these business outcomes to evaluate their assessment programs, the discrepancy in endorsement (when compared to the global sample) for their use in hiring programs is less than the discrepancy for their use in development programs. While respondents reported greater use of metrics (in general) for evaluating development programs, results in Table 8 suggest that it is unclear what metrics exactly are being used to evaluate assessments for this use. Across all specific types of business outcomes shown in Table 8, respondents indicated greater use of various metrics for evaluating assessments for hiring programs compared to assessments for development programs. It may be that a different set of metrics are targeted for development – perhaps organizational level metrics compared to individual level metrics.

Table 8. Business Outcomes Targeted Through the Use of Assessment for Hiring and Development

Business Outcome	% Using to Evaluate Assessments for Hiring	% Using to Evaluate Assessments for Development
Productivity	56%	42%
Employee Retention (or employee turnover)	57%	42%
Process efficiency (e.g. cost per hire, time to hire)	42%	23%
Financial metrics (e.g. sales revenue, shrink/loss etc.)	35%	23%
Training	45%	41%
Legal compliance	16%	9%
Performance ratings	59%	44%
Employer brand	23%	12%
Diversity	24%	13%
Customer satisfaction	37%	24%
Customer retention	17%	12%
Net promoter score	16%	10%
Internal mobility	27%	20%
Employee engagement	58%	43%
We do not target any specific metrics or business outcomes with assessments	13%	20%

Access to big data and knowledge of how to leverage it will be critical to be competitive, and there is work to do to achieve this vision

Figure 10. Perceptions of the Use of Big Data for Selection by Leading Company Status



Key Finding 5

The potential for big data for selection hasn't been fully realized. An equal number of respondents agreed there are useful applications of big data in selection today (38%) as agreed that useful applications are still several years away (38%) and 17% believe that big data for selection is mostly hype. This suggests either mixed perceptions about the usefulness of this practice, knowledge of how to leverage external or integrated talent data to drive HR processes, or knowledge of how to analyze this data for unique insights.

Amongst the 7% of respondents who selected the "Other" category when asked about their attitudes regarding big data in selection, many provided interesting open-ended responses. Below is a sample of such statements, organized by theme. Not noted below, but important nonetheless, were a fair amount of respondents who were not sure what was meant by "big data."

Not using big data for selection

- Big data is not currently being used in selection.
- Big data doesn't exist in mid-sized organizations.
- We are a small organization and cannot afford to invest in systems to track employee data. We use what we can surmise from observation, probably not what could be called big data.

Pessimism regarding the accuracy or value of big data in selection

- Big data is useful if you don't know what you are looking for. There is so much hype but misuse of this.
- HR systems are not true "big data" sources.
- Limited applications, not sure what data to look at.
- Limited information collected in a way that can be interpreted.
- Not sure if we are collecting the right data.
- There are useful applications available but often they do not lead to the right selection and hence credibility is a question.

Organizational resistance, lack of system integration or simply lack of awareness/sophistication about big data applications in selection

- Business leaders do not even know big data is available for selection and recruitment.
- There are useful applications but the organization’s IT infrastructure and Network Security Protocols hamper use of unproven and secure technology.
- Lack of integration of HCM systems.
- Scattered data in many areas.
- We are not as savvy or as analytical as we need to be.

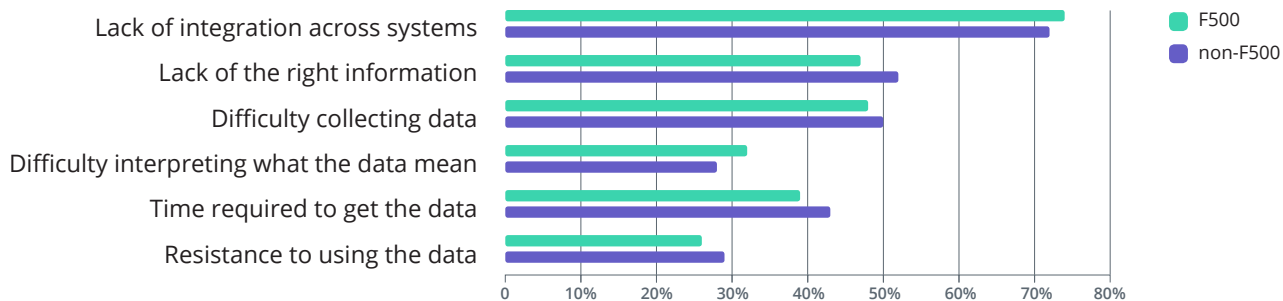
Organization is starting to use big data, but far from using it to the fullest potential

- Inaccuracy of the data in the system [so] that manual data generation is still sometimes required.
- In Selection and Recruitment, we have implemented a new ATS. However there are challenges on collecting information in some countries. Budget is essential in order to be fully efficient.
- Plenty of data, but not enough reading capabilities.
- We are currently in progress to see what big data can do across the organization. Some areas are more advanced than others.
- There is useful data but significant disagreement about how to use the data between functional areas.
- We are in the process of implementing a new system, so it is too early to tell.
- We are in the process of integrating information coming from a variety of different sources/systems.
- We are just launching programs to actually use data in our selection and hiring process, so still in training mode at this time.

Key Finding 6
HR technology automation: We’re not there yet. Organizations continue to struggle with the use of their HR information systems to manage talent data. Similar to 2014 findings, only a small portion of respondents (27%) reported satisfaction with the ability of their HR systems to manage talent data. Similarly, the single biggest barrier to better use of talent data was reported to be lack of integration across systems (72% of respondents endorsing). This finding cuts across organizations of all sizes.

We’re not “there” yet with HR tech fully serving intended purposes and how this will continue to challenge organizations in the future as they will increasingly need to rely on integrated talent data

Figure 11. Biggest Barriers to Better Use of Talent Data by Leading Company Status



Considering an expanded range of hiring tools and outcomes for talent programs – beyond productivity and process efficiency

In the big data era, an increasing amount of information is available that can be leveraged to provide insight on job candidates beyond traditional hiring tools like resumes, assessments, and interviews. Now, data from background, contextual, and/or demographic indicators can be used to predict future outcomes and performance. Algorithmic assessment refers to a newer technology that uses software capable of analyzing a large amount of background, contextual, and demographic data to create predictive machine learning algorithms that can be used by organizations to forecast future performance. When asked to indicate whether they currently use algorithmic assessment, 172 respondents (14%) indicated that they do. These respondents were then asked about their intended use(s) of algorithmic assessment. Findings are provided in Table 9.

In Table 9, we also incorporate findings regarding the intended use(s) of psychometric assessment (e.g., cognitive ability, personality assessment) to compare and contrast their uses. We find that the dominant uses of each differed, along with their associated level of endorsement. Specifically, we found that the top intended use of psychometric assessment was productivity while the top intended use of algorithmic assessment was “no specific outcome”. The use of algorithmic assessment may be exploratory for the relatively few organizations utilizing this technique. Other intended uses of algorithmic assessment include productivity, process efficiency, and retention. Users of this technique appear to target somewhat unique areas compared to the intended uses of psychometric assessment. As reflected in its use for process efficiency, algorithmic assessment is particularly useful for early stage screening, before candidates invest effort in traditional psychometric assessment.

Table 9. Business Outcomes Targeted by Psychometric and Algorithmic Assessment

Business Outcome	Targeted Through Psychometric Assessment	Targeted Through Algorithmic Assessment
Productivity	56%	33%
Employee Retention (or employee turnover)	57%	24%
Process efficiency (e.g. cost per hire, time to hire)	42%	25%
Financial metrics (e.g. sales revenue, shrink/loss etc.)	35%	17%
Training	45%	17%
Legal compliance	16%	8%
Performance ratings	49%	22%
Employer brand	23%	13%
Diversity	24%	13%
We do not target any specific metrics or business outcomes with algorithmic assessments.	13%	45%

F500 organizations were slightly more likely to use algorithms (22%) compared to non-F500 organizations (10%). The dominant business outcome associated with the use of algorithmic assessment in F500 organizations was productivity, indicating a clear performance target for this type of selection tool. Still, in the F500 group, the second leading outcome was unknown/no specific outcome.

Key Finding 7

Psychometric and algorithmic assessment have different objectives.

While the use of algorithmic assessment is modest (14%), respondents target different business outcomes with its use, compared to the outcomes targeted with psychometric assessment. The top business outcomes targeted by algorithmic assessment include no specific outcome, productivity, process efficiency, retention, and performance ratings. The top business outcomes targeted by psychometric assessment include engagement, retention, productivity, performance ratings, and training effectiveness. These findings paint different pictures for the use of these tools, which are complementary but driven by different intentions. Most respondents did not indicate a specific business outcome associated with the use of algorithmic assessment, indicating tenuous or exploratory rationale for its use.

Table 10. Business Outcomes Targeted by Algorithmic Assessment, F500 vs. non-F500

Business Outcome	F500	Non-F500
Productivity	44%	27%
Employee Retention (or employee turnover)	34%	20%
Process efficiency (e.g. cost per hire, time to hire)	36%	21%
Financial metrics (e.g. sales revenue, shrink/loss etc.)	22%	15%
Training	22%	13%
Legal compliance	13%	4%
Performance ratings	29%	18%
Employer brand	16%	9%
Diversity	17%	9%
We do not target any specific metrics or business outcomes with algorithmic assessments.	39%	51%

The findings from this section point to a fundamental and rather obvious truth: organizations rely on data about talent to help them make better talent decisions. They also rely on talent data to track the outcomes of selection and development programs that focus on improving the quality and readiness of talent. These decisions are highly dependent on the relevance and availability of the data, and many organizations are actively taking steps towards integrating their talent platforms into a single view to make it possible to leverage data more easily in the future. So, rather than being a one-off endeavor to gather data, it becomes an integral part of talent-based decisions that occur each and every day.

The next and final section provides an overview of the areas in which assessments are being used in organizations and which kinds of assessments organizations favor when hiring candidates. This section will also bring in some interesting findings from our most recent candidate survey to inform the reader about candidate perceptions and preferences, and evaluate how well these align with the perceptions of respondents in the current survey.

Part III

Usage of Talent Assessment Tools

Organizations are evaluating the adoption of new technologies and their intended uses alongside traditional talent assessment tools.

Organizations are faced with a growing number of possibilities and challenges when it comes to assessments. HR professionals must select the type of assessments that best meet their needs and balance them with the preferences of candidates. In this section, we present findings about the current areas in which organizations are using assessments and the types of assessments that are most frequently used when hiring candidates. We also discuss how emerging technology is being used for a traditional aspect of the hiring process and how well organizations are connecting investment in their employer brand with candidate experience. Lastly, we present findings about the preferences of candidates and how well they align with the perceptions of HR professionals.

Organizations are continuing to use assessments as an integral part of selecting and developing key talent. When asked to report the areas in which organizations use or plan to use assessments, leadership development and high-potential identification were the most frequently endorsed areas globally. Approximately 50% of respondents indicated that they currently use assessments in these areas, with an additional 30% indicating plans for use in the near future (see Table 11).

Additional areas where respondents endorsed the use of assessments included external and internal hiring, as well as career development. Overall, these results suggest that organizations are not only using assessments at the time of hire or placement, but also to continue to develop talent within the organization and grow the next generation of leaders.

Key Finding 8

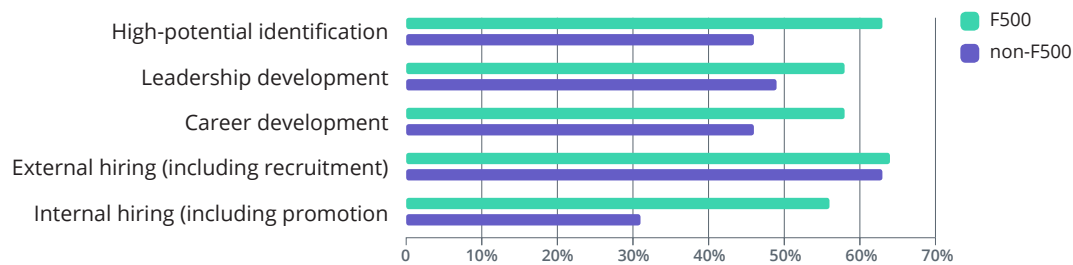
Assessments continue to be an integral part of several key HR priorities. Organizations are currently using assessments or plan to use them in the near future for high-potential identification (82%), leadership development (82%), external hiring (79%), career development (79%), and internal hiring (72%) re-affirming the pervasive use of assessment for core HR processes.

Table 11. Assessment Use by Human Resource Area

Talent Initiative/Area	No Plans for Assessments	Plan to Use in Near Future	Currently Use	Total Planned/ Current Use
Leadership development	18%	28%	54%	82%
High-potential identification	18%	31%	51%	82%
External hiring (including recruitment)	21%	18%	61%	79%
Career development	21%	29%	50%	79%
Internal hiring (including promotion)	28%	21%	52%	72%
Succession planning	29%	30%	42%	71%
Training	35%	25%	40%	65%
Performance management	35%	19%	47%	65%
Creating/implementing competency model(s)	38%	30%	32%	62%
Engagement/retention	46%	22%	33%	55%
Talent analytics	47%	30%	23%	53%
Onboarding	50%	19%	31%	50%
Reducing the risk of leader derailment	55%	25%	20%	45%
Workforce planning/Talent Analytics	57%	24%	20%	43%
Restructuring	60%	19%	22%	40%
Change management	60%	23%	17%	40%
Outplacement/redeployment of talent	63%	17%	20%	37%

F500 organizations use or plan to use assessments in the same top 5 areas as those outside of the F500 (non-F500). However, the percentage of planned and current use is higher across all areas for F500 organizations, with higher portions of current use than planned use – indicating a more extensive and rapid adoption of assessments within those companies (see Figure 12).

Figure 12. Assessment Use for Top 5 Talent Initiatives by Leading Company Status



Assessments that address broad skills and characteristics are consistently reported as the most common types of assessments used for hiring. Yet, results suggest that despite their past popularity, the use of these more general assessments might be on the decline.

When asked to report the types of assessments that organizations use or plan to use for hiring, over 50% of respondents indicated that they currently use skills/knowledge, personality, and cognitive ability assessments. However, less planned use is reported for these assessments in comparison to others – indicating that their prevalence may have reached its peak.

In contrast, respondents endorsed the highest rates of planned use for assessments that are specifically designed for a job. For example, over 20% of respondents indicated that they plan to start using culture fit assessments, job simulations, job-specific solutions, and job fit assessments in the near future. These types of assessments may allow organizations to assess individuals at a level that is more specific and face valid to the role, and help them determine whether or not they will make a good fit for the job and/or company.

Although it is unclear whether these planned uses of assessment will be used in conjunction with or as a replacement to more general assessments, the high degree of planned use is shown across all regions – indicating that the use of job-specific assessments is a rising trend in hiring.

Lastly, types of assessments with high rates of no planned use included games/puzzles, interest assessments, biodata, and written essays (see Table 12).

Key Finding 9

Job-specific assessment on the rise, general assessment on the decline.

Despite high levels of usage for a variety of high priority talent areas, respondents reported a decrease in the use of broad assessments (e.g., skills/knowledge, situational judgment, personality, cognitive ability), compared to 2014. The top planned assessment types are now job- and/or organization-specific and include culture fit assessments (26%), job simulations (23%), job-specific solutions (21%), and job fit assessments (20%). Lastly, respondents indicated having no plans for future use of several types of assessments, including games/puzzles (70%), interest assessments (66%), and biodata (64%).

Table 12. Pre-Hire Assessment Use

Assessment Type	No plans for assessments	Plan to use in near future	Currently use	Total Planned/ Current Use
Skills/knowledge assessment	20%	13%	67%	80%
Personality assessment	25%	15%	60%	75%
Cognitive ability test	27%	17%	55%	72%
Job fit assessment	36%	20%	44%	64%
Situational judgment test	41%	18%	41%	59%
Culture fit test	41%	26%	32%	58%
Specific ability test	44%	14%	42%	56%
Job-specific solution	46%	21%	33%	54%
Assessment center	48%	15%	37%	52%
Job simulation	49%	23%	29%	52%
Written essay	59%	10%	31%	41%
Biodata (life history information)	64%	10%	26%	36%
Interest assessment	66%	15%	19%	34%
Games/puzzles	71%	17%	13%	30%

Top Assessments for Pre-Hire Use in 2014 vs. 2018

Top Pre-Hire Assessments for 2014

- Skills/knowledge assessment
- Personality assessment
- Cognitive ability test
- Specific ability assessment
- Situational judgment test

Top Pre-Hire Assessments for 2018

- Skills/knowledge assessment
- Personality assessment
- Cognitive ability test
- Job fit assessment
- Situational judgment test

Key Finding 10

Interviews continue to be a mainstay of the hiring process, with real-time video interviews being commonplace.

While traditional structured interviews are widely used (76%), real-time video interviews are starting to become more commonly used (54%).

- Asynchronous interviews are currently used by only 13% of respondents, with 72% indicating no plans to use this technology.
- Findings from our candidate experience research shows that candidates most prefer in-person interviews. In terms of digital interviews, the preference for real-time video interviews far exceeds the preference of asynchronous interviews (pre-recorded video least preferred followed by pre-recorded audio).

As shown in Table 13, F500 organizations are somewhat more likely to use newer interview technologies, like asynchronous video interviews (20%), than organizations across the entire global sample (13%). They are also more likely to use live/real-time video interviews (65%). Additionally, one advanced technology in the video interviewing area is the application of facial recognition software to video interviews, in which a program analyzes candidates' expressions while completing the interview. Only 4% of respondents reported this practice (7% in the F500 sample), whereas 87% of respondents report having no plans to use facial recognition software in their hiring process.

Table 13. Use of Interviews, Currently Use or Plan to Use in the Near Future

Type of Interview	Currently Use		Plan to Use in the Near Future	
	F500	Global Sample	F500	Global Sample
Structured interviews	78%	76%	11%	13%
Unstructured interviews	51%	45%	6%	7%
Live/real time video interviews	65%	54%	14%	15%
Asynchronous video interviews	20%	13%	17%	15%
Facial recognition software	7%	4%	12%	9%

Other pre-hire tools are also being used in addition to interviews, either currently or in the near future (see Table 14). The most popular type of pre-hire tool is a resume review (85%; although this is less popular in F500 organizations), as well as the use of social media to look up information on prospective candidates (84%). As mentioned in the 2014 Global Assessment Trends Report, use of informal social media searches during the hiring process may be fraught with legal implications, leading some organizations to abandon the practice. However, there is potential merit in applying structure around the use of social media to ensure that each applicant is screened on the same criteria. A rating scale or scoring rubric may also be applied in the process, which could then be incorporated into a total score with other pre-hire tools, such as an interview or assessments. This more formal approach to social media searching is conducted by 65% of respondents.

In contrast, respondents reported using predictive algorithms far less often than other pre-hire assessments, which may be a function its newness to the field, as well as the potential initial investment required to collect and process candidate data needed to develop the algorithm.

Table 14. Use of Other Pre-Hire Assessments, Currently Use or Plan to Use in the Near Future

Type of Pre-Hire Tool	Use or Plan to Use Pre-Hire Tool	
	F500	Global Sample
Résumé review/screens	80%	85%
Informal social media search/web searches (e.g., on Facebook, Twitter, LinkedIn)	87%	84%
Application forms	83%	79%
Prescreening questions (minimum qualifications questions)	84%	78%
Phone screens (person to person or IVR)	83%	78%
Formal social media search/web searches (e.g., with rating scales and specific criteria to consider)	74%	65%
Work samples/assessment centers ('hands on' demonstration of performance)	69%	64%
Predictive algorithms (the use of candidate background data, such as work experience and education, compiled into an algorithm)	37%	32%

Key Finding 11

There is significant investment in employer branding but organizations are not connecting this investment to the candidate experience.

While a small majority of respondents (64%) indicated that their organizations are putting additional investment into improving their employer brand, only 26% have updated their recruitment and hiring process based on candidate preferences, pointing to an area of opportunity to introduce and reinforce a positive employer brand as part of the candidate experience.

- This is particularly important as findings from our candidate experience research show that those with a positive candidate experience tend to go on to be company promoters, while those with a negative experience tend to be company detractors. The difference between a positive and negative candidate experience can significantly impact brand reputation.

The sharing of information and feedback to candidates throughout the selection process is a key component of the candidate experience. Most companies report that they do provide information and feedback to candidates (68%), but this varies by region. Australia/New Zealand reported the highest amount of information sharing with candidates (80%), and Asia the least (59%), with the Americas (68%), Europe (71%), and the Middle East and Africa (72%) in the middle.

Table 15. Employer Branding and Candidate Preferences

Survey Statement	F500	Global Sample
My organization shapes its recruitment and hiring process based on candidate preferences.	32%	26%
My organization provides feedback and information to candidates during the recruitment and selection process.	68%	68%
My organization is putting additional investment in improving its employer brand.	70%	64%

Table 16. Providing Feedback to Candidates, by Region

Survey Statement	Americas	Asia	Australia/ New Zealand	Europe	Middle East/ Africa
My organization provides feedback and information to candidates during the recruitment and selection process.	68%	59%	80%	71%	72%

A majority of respondents stated that their organization uses some type of assessment for hiring for at least one job in their organization (66%). Some regions show greater use of pre-hire assessments than other regions. The region that reported the greatest use of pre-hire assessments is Australia/New Zealand (79%), followed by Middle East/Africa (77%). The regions with the lowest reported use of pre-hire assessments include the Americas (63%), Asia (64%), and Europe (68%).

Table 17. Pre-Hire Assessment Usage, by Region

Survey Statement	Americas	Asia	Australia/ New Zealand	Europe	Middle East/Africa	Global Sample
Does your organization use assessments as part of the hiring process for any jobs?	63%	64%	79%	68%	77%	66%

The most popular type of assessment used across all regions is an online assessment (i.e., assessments designed to be completed using a computer with an internet connection), with 84% of the global sample who uses assessments for hiring reporting this type (see Table 18). Australia/New Zealand appear to favor online assessments (93%) as a proportion of their assessment usage, and they are closely trailed by Europe (88%) and the Americas (89%). Paper and pencil assessments are the second most frequently used assessment type in Asia and Europe (32% and 34%), and computer-based (with offline scoring) assessments are the second most frequently used assessment in the Americas and Middle East/Africa (23% and 45%)

Making assessments accessible to job candidates on a range of devices has become associated with candidate-centric hiring, but only 15% of the sample of those who use pre-hire assessments report making assessments available to candidates on mobile devices. Leading the trend of providing mobile-based assessment is Australia/New Zealand at 22%. The region with the lowest percentage of usage of mobile assessments is the Middle East and Africa (11%).

Table 18. Types of Pre-Hire Assessment Usage by Region

Type of Assessment Used	Americas	Asia	Australia/ New Zealand	Europe	Middle East/Africa	Global Sample
Online assessments	89%	82%	93%	88%	76%	84%
Computer-based (with offline scoring)	23%	26%	20%	28%	45%	29%
Paper and pencil	20%	32%	15%	34%	41%	28%
Mobile assessments	19%	13%	22%	14%	11%	15%

Note: Percent of respondents in this table represent the subset of respondents who use assessments for hiring.

In the global sample, the use of pre-hire assessments appears to occur most at the management level (74%) than at other levels (See Table 19). The level at which pre-hire assessments seem to occur the least is the level of apprentice (22%), and this is consistent across all the regions. Looking at the combination of levels and regions (i.e., within all of the cells in the table at once) the region x level that appears to have the most pre-hire assessment usage is in the Middle East/Africa for manager hiring (82%), very closely followed by Australia/New Zealand for manager hiring (81%), and Europe for manager hiring (80%). The region x level with the least amount of assessment usage is in the Americas for apprentice hiring (17%), closely matched by Asia, also for apprentice hiring (18%).

Table 19. Pre-Hire Assessments by Level and by Region

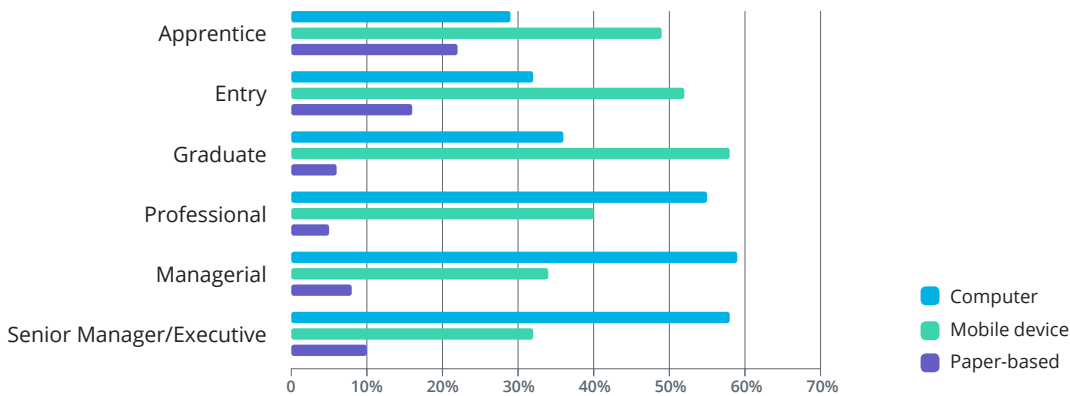
Level	Americas	Asia	Australia/ New Zealand	Europe	Middle East/Africa	Global Sample
Apprentice	17%	18%	25%	23%	26%	22%
Entry Level	60%	54%	56%	45%	52%	53%
Graduate	41%	58%	60%	60%	63%	55%
Professional/Individual Contributor	67%	68%	79%	72%	72%	70%
Management	64%	69%	81%	80%	82%	74%
Senior Manager/Executive	63%	59%	79%	74%	74%	68%

Note: Percent of respondents in this table represent the subset of respondents who use assessments for hiring.

When asked to report on aspects of the hiring process preferred by candidates, HR respondents tend to be directionally aligned with candidates; but, their opinions are often of greater intensity than those reported by candidates. In regard to technology, results indicate that approximately 50% of HR respondents believe that candidates at the Apprentice, Entry, and Graduate levels have a preference for completing assessments on mobile devices (see Figure 13). This perceived preference is even more pronounced in certain regions, such as Asia, where HR respondents indicated preference for mobile-based assessments among higher level candidates, such as Senior Managers and Executives, as well. HR respondents also reported that paper-based assessments are least preferred by all candidates. However, results from our candidate survey suggest that candidates across all levels and regions most prefer computer-based assessments, and paper-based assessments ahead of mobile-based assessments.

Nevertheless, there is consensus between HR respondents and candidates regarding simulation-based assessments, which both groups of individuals report are best completed using a computer (69% of respondents indicate that candidates prefer to complete work simulations on computer).

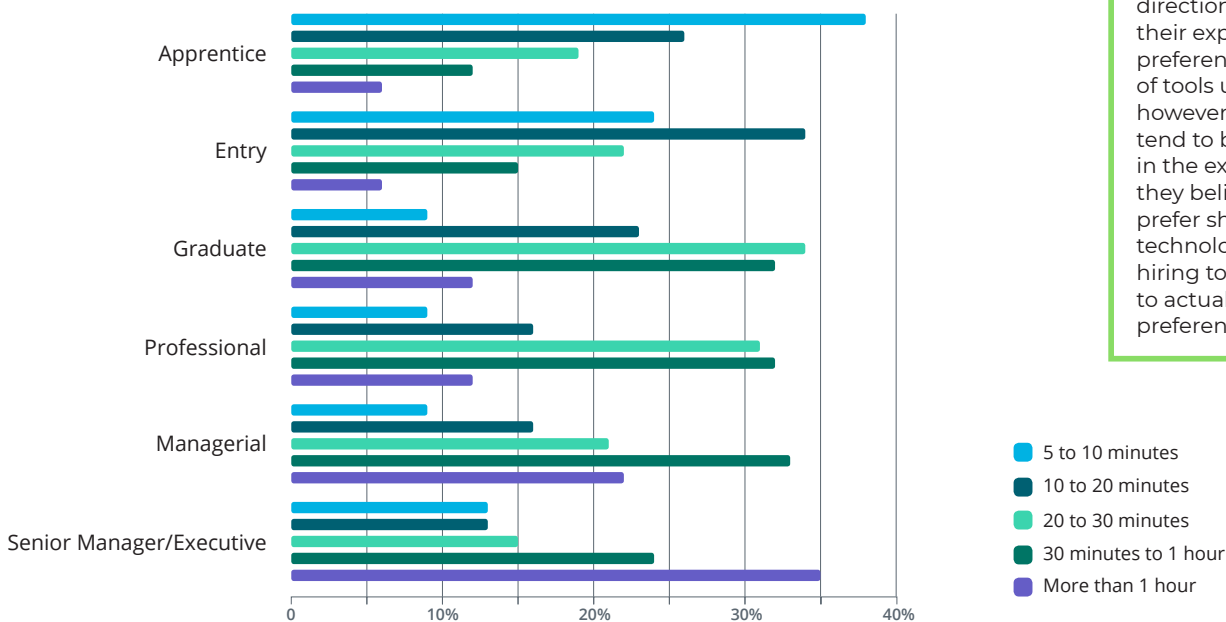
Figure 13. Perceived Assessment Technology Preference by Level – All Assessments



Perceived Assessment Technology Preference - Work/Simulation-Based Assessments

HR respondents also reported a distinction between candidate levels regarding assessment length. Specifically, lower-level candidates at the Apprentice, Entry, and Graduate levels are expected to prefer shorter assessments that take between 5 to 10 minutes, 10 to 20 minutes, and 20 to 30 minutes to complete, respectively. Comparatively, higher-level candidates at the Professional, Graduate, and Senior Manager/Executive levels are expected to prefer longer assessments that take 30 minutes to over an hour to complete (see Figure 19). Results from our candidate survey suggest that candidates at all levels most prefer assessments that take between 10 to 30 minutes to complete.

Figure 14. Perceived Assessment Length Preference by Job Level



Key Finding 12

HR staff understand what candidates are looking for...mostly.

When comparing findings from this survey and our recent candidate experience research, we find that HR respondents and candidates are directionally aligned in their expectations and preferences for the kinds of tools used for hiring; however, HR respondents tend to be more extreme in the extent to which they believe candidates prefer short, novel, technology-enabled hiring tools, compared to actual candidate preferences.

Regarding assessment type, over 50% of HR respondents indicated that candidates across all levels have a preference for completing personality tests. This finding aligns well with our candidate survey, as personality tests were rated as the most preferred type of assessment by candidates. Other types of hiring tools that both HR respondents and candidates indicate preference for include job knowledge tests, work samples, and background checks.

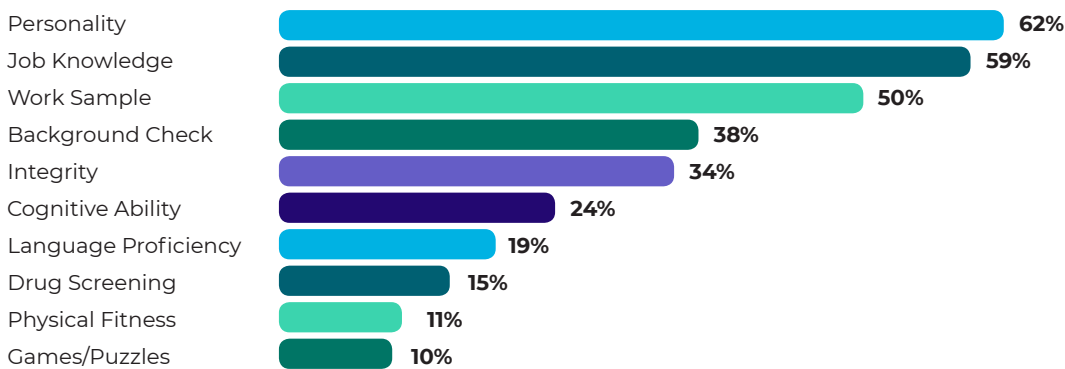
Findings also revealed that HR respondents believe certain assessments may be more preferred by candidates at higher levels, as compared to lower levels. For example, between 8% and 27% of HR respondents endorsed delivering a presentation as a preferred assessment type for lower-level candidates; whereas, over 40% endorsed presentations for candidates at the Professional level and higher. Additionally, between 50% and 62% of HR respondents indicated that integrity tests were preferred by candidates between the Professional and Executive levels – making it the most endorsed assessment type for Executives (see Table 20).

Lastly, HR respondents indicated that lower-level candidates have a stronger preference for games and puzzles than higher-level candidates, with up to 42% of HR respondents endorsing the assessment as a preferred option for candidates between the Apprentice and Graduate levels (see Table 19). However, results from our candidate survey suggest that games and puzzles are the least preferred type of assessment for all candidates.

Table 20. Perceived Assessment Type Preference by Level

Assessment Type	Apprentice	Entry	Graduate	Professional	Managerial	Senior Manager/ Executive
Personality assessment	56%	59%	64%	60%	60%	54%
Physical fitness test	31%	26%	18%	14%	13%	12%
Cognitive ability test	37%	43%	56%	40%	31%	24%
Work sample	39%	45%	39%	46%	32%	25%
Games/puzzles	36%	38%	42%	19%	13%	9%
Job knowledge test	30%	38%	43%	67%	56%	44%
Integrity test	18%	23%	32%	50%	62%	62%
Drug screening test	24%	24%	20%	18%	17%	17%
Language proficiency test	29%	35%	35%	26%	22%	17%
Background check	38%	42%	44%	54%	58%	57%
Deliver a presentation	8%	9%	27%	42%	54%	60%

Figure 15. Percent of Participants who Prefer Assessment Type, All Levels



Note: 2016 Candidate Experiences and Preferences Survey.

In summary, the findings in this section highlight the continued use of assessments as an integral part of selecting and developing key talent. However, trends suggest that the areas in which organizations use assessments are beginning to shift beyond hiring and placement into areas such as leadership development and high-potential identification. Leading organizations (F500) are adopting assessments in these areas more readily, showing other organizations where assessments trends are heading and how quickly they should adjust their practices to remain competitive. Additionally, results show that although general assessments, such as cognitive ability and personality assessments, are still the most commonly used, organizations are becoming increasingly interested in job-specific assessments that evaluate candidates' fit within potential roles and the organization as a whole. It is unclear if such assessments will replace or complement more traditional assessments, but organizations looking to better understand and appeal to candidates may benefit from exploring how they can be incorporated into the hiring process. Lastly, HR respondents appear relatively aligned with the preferences of candidates, but results show a clear difference in the intensity of opinions. Specifically, in comparison to the opinions of respondents, candidates demonstrate increased preference for traditional assessment types and methods, as well as substantially more patience for readily adopting new technology, such as asynchronous interviews and game-based assessments.

Summary and Recommendations

Based on the results of the 2018 Global Assessment Trends survey, we see three key areas for consideration by talent professionals looking to improve how they manage and assess talent in the coming year.

The changing nature of work requires planning and reprioritization of talent programs

HR respondents reported lack of clarity with their workforce's potential yet reported focus and attention on working with business leaders on future talent needs. Without greater clarity on what the current workforce can do to help organizations achieve their objectives, HR will struggle to understand what skill and competency gaps need to be closed through talent acquisition and development strategies. Taking steps to integrate, take advantage of, and analyze the increased amount of talent data will help HR practitioners take action to innovate their talent programs to achieve the desired outcomes. Results from the survey indicated a surprising lack of clarity on the current role and/or potential of big data for hiring. This is an area where HR professionals would be well served to learn more about, partner, and/or invest in data science initiatives to rely on big data as a core competency. Our findings showed that leading Fortune 500 organizations are taking advantage of innovations in talent analytics to a greater degree than other organizations – this is a practice that should continue and accelerate to help organizations of all sizes to forecast whether the right talent are in place to help business achieve their goals.

The criticality of top level talent for driving company performance is too important to leave the success of talent development programs to chance

Our findings showed a clear focus on internal talent and specifically on identifying and developing leaders. While organizations clearly understand that top level talent is essential to organizational survival and sustained competitive advantage, it is unclear exactly how talent development programs are being evaluated. While respondents indicated much greater use of data to evaluate how assessments are used for development programs compared to 2014, it is unclear which specific metrics are being used as some of the traditional ways of evaluating the usefulness of assessments were not frequently reported. As the cost of a “bad” talent decision at this level can make or break an organization's future, it is critical that specific objectives are used to understand who to develop and place into top level roles and how the usefulness of talent identification and development programs evaluated.

New hiring tools: Know your target

Our survey results showed that assessment remains a mainstay of a number of core talent processes and is generally aligned with top talent priorities. We also saw that adoption of newer hiring technologies varies substantially, with tools like real time digital interviewing becoming common whereas facial recognition and asynchronous interviews being relatively uncommon. We also saw that algorithmic assessment has not been widely adopted yet, but by those using it, the targeted outcome associated with its use is unknown. We also saw that candidates have specific preferences and expectations when it comes to the ways in which they demonstrate their potential fit for a job. In general, the action to HR professionals is to know your target when it comes to considering how to evaluate the use of measurement tools in talent acquisition and development programs. Before adopting a new tool, understand the potential complementarity and past history of business outcome prediction to understand where it can add value to a talent program.

Selected References

- ¹ Kantrowitz, T. M. (2014). 2012 Global Assessment Trends Report. SHL.
- ² <https://data.bls.gov/timeseries/LNS14000000> <https://tradingeconomics.com/united-kingdom/unemployment-rate>
- ³ <https://www.statista.com/statistics/268114/unemployment-rates-in-major-industrial-and-emerging-countries>
- ⁴ Jex, S. M., Sliter, M. T., & Britton, A. (2014). Employee stress and well-being. In B. Schneider & K. M. Barbera (Eds.), *The Oxford handbook of organizational climate and culture* (pp. 177-211). New York: Oxford University Press.
- ⁵ <http://news.gallup.com/poll/180404/gallup-daily-employee-engagement.aspx>
- ⁶ <https://www.forbes.com/sites/elainepofeldt/2017/06/13/new-study-why-self-employment-keeps-accelerating/#e8324806ac84>
- ⁷ <https://www.forbes.com/sites/cheetung/2017/12/19/four-key-hr-trends-to-watch-in-2018/#40b7648819de>
- ⁸ <https://www.theguardian.com/sustainable-business/2016/sep/14/millennials-work-purpose-linkedin-survey>
- ⁹ <https://www.inc.com/ilan-mochari/innosight-sp-500-new-companies.html>
- ¹⁰ Society for Industrial and Organizational Psychology, Inc. (2003). *Principles for the validation and use of personnel selection procedures* (4th Ed.). Bowling Green, OH: SIOP.

Appendix: Executive Summary of 2014 Global Assessment Trends Survey

The Global Assessment Trends Report is an annual indicator of HR and assessment practices, giving HR professionals a comprehensive view of how organizations around the world measure talent across the employee lifecycle.

This year's report includes the results of an online survey conducted in early 2014 and completed by 1,406 human resources (HR) professionals from companies headquartered throughout the world. The report focuses on organizations' talent assessment practices. As in previous reports, pertinent comparisons are drawn to results of the prior years' Global Assessment Trends Reports to identify trends over time. Additionally, relevant comparisons between respondents in geographic regions, emerging versus established markets, and indicators of leading organizations are presented.

The report focuses on three areas: the HR landscape in 2014, the nature of assessment use in organizations, and the use of technology in recruitment and selection. Key findings from the report are listed below:

Identifying high-potential talent is a new global top priority, and the top future use of assessments

- Organizations focus more on developing talent internally than hiring externally (57%, up from 49% in 2013).
- Most organizations have programs to identify (53%) and develop (52%) high-potential talent; while most do not currently use assessments for such programs, it is the top future use of assessments (30%).
- Most organizations have programs to develop future leaders (56%) and 60% use assessments as part of those programs

Most do not monitor candidate reactions and fail to link the candidate experience to business outcomes

- 82% of organizations see a positive candidate reaction to their hiring process as important, yet only 40% actually monitor such reactions.
- Few organizations see the value of positive candidate reactions beyond the recruiting process (such as in influencing candidates' future purchasing decisions).

Most respondents assess indicators of engagement/retention, but 40% do not, risking the loss of key talent

- Engagement/retention remains top priority, endorsed by 56% of HR professionals.
- 40% indicate they do not use or plan to use assessments as part of efforts on engagement and retention.

Big differences in talent management priorities globally, with external hiring only dominant in the Americas

- Only 35% of organizations are recruiting for an increased number of open positions, down from 39% in 2013.
- External hiring is a top priority (46%) in the Americas compared to 34% globally.
- Identification of high-potential talent more likely to be seen as a top priority in Middle East/Africa (60%) compared to 51% globally.
- Budgets associated with external hiring as likely to increase as decrease, indicating dramatically different strategies and economic conditions around the world.

Employees who promote their employers' products and services are much more likely to work in organizations with strategic HR functions.

- Of those who are highly favorable about their organizations' products/services, 80% view HR as a strategic function and 89% indicate that their organizations consider people decisions in the context of business objectives.
- Organizations whose employees highly endorse their companies' products/ services (promoters) prioritize ALL HR areas higher, compared to organizations whose employees do not endorse their products/services (detractors).
- Promoters also report their companies make greater use of information on talent to make business decisions (58%) compared to detractors (37%).

Despite HR being increasingly viewed as strategic, only half use talent metrics to prove ROI or to inform business decisions

- 73% of respondents view HR as strategic (up from 66% in 2013).
- Only half of respondents report collecting metrics to show the value of HR investments or using talent data to inform business decisions.

Integration of assessment data with HR information systems seen as critical, but integration capabilities fall short

- While 75% of respondents see having data on competencies and skills integrated into talent management systems as critical, only 25% are satisfied with HRIS ability to manage that data.
- 61% of respondents say they use an HRIS for external hiring but only 34% report integrating assessments into that process.

Objectivity gap in post-hire, with widespread assessment use for hiring but only 40% for development and promotion decisions

- Nearly twice as many respondents report use of assessments for pre-hire compared with post-hire.
- Skills/knowledge testing (the most frequently used type across pre- and post-hire) is used by 73% of respondents in pre-hire but only 40% in post-hire.
- Similarly, 62% of respondents indicate use of personality assessments for pre-hire but only 34% for post-hire.

Social media searches are a top rated future hiring tool, despite only a quarter of respondents having formal policies on its use

- Respondents in Middle East and Africa are more likely to use social media information, both formal (28%) and informal (29%), as a future hiring tool. In contrast, respondents in the Americas are least likely to use social media for hiring either formally (14%) or informally (10%).
- 24% of respondents allow recruiters/hiring managers to use social media information to make decisions about candidates, while 42% allow decisions to be made based on professional networking information.

shl.com

2018 SHL and its affiliates. All rights reserved. TA1800150

