



TestGorilla

The State of Skills-Based Hiring 2022

TestGorilla's annual thought-leadership report

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Executive summary

Work is changing fast.

The Covid-19 pandemic accelerated a pre-existing trend towards remote work and globally distributed teams. Today, **18% of employees work remotely full-time**, with many more mixing working-from-home and the office in what we have come to call “hybrid” work.¹

And as work has changed, so too has recruitment. **Outdated hiring methods are not fit for purpose in today's globalized world.** Subjective practices such as resume screening have long failed to do an adequate job of pinpointing candidates with potential and proven skills, but in this new world, **they no longer serve any useful purpose at all.**

A global talent pool hindered by hiring bias

Companies have discovered that a **global world of talent is open to them.** Now, candidates in any country can access jobs and roles that were previously unavailable, broadening their horizons beyond their wildest expectations, but to make the most of this talent pool, businesses need to be able to **understand and assess the skills of candidates from around the world.**

But how does a hiring manager effectively assess the skills of an applicant who works for a company they haven't yet heard of, or a candidate who attended a college or university with which they are unfamiliar?

Hiring bias is a real and serious problem. The tendency of recruiters and hiring managers to unconsciously favor similar or familiar backgrounds, education, and work experience results in employers failing to properly assess the suitability of an applicant's skills.

The problem is compounded by our **over-reliance on resumes.** These one-page statements of a candidate's previous history **may be outdated, inflated, or simply untrue.**



So how are companies finding ways to find the right talent when the current, entrenched recruitment processes are so clearly not fit for purpose?

That was the question we set out to answer when we surveyed 2,736 employers and 2,666 candidates.

Skills-based hiring: A new way to hire

FOR MORE, SEE SECTION 4

76% of employers today use skills-based hiring to identify talent

Our survey identified that the **majority of employers (76%) are using some type of skills-based hiring** to find new talent that may have remained undiscovered in the past, with **almost 55% using role-specific skills tests**.

Skills-based hiring is the practice of identifying and validating a candidate's skills using methods such as **scientifically backed tests**. It is a more rigorous approach to recruitment that enables employers to judge candidates objectively on the core skills required for an open role, plus their personality, their culture-add and the soft skills that are increasingly important in the new world of work.

Our survey discovered that those companies that have embraced skills-based hiring have a **competitive advantage**. These companies are experiencing a wide range of **positive benefits and performance improvements** resulting from a focus on skills during their hiring processes, as discussed below.

Extraordinary outcomes for companies

FOR MORE, SEE SECTION 5

Employees are happier and stay longer

When employees are placed in jobs that match their skills and abilities, **they are happier** – 72.1% of team members who were recruited via skills-based hiring were happy or very happy in their current roles, versus 62.9% of respondents who were not recruited via skills-based hiring.

And when team members are happier, they **stay longer in their roles**. As a result, 91.2% of companies experienced **increased employee retention**.



76%

of employers use skills-based hiring practices



91%

of employers saw an increase in workplace diversity



80%

of businesses had a company goal of increasing diversity



72.1%

of people hired via skills-based hiring are happy in their role

Building a more diverse workforce

FOR MORE, SEE SECTION 6

91% of employers saw an increase in diversity

Of the employers we surveyed, 80% had a **company goal of increasing diversity**.

Focusing on **what candidates know** – not who they know or where they studied – has real and tangible benefits for **diversity in the workplace**.

Reduced time-to-hire, reduced cost-to-hire and lower rates of mis-hires

Companies that have adopted skills-based hiring reported frankly staggering **improvements in their recruitment metrics**.

Testing for skills enables companies to quickly **filter out those who are not suitable for a role**, helping hiring managers to spend quality time with those who have what it takes to get the job done. Our respondents told us that when you know a candidate has the required skills, you can spend more time in the interview focusing on assessing the applicant's passion for the company's mission and giving them more information about the role so that they can make an **educated and informed decision** about whether the job is right for them.



92.7% reduced the number of mis-hires



91.4% reduced the total time-to-hire



89.8% reduced the overall cost-to-hire



Attracting and retaining world-class talent

FOR MORE, SEE SECTION 7

Candidates prefer skills-based hiring too

And it's not just companies that are reaping the benefit of a renewed focus on skills; candidates prefer this method of recruitment too.

Our survey showed that **skills-based hiring is the recruitment practice that candidates prefer**, with 54.3% saying that they like this approach better than other, traditional methods.

And once placed in a role that plays to their strengths, **candidates are less likely to leave if hired via skills-based hiring**. Of those we surveyed, only 3.2% of respondents recruited using skills-based hiring are thinking to leave their roles in the next 12 months, versus 7.3% of those who were not recruited using this method – so expected voluntary attrition is 50% lower, with 91.2% of the organizations we surveyed seeing an increase in employee retention.

Creating flexibility in the labor market

FOR MORE, SEE SECTION 8

Candidates increasingly want career mobility

After Covid-19, the Great Resignation prompted workers to leave jobs that did not provide an **inspirational company culture, a good work-life balance, and chances of better pay and career growth**.

Of the candidates we surveyed, **36.2% of those under 34 said they were looking to change their role in the next two years, and 49.3% said they had switched careers within the past year**.

These were workers employed full-time across a number of industries, showing that occupational mobility is not limited to young, service-industry employees in low-income positions, but that it is becoming the **new normal for older, more established workers too**.

And with **56.5% of candidates feeling that they had failed to pass screening processes due to a lack of relevant experience on their resumes**, skills-based hiring can only become more important in ensuring that strong applicants can be recruited – and can then upskill or reskill – in order to realize their potential.

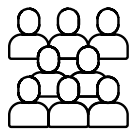
The future of skills-based hiring

FOR MORE, SEE SECTION 9

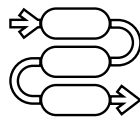
What's the future for skills-based hiring?

Skills-based hiring has **grown rapidly over the past two years** and that growth is set to continue, with 38% of respondents saying that they plan to **increase their budget for skills-based hiring in the future**.

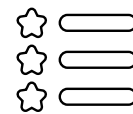
And yet as a new industry, **challenges remain for skills-based hiring**. In the coming year, we predict that the industry is likely to develop innovative ideas around the following:



Enabling employers to evaluate assessments from **large numbers of candidates**



Helping candidates to **understand the value of skills-based hiring** (which is sometimes seen as “just another step” in the recruitment process)



Improving the quality and integrity of skills assessments

Skills-based hiring will become the dominant method of recruitment

Our survey uncovered an **increasing disillusionment** – from both companies and candidates – with the **ineffective and unfair recruitment methods that have blighted hiring in the past**. Basing recruitment decisions on resumes has led to **high rates of mis-hires, low employee retention** and **recruitment biases** that have prevented those who were potentially the most able from being placed in roles best suited to their strengths.

But that is changing. **Skills-based hiring is a fast-growing trend** that has the potential to revolutionize the recruitment process. Companies using skills-based hiring are gaining a **competitive advantage** and candidates hired in this way are quite simply **happier in their roles**, staying longer and performing better. **More than 53% of our survey respondents felt that skills-based hiring would be the dominant hiring method in the future.**

It's clear that with 76% of companies already embracing some form of skills-based hiring, **the world is moving beyond resumes** as the basis of hiring decisions. Resumes lock us into who we know and what we have done. They struggle to portray the skills we have and fail miserably at conveying potential. They are an **outdated, inaccurate and unfit tool for recruiting. Is this finally the end for resumes?**

**The first
resume was
written in
the 1400s.
Perhaps the
last resume
will be written
in 2023?**



**A word from
TestGorilla**



A word from TestGorilla

At TestGorilla, we practice what we preach²: we've been doing skills-based hiring from the beginning, using our own tests to hire 100 people across 31 countries in two years. For proof of the power of skills-based hiring, we don't need to look any further than the fantastic people around us.

I have enough experience with resume-based hiring to know that, as a company owner and an entrepreneur, you hire better talent when you use skills-based hiring. Your applicant pool is much bigger if you give everyone a fair chance, and the best talent comes out on top regardless of its background and your unconscious biases, so it's logical that you'll hire better candidates.

With skills-based hiring, it doesn't matter how many applicants you have, because it's incredibly efficient. If everyone takes a skills assessment, the process is the same and will take you more or less the same amount of time, unless there are more people you want to interview. The best will demonstrate their skills and the data will float them to the top.

Hiring becomes faster and more exciting – you focus your time on the top people, get to know them, and hear their stories. It's more fun. You get to spend your time in a very qualitative, meaningful way.

Skills-based hiring also helps you make unbiased hiring decisions and build a diverse team. Since it changes the way you source and select candidates, it makes diversity possible in the workplace. When you give diverse candidates more of a chance – by hiring for proven skills rather than looking at resumes and inadvertently being drawn to people who are similar to you – you make diversity possible. It's as simple as that.

I'm convinced that a big shift is taking place from resume- and network-based to skills-based hiring. Multiple trends – increased social awareness of bias, remote work unlocking global talent pools – point toward this shift. And it's seriously here to stay.

WOUTER DURVILLE
CO-FOUNDER AND CHIEF EXECUTIVE, TESTGORILLA



**A word from
our premium
partners**



A word from CapitalT

Skills-based hiring is the future and the need for it is clear. There is a big problem with the current state of hiring, where bias results in many people being excluded from jobs in which they could potentially perform well. Skills-based hiring is a great way to reduce unconscious bias, and with the current trend for remote hiring and remote work, this approach is accelerating in value, because it's also a way to find talent that is not necessarily geographically close to you.

My experience bears this out. For one open role, we sourced candidates from our own networks, then added external candidates and used skills-based hiring to assess them. Surprisingly, the candidates who were referred, whom I expected to be really good, did not do very well. Someone outside our networks performed much better, so we hired a candidate to whom I wasn't connected but who was still a great fit.

Implementing skills-based hiring is not a barrier for tech companies, though it may seem more daunting for businesses that employ blue-collar workers – but this approach soon becomes intuitive, especially as it makes a huge difference to how quickly and effectively recruiters and HR managers can assess candidates. It's so important to have a second pair of eyes – in the form of testing, which provides objective data – to help you make a decision without losing time.

People often assume that careers are linear, so they think they need to hire someone with a specific type of background, education or experience. In reality, the most successful people don't have a linear background, so it makes much more sense to evaluate them on their potential and skills, and not on what they've done in the past.

There's no way to break down barriers if you use traditional hiring practices. Opportunity is not provided equally and employers must be brave, in adopting skills-based hiring, to try to ensure that it is.

EVA DE MOL
CO-FOUNDER, CAPITALT



A word from Klaviyo

Skills-based hiring has undoubtedly improved our ability to assess candidates' skills. Using an assessment platform enables us to deliver a consistent, repeatable, scalable experience that puts all our candidates on a level playing-field.

In 2022, we have filled a large number of roles across the EMEA and APAC regions. We adopted skills-based hiring earlier in the year for two reasons: to speed up our recruitment process and to give our candidates equal opportunities by reducing bias.

This method has certainly improved our time-to-hire; moving from a rather clunky manual system to skills-based assessments accelerated our hiring process significantly. Then we saw that using objective tests meant we could replicate the same experience for each candidate, so skills-based hiring is an important part of the work we do to ensure an inclusive and equitable process.

Companies are working hard to think about how they assess candidates, not just through the use of tools but also in how they write job specifications, advertise jobs and develop interview formats. Skills-based hiring is becoming key because mis-hires are becoming more costly, and we believe it's essential for testing core skills.

We are currently looking into ways of further developing skills-based hiring across other parts of our company, because the people we've hired using this method have all been competent and quick to learn.

PAUL ABERCROMBIE
DIRECTOR OF TALENT (EMEA), KLAVIYO



Skills-based hiring: A new way to hire

What is skills-based hiring?

Skills-based hiring is a recruitment methodology whereby job candidates are hired for open roles based on quantifiable skills, rather than using subjective methods such as resumes.³

As such, skills-based hiring is a new, more rigorous approach to recruitment that seeks to verify applicants' skills at an early stage in the hiring process by asking candidates to complete scientifically backed tests that are relevant to their desired role or by completing assignments that are designed to replicate on-the-job scenarios.

Skills-based hiring helps to recruit top candidates by accurately identifying the applicants who are best suited to each open role. The results can include improved quality of hires and improved performance from employees in their roles, with the added benefits of better organizational efficiency and a boost to the bottom line.

Skills-based hiring also promotes equality of opportunity by creating a level playing-field for all candidates. By measuring applicants on their skills, rather than factors such as their educational background or work experience, it widens the talent pool to encompass a more diverse group of people. This, in turn, can feed into greater diversity – with its accompanying business benefits – in an organization's team.⁴

Finally, skills-based hiring embraces and harnesses the potential of modern technology. By rejecting the centuries-old resume in favor of the most up-to-date tech, organizations that adopt skills-based hiring can reduce time-to-hire and cost-to-hire by streamlining their recruitment process, as well as improving their results by quickly identifying the most skilled candidates from a larger, more diverse talent pool – in whichever location or industry they happen to be based.

76%

of businesses surveyed
are using
skills-based hiring



Jacco Valkenburg

Trainer employer
branding and recruitment
*Recruiter University,
Netherlands*

**recruiter
university**

“Companies are increasingly relying on online assessments when selecting candidates. Online assignments test an applicant's skills and capabilities, so **a traditional resume and cover letter are no longer needed.** Companies make a first selection using an online assessment or referrals, and only then does a candidate get an interview. This may feel scary to job applicants, but it's fair. It offers opportunities to less experienced people who are good at their jobs. A spelling mistake on your resume or a weak cover letter are of less importance. Juniors can beat seniors on knowledge and skills and thus move into a higher position.”



Hung Lee
Curator
Recruiting Brainfood, UK



“The shift to remote has been generally beneficial for many workers and has opened up a lot of opportunities for employers, too. **We need to be conscious of the new challenges around diversity** that come from hiring remote workers, but on balance, accessibility has greatly improved with the shift to remote working.”

Top 3 industries using skills-based hiring

 **88.1%**

Broadcasting and publishing

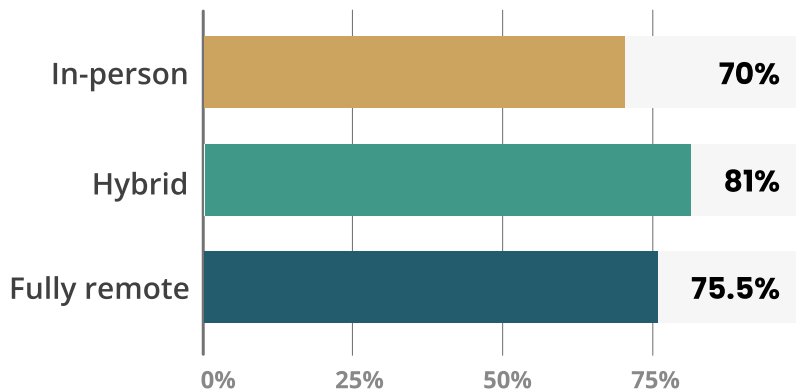
 **86.0%**

Marketing

 **85.2%**

Telecommunications

Percentage of companies using skills-based hiring by working model



Skills-based hiring reigns supreme in hybrid and remote companies and the tech sector

Skills-based hiring is widespread among the large pool of companies we surveyed. Our data shows that 76% of the 2,736 businesses we surveyed are using some type of skills-based hiring, although it is difficult to assess the efficacy of its implementation.

Skills-based hiring is particularly favored by hybrid and remote organizations. We see that 81% of hybrid companies and 75.5% of fully remote businesses are using skills-based hiring. This percentage falls for in-person organizations, but remains high at 70%.

Perhaps unsurprisingly, given that skills-based hiring can be implemented most effectively using up-to-date technology, our data shows that skills-based hiring is used most often in the tech industries. These include telecommunications (85.2% of companies surveyed confirm that they are using this approach), marketing (86%), and broadcasting and publishing roles (88.1%).

For comparison, the lowest percentage is found in the hotel and food-services sector, at 62.2% – but of the 22 industries we surveyed, there were only four in which fewer than 70% of companies were using skills-based hiring.

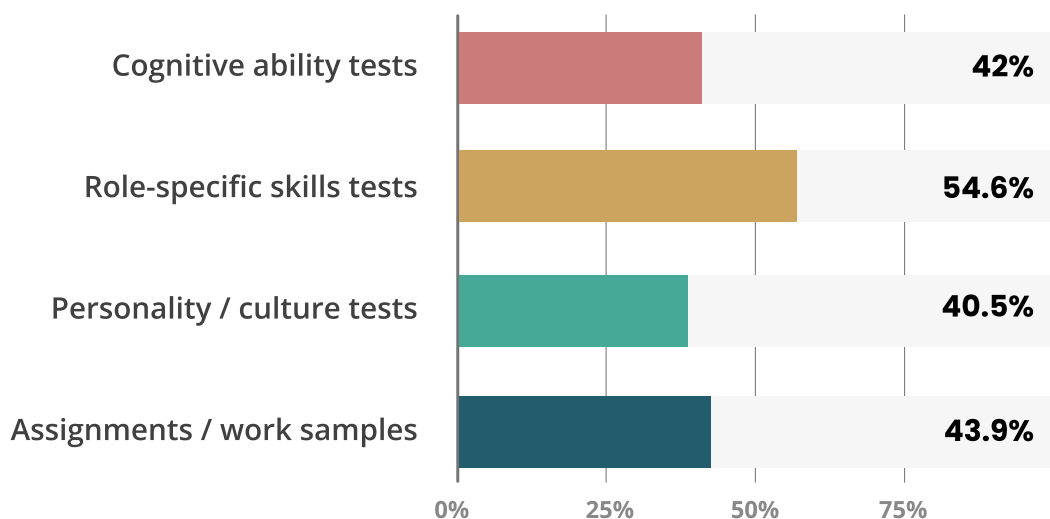
The most popular types of skills-based hiring

Skills-based hiring takes many forms, but the most popular type in use among the companies we surveyed is testing for role-specific skills. These tests often seek to quantify the candidate's hard skills with assessments focused on testing precise knowledge that the candidate will need to perform well on the job — such as programming knowledge, foreign language ability and/or specific skills such as accountancy knowledge or scientific understanding. In addition, role-specific skills can also test for a candidate's soft skills by testing (for example) their communication or their leadership and management skills.

Of the respondents to our survey who are using skills-based hiring, 54.6% are currently testing for role-specific skills.

The next most popular type is work samples and take-home assignments, which are being used by 43.9% of the respondents who are using skills-based hiring. Work samples or take-home assignments are typically mini case studies or projects that the candidate is expected to complete to prove their ability to answer the sort of day-to-day questions and problems that are likely to come up in their role.

Which hiring tools have you used in your hiring process in the past 12 months?



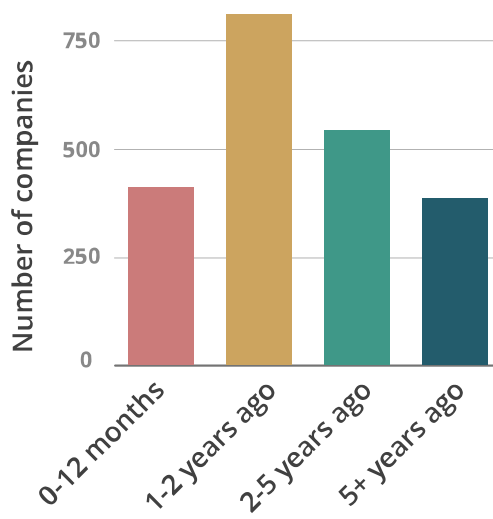
A fast-growing trend

Our data also shows that skills-based hiring is a growing trend. Of the organizations we surveyed that are currently using skills-based hiring, 58% have adopted this approach in the past two years. This coincides with the Covid-19 pandemic, so it is likely that the rise in skills-based hiring has been prompted by the accelerated change to hybrid and remote working.⁵

58%

of organizations
adopted skills-based
hiring in the **past 2 years**

When did you begin adopting skills-based hiring assessments?





**Extraordinary
outcomes for
companies**

Adopting skills-based hiring may require some adjustments from a recruiting team, but the benefits are manifold.

Our data shows that companies using skills-based hiring are experiencing dramatic improvements in performance across four key metrics.

IMPROVEMENT METRICS



Reduction in mis-hires (**92.5%**)



Reduction in total time-to hire (**91.4%**)



Reduction in total cost-to-hire (**89.8%**)



Increase in employee retention (**91.2%**)

Skills-based hiring reduces mis-hires

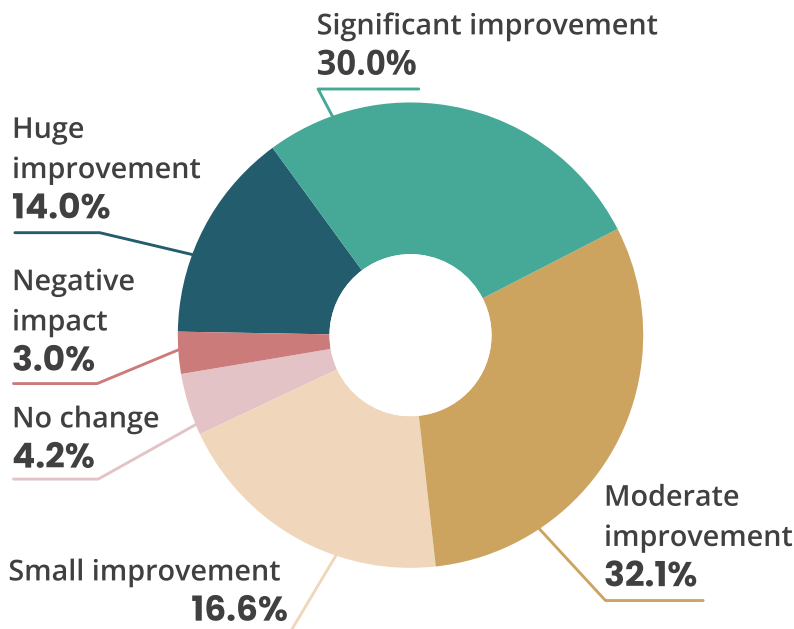
A mis-hire occurs when a business appoints an unsuitable candidate to an open role. In the modern economy, it is vital that businesses keep their mis-hire rate as low as possible, because the ramifications are serious and extensive.

These include major costs (such as the employee’s compensation and severance pay, plus total hiring costs), the impact on team morale, the disruption created by the candidate’s unsuitability and the process of finding a replacement, and issues caused by the employee’s mistakes. The management psychologist Bradford D. Smart’s research suggests that a mis-hire can cost a company up to 24 times the employee’s annual compensation.⁶

Skills-based hiring can be an effective method of reducing mis-hires, because it enables recruiters and hiring managers to use objective methods such as testing to ensure that a candidate has the required skills for the role.

Our data bears this out; of the companies we surveyed, 92.5% have seen a reduction in their mis-hire rate, with 44% recording a fall of more than 25%.

How much has implementing skills-based hiring reduced number of mis-hires?



Emma McFetridge

Talent acquisition partner
Bazaarvoice, Northern Ireland



“Skills-based hiring has **reduced our number of mis-hires**. When we haven’t completed something like an assessment, we’ve noticed that what candidates have said is not really the truth, or they’re not as skilled as they say.”

92.5%

of organizations saw an **reduction** in mis-hires

Cost of a mis-hire:

24x
annual compensation

Skills-based hiring reduces time-to-hire

Time-to-hire is an important metric for recruiters.⁷ This refers to the time that elapses between a candidate entering a company's talent pool and the same candidate accepting a job offer. It is significant because it indicates how quickly an organization moves applicants through its recruitment process.

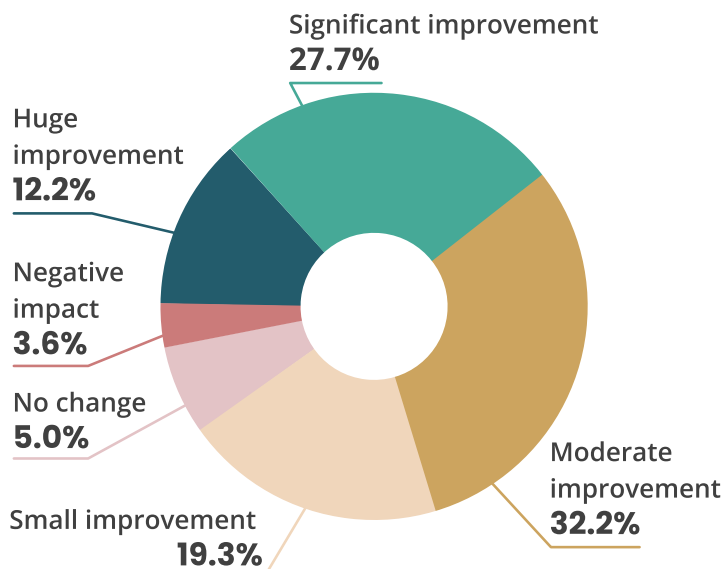
Skills-based hiring contributes to a more efficient, more streamlined hiring process. By testing candidates before the interview stage – a simple process that can be done in a single click online – recruiters and hiring managers are able to quickly and objectively rank applicants based on their relevant, quantifiable skills.

Of the companies we surveyed, 91.4% saw a reduction in their total time-to-hire when using skills-based hiring, with 39.9% recording a fall of more than 25%.

91.4%

of organizations saw a **reduction** in time-to-hire

How much has implementing skills-based hiring reduced total time-to-hire?



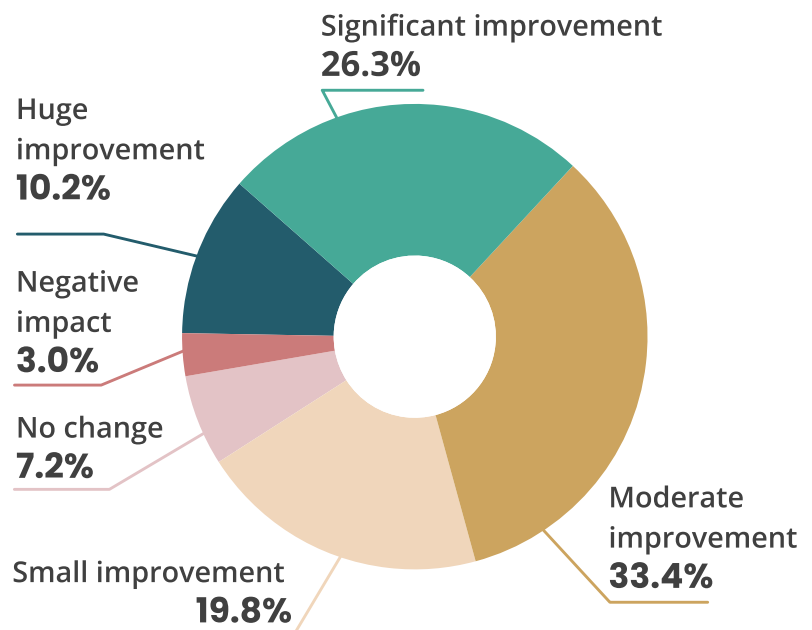
Skills-based hiring reduces cost-to-hire

Cost-to-hire is another significant metric for recruiters – not least because, according to the Society for Human Resource Management (SHRM), it can cost more than \$4,000 to fill each open role.⁸ The costs involved can include job-board fees, careers pages, employer branding, internal and external recruiters, and pre-employment testing software.

Various factors influence cost-to-hire, such as hiring volume (the more people a company hires at one time, the lower its cost-to-hire will be, because some fixed costs can be spread) and the industry an organization is in (some jobs have a longer time-to-hire, which naturally increases hiring costs). But keeping cost-to-hire as low as possible is important for businesses' bottom line, while bearing in mind that investing in good candidates is always worthwhile.



How much has implementing skills-based hiring decreased overall cost-to-hire?





Achyut Menon

Managing director
*Options Executive Search,
India*



"The focus must be on **quality-to-hire**, and often this is where a radical change in sourcing is needed, because companies miss out on good candidates who were not shortlisted. The whole point is not to hire the wrong person, but there's no metric to find out which were the good people who fell through the cracks. I feel that the concept of cost-to-hire is probably 'industrial-era'. In the intellectual era, there is a lot of difference between hires: you can find 'a person' or 'the person', and **the right person will probably give you two or three times better solutions.**"

Skills-based hiring can help to reduce cost-to-hire by, for example, removing the need to pay external recruiters to sift through numerous candidates before presenting a shortlist. Instead, all applicants are tested and ranked on their relevant skills at the click of a button, so the widest possible pool of talent is assessed with the minimum input from the recruiter or hiring manager at this stage.

The companies we surveyed found that skills-based hiring made a difference in this metric; 89.8% noted a reduction in their total cost-to-hire, with 36.6% seeing a fall of more than 25%.

Of course, cost-to-hire is only a relevant and useful metric if the candidate turns out to be the right hire. If the applicant is classified as a mis-hire, this metric can be a misleading one. Too often, modern recruitment practices revolve around "excluding" candidates and finding reasons to "filter them out", as opposed to finding good reasons to keep them in. With skills-based hiring, it is easier for organizations to expand their talent pools and find the right hire.



Skills-based hiring increases employee retention

Employee retention is a metric used to measure how successful an organization is in keeping hold of its employees.⁹ It can be measured as the number of staff with a specific length of service (often one year or more), shown as a percentage of the company's overall workforce.

This metric matters because low employee retention can mean high employee turnover; in other words, organizations suffer from a significant churn in staff because people leave frequently, and after a relatively short period of time. Low employee retention can therefore prove costly for a business that frequently needs to replace its staff, particularly if they are leaving for preventable reasons such as a poor company culture.

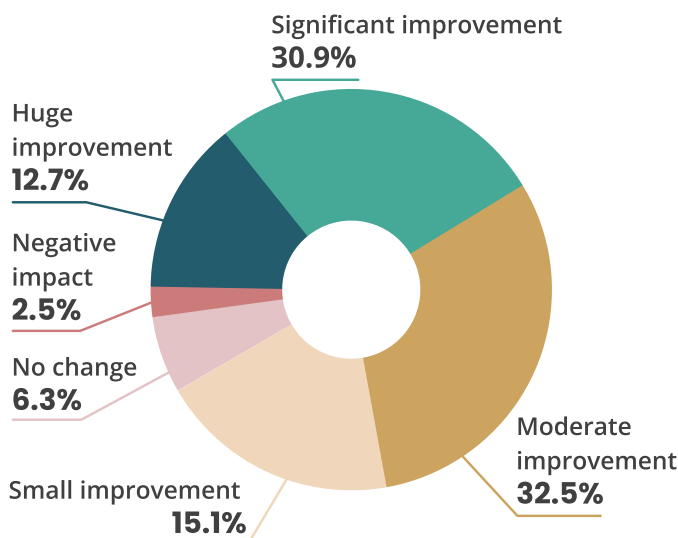
Skills-based hiring improves employee retention by ensuring that the candidates appointed to open roles are the right fit for the job. If an organization is confident that there is a good match between the required skills and an applicant's abilities, proven using objective, scientifically backed tests, there is a far greater likelihood that the candidate will succeed – and stay – in their new role.

Of the companies we surveyed, 91.2% have seen an increase in employee retention through the use of skills-based hiring. And the benefits are not insignificant, with 43.6% of these businesses noting an improvement of more than 25%.

91.2%

of organizations saw an **increase** in retention

How much has implementing skills-based hiring increased employee retention?





**Building a
more diverse
workforce**

The importance of diversity in creating high-performing teams

Numerous studies have shown a causal link between diverse and high-performing teams. The UK Chartered Institute of Personnel and Development's 2021 research into managing multicultural teams, for example, found diverse teams to be more creative and innovative than homogenous teams.¹⁰ Moreover, McKinsey's 2020 report "Diversity wins: How inclusion matters" shows that gender-diverse teams are 25% more likely to financially outperform less diverse companies, while ethnically diverse teams are 36% more likely to.¹¹

Embracing diversity can be an important step towards creating workplaces that are inclusive and equitable, as well as high-performing. This is something that matters to candidates and employees: One Deloitte study found that 83% of millennial employees are actively engaged at work when they believe their organization fosters an inclusive culture, but only 60% are actively engaged when they believe their organization does not.¹²

The importance of diversity is a topic that resonated with our survey audience. Of the 2736 employers we surveyed, 76.8% said that the company they work for has a goal to increase diversity within its teams.

Gender-diverse teams are

25%

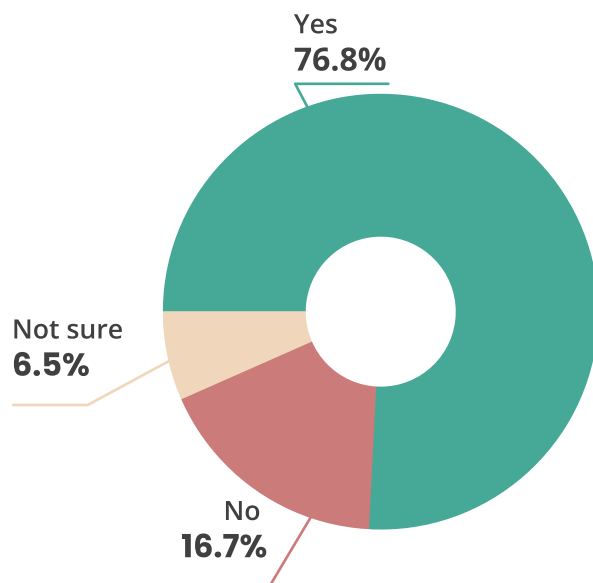
more likely to
financially outperform

Ethnically diverse teams are

36%

more likely to
financially outperform

Is having a more diverse team an objective or goal of the company you're at today?



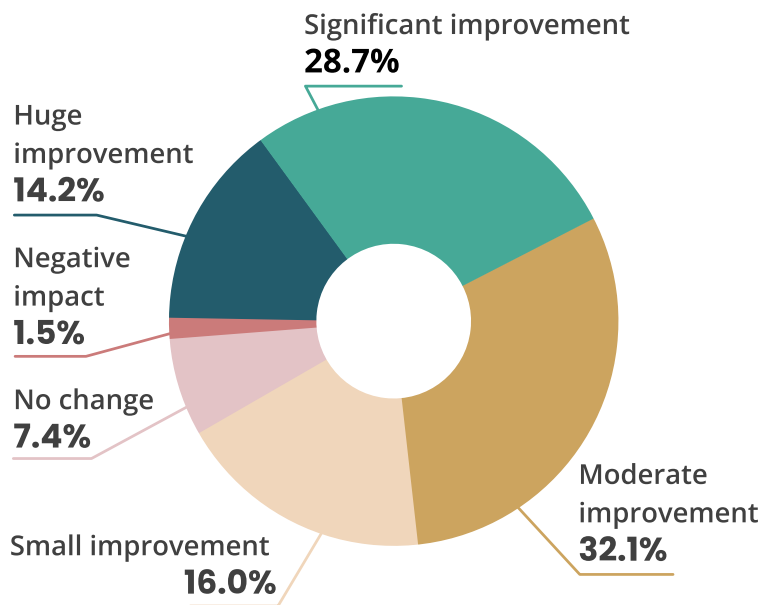
Skills-based hiring increases workplace diversity

Resume-based recruitment practices are prone to bias and as such are a hindrance to creating more diverse teams.

The most striking piece of evidence for this is perhaps Marianne Bertrand and Sendhil Mullainathan’s landmark study “Are Emily and Greg more employable than Lakisha and Jamal? A field experiment on labor market discrimination.”¹³ The study found that, in a scenario where each resume is exactly the same, white American-sounding names received 50% more callbacks for interviews than African American ones. In more recent research, a study of more than 2,000 hires for senior roles found that the number of females hired for high-level positions increased by 68% when skills-based, rather than resume-based, hiring was used.¹⁴

If companies want to improve diversity, they need to hire in ways that are less prone to bias. Skills assessments, with their focus on data-proven skill sets rather than written records of background, education, and experience, are a promising alternative to resumes.

How much has implementing skills-based hiring increased workplace diversity?



91.1%

of businesses saw an improvement in workplace diversity

42.9%

of businesses saw an increase of more than 25%

We asked 2,082 employers who have adopted skills-based hiring about the impact it's had on their workforce. The data we've collected shows that, when implemented, skills-based hiring has a 91.1% success rate in improving workplace diversity.

Although the improvements documented vary by both company and industry, 75% of our respondents saw at least a moderate change in diversity (where moderate is defined by an improvement of 10% to 25%). A significant improvement in diversity (26% to 50%) was seen by 28.7% of respondents, and 14.2% saw a huge improvement, with their workplace diversity increasing by more than 50% due to skills-based hiring.

Out of the industries where we had reliable sample sizes, companies in construction, retail, and finance and insurance experienced the most significant improvements in workplace diversity, with 43.2%, 49.2%, and 43.3% of companies respectively seeing improvements of more than 25%.

These results make a strong case for diversifying more stubbornly homogenous workforces via skills-based hiring, particularly given that construction is an industry renowned for facing difficulties with diversity (Chartered Institute of Building statistics indicate that in the UK, the sector still comprises just 15% females and 6% BIPOC).¹⁵ The financial-services workforce, too, remains overwhelmingly male-dominated.¹⁶



Segun Mustapha

People and culture officer
*Suntory Beverages and
Food Nigeria, Nigeria*

SUNTORY
SUNTORY BEVERAGE & FOOD NIGERIA

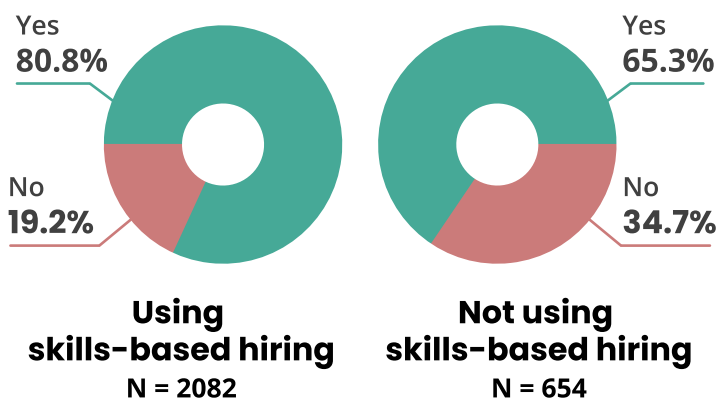
"We operate in the food and beverages industry, and we didn't have any women on our production lines. After deciding to increase the number of women, we used skills-based hiring to assess 45 candidates – 30 women and 15 men. **Using our previous process, the women would have been rejected immediately,** because they wouldn't have met certain criteria, but we were able to eliminate those criteria. Eventually, we hired seven women and five men, whereas previously, this would have been 12 men. **It was a great development and everyone was happy about it.**"

Companies that implement skills-based hiring are much more likely to also implement other practices that reduce unconscious bias during recruitment

Of course, skills-based hiring is not a silver bullet for diversity. To effectively and meaningfully create and nurture diversity, equity, and inclusion, companies must take a broad strategy for impact, creating empathy, adhering to good practices, and encouraging continued learning among employees.

Out of the companies we surveyed, 34.7% of those that were not using skills-based hiring were also not implementing any other practices in order to reduce the influence of unconscious bias during hiring. In contrast, only 19.2% of those companies who are using skills-based hiring had not implemented any other practices to reduce the influence of unconscious bias.

Do you have documented processes, training, and/or data collection in place at your company to prevent unconscious bias impacting your hiring decisions?



91.1%

of businesses saw an **improvement in workplace diversity**

42.9%

of businesses saw an **increase of more than 25%**

We can see here that companies that use skills-based hiring are more likely to address the influence of unconscious bias on recruitment in other ways, too. This correlation demonstrates that those who are already moving away from resume-based hiring practices tend to have a stronger commitment to facilitating diversity through recruitment.

This is an important indicator of the ethos that surrounds the adoption of skills-based hiring, and also indicates that the companies who are adopting skills-based hiring understand that, if they want to see results, they must implement a broad strategy. Companies working on a number of fronts to improve diversity can affect real and impactful change.



Max Armbruster

Founder and chief executive
Talkpush, Hong Kong



“We have 50 nationalities among our 50 employees. We have expanded considerably the cultures and the country of origin of the talent we consider, and to deal with the increase in numbers we’ve experienced by hiring remotely, we’ve increased our reliance on assessments. So skills-based hiring enables us – and employers who do the same thing as us – to **expand the talent pool and consider a broader, wider range of talents, which improves the quality of the output.** If you have more input coming in, you have better quality coming out.”

The most successful companies implement skills-based hiring alongside other practices to reduce unconscious bias and improve diversity

To dig into this a little bit deeper, let's take a look at what happens when skills-based hiring is used alongside other initiatives intended to improve diversity and reduce unconscious bias in the hiring process.

If you want to increase diversity within your teams, introducing skills-based hiring is a good place to start. Of the 399 companies in the survey who implemented skills-based hiring but no other practices to reduce unconscious bias, 80.2% of them saw an increase in workplace diversity.

Companies who implement skills-based hiring alongside other practices see the greatest improvements in diversity

	Only implemented skills-based hiring	Implemented skills-based hiring + one other practice	Implemented skills-based hiring + two other practices	Implemented skills-based hiring + three other practices
Negative impact	2.0%	1.5%	1.1%	0%
No change	17.8%	5.8%	2.7%	2.4%
Small improvement (0-10%)	16.5%	16.9%	12.8%	15.7%
Moderate improvement (11-25%)	36.1%	30.4%	33.7%	31.3%
Significant improvement (26-50%)	18.8%	31.6%	29.4%	31.3%
Huge improvement (51%+)	8.8%	13.8%	20.4%	19.3%
Total experiencing positive improvements in workplace diversity	80.2%	92.7%	96.2%	97.6%
Total experiencing improvements in workplace diversity of more than 25%	27.6%	45.4%	49.7%	50.6%

Combining skills-based hiring with other practices that are designed to reduce unconscious bias is even more successful. Our data shows that for every additional practice implemented to reduce unconscious bias, significant gains in workplace diversity are made.

The other practices that were considered were unconscious-bias training for hiring managers, data collection of applicant pools through to hired colleagues, or any other documented process aimed at reducing unconscious bias.

The total percentage of respondents experiencing positive improvements in workplace diversity increases from 80.2% to 92.62% when one other practice to reduce unconscious bias is introduced on top of skills-based hiring. Of the respondents who added another, 96.2% saw improvements in workplace diversity. Of those we surveyed who implemented skills-based hiring and three additional practices to reduce unconscious bias, 97.59% saw some kind of improvement in workplace diversity, while for 50.6%, the improvements were greater than 25%.

Companies who practice skills-based hiring plus a number of other initiatives specifically designed to reduce unconscious bias – such as unconscious bias training, data collection, or any other documented bias-reducing process – are the most successful when it comes to reducing unconscious bias during hiring and improving workplace diversity.

Although most of those who only use skills-based hiring improved their workplace diversity, more of those who implemented additional practices saw improvements, with a greater percentage of these seeing improvements of more than 25%.

97.5%

of businesses saw
an improvement in
workplace diversity

50.6%

of businesses saw
improvements of
more than 25%



Skills-based hiring will be crucial to the future success of DE&I initiatives

Skills-based hiring can strengthen and facilitate other practices that aim to reduce unconscious bias in the workplace.

Empathy is at the heart of unconscious-bias training, so all of the standard strategies used in such training understandably take empathy as their lynchpin. “Perspective-taking,” for example, is an exercise where people are encouraged to take on the perspective of someone who experiences discrimination, so that they can be more thoughtful about the groups they hold biases against.

“Counter-stereotype training,” or “stereotype replacement,” involves showing people images and examples that directly oppose some of the negative stereotypes that drive unconscious bias (hearing and writing about stories of powerful females has been shown to reduce levels of gender bias).¹⁷

By this logic, having a workplace that isn’t diverse severely reduces the chances of successful unconscious-bias training: It’s harder to develop a sense of empathy that can effectively break bias if you’re never spending time with people from the groups you hold biases against. If you encounter and work with people who contradict your unconscious biases every day, it becomes easier for you to break down these biases.

Workplaces often lack diversity because resume-based hiring upholds multiple barriers to employment for people with certain backgrounds and identities. Without these barriers, the workforce naturally becomes more diverse.





**Attracting
and retaining
world-class
talent**

Being talent-first is a must for businesses and organizations

A talent-first mindset is crucial for success for businesses in the 21st century. Human resources drive business value by attracting and managing talent effectively. Finding top talent, putting the right people in the right jobs, and making sure they are happy and supported once they're in them, has arguably never been more important. So, how can businesses and organizations take a talent-first approach to recruitment in order to attract, and retain, world-class talent?



Rashid Lansah

Candidate

"As an employee who came from a biochemistry background but developed different skills in product design, UI/UX and web design, and IT customer support, I'd prefer to apply and work for employers that use skills-based assessments. There's a great benefit for them in terms of getting a long-term employee, and for me because I'd be in a place where **I'd be valued for what I can do, with limitless opportunities for growth.**"



Most candidates prefer skills-based hiring

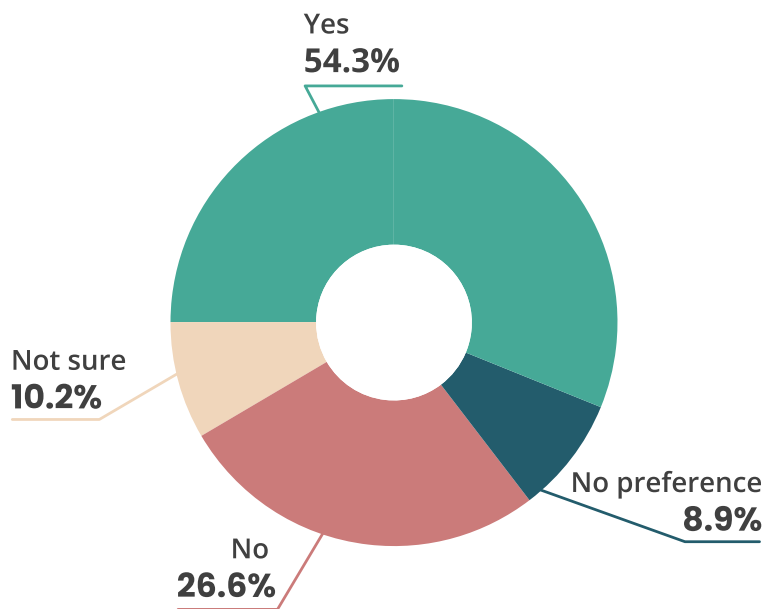
Out of the 2,666 employees we surveyed, 1,448 of them (54.3%) told us they prefer a hiring process that includes skills-based assessments; 26.6% answered that they preferred hiring processes without assessments; 10.2% said they weren't sure; and 8.9% had no preference when it comes to hiring processes.

Candidates value speed, communication, and transparency. But it's very hard for recruiters and HR managers to provide all of these things with resume-based hiring.

With skills-based hiring, recruiters can quickly access qualifying data about their candidates, speeding up the hiring process considerably. The inclusion of an assessment, and transparency regarding the results, also makes the selection criteria clear to job applicants. By completing an assessment that tests the skills needed for the job, they can gain both insight into what the role will entail and a sense of whether they'll enjoy it or not.

In light of this, it's perhaps unsurprising that most of the employees we surveyed prefer hiring processes that include an assessment. Skills-based hiring appeals to candidates who are not afraid to show their worth and prove their ability. Companies who take heed of research showing how important high-quality recruitment experiences are to candidates have a better shot at attracting diverse and talented people. As we'll explore next, they also have a better shot at keeping them happy and retaining them.

Do you prefer a hiring process that includes skills-based assessments?



54.3%
of candidates prefer a hiring process that includes skills-based assessments

People who are recruited via skills-based hiring are happier in their roles

Our data shows that people who are recruited using skills-based hiring are happier in their job roles than those who are not. Among the group of employees we surveyed, 72.1% of those hired using skills-based hiring were either happy or very happy in their current role, compared to 62.9% of those who were recruited via other methods. This means that almost 10% more skills-based hires are happy at work.

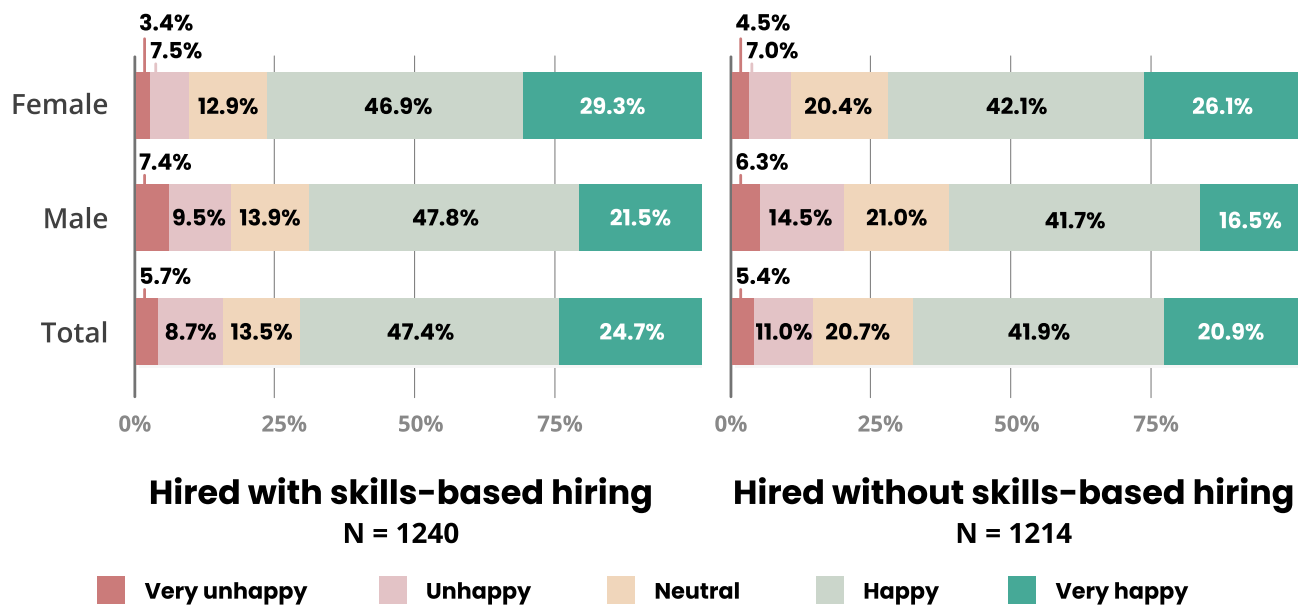
72.1%

of people hired via skills-based hiring report being **happy** in their role

There are a few reasons why this might be the case.

- First, skills-based hiring gives candidates the opportunity to do something similar to what they'd be doing in the role they've applied for. If they dislike the work involved in the assessment, it's a reliable indicator that they won't be happy in the job.
- Second, skills-based hiring gives employers a chance to understand factors such as motivation and culture-add in candidates. Using tests that measure what a candidate values and is motivated by, and assessing the results against what the company values and uses to motivate its employees, can give both parties insight into how happy a candidate might be in a certain role.

How happy are you in your current role?



If we take a look at gender differences, we can see that, overall, females are happier in their roles, regardless of how they were hired: 71.3% of them report that they feel happy or very happy in their roles, compared to 63.5% of males.

Both genders see a significant uplift in employee happiness for those recruited via skills-based hiring methods, but skills-based hiring has the most impact on males, where there is an 11-point percentage difference in happiness in their roles between those hired via skills-based hiring (69.3% of whom are happy) and those who were not (58.3% of whom are happy).

Of the people who were recruited using skills-based hiring, 72.1% report being happy in their role versus 62.9% of those who were not – so, 15% more people are satisfied with their job after being hired via this method.

Compared with those who were not recruited using skills-based hiring, around 8% more females hired in this way are happy with their jobs. Almost 11% more males express happiness with their roles when they are hired via skills-based hiring.

People who are recruited via skills-based hiring stay longer in their roles

Expected voluntary attrition is 50% lower for people recruited using skills-based hiring – only 3.2% of employees hired using this method plan to leave their roles in the next 12 months, compared with 7.3% of employees who were not recruited via skills-based hiring.

This means that those who are hired without skills-based hiring are more than twice as likely to plan on leaving their roles in the next year than those who are hired using skills-based hiring. In addition, only 15.1% of skills-based hires plan to leave their current roles within one to two years, while 18.9% of those recruited without skills-based hiring plan on doing so. Moving away from resume-based hiring, and towards a skills-based approach to recruitment, has serious benefits for employee retention rates in the years immediately following recruitment.

Once again, the difference is more pronounced for males when skills-based hiring is adopted: 25.4% of males who were not recruited using skills-based hiring plan to leave their roles in the next 24 months, versus only 16% of males who were recruited using skills-based hiring. Again, considering how costly it is for companies to hire the wrong person and quickly lose them, these 9.4 percentage points represent a significant opportunity for companies to save money by boosting their employee retention with skills-based hiring.

69.3%

of males hired via skills-based hiring were happy in their current role

76.2%

of females hired via skills-based hiring were happy in their current role

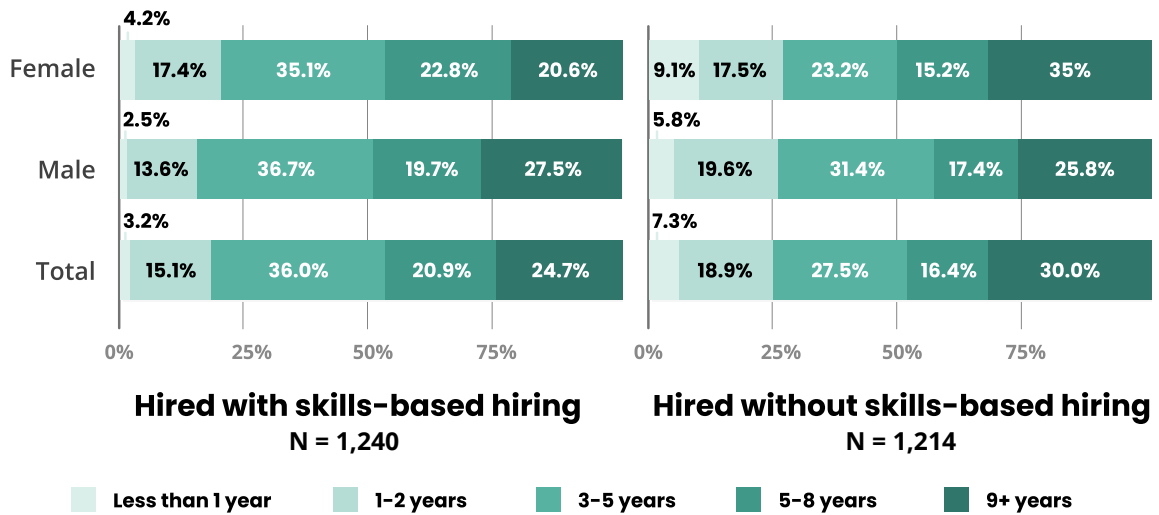


Nicole Roberts
Senior vice-president
of people
Forta



“People want to be authentic and find alignment with their skills and experience, but language and verbiage varies. A poorly crafted job posting may not yield the candidates the company is even looking for, causing applicants to try to fit the mold of what they think the job is, based on the posting. **If you’re looking to actually match that person’s work style, and bring them in as they are, skills-based hiring can definitely help.** It leads to better job satisfaction.”

How long do you expect to stay in your current role?



3.2%

of people hired via skills-based hiring plan to leave their role within 12 months



Creating flexibility in the labor market

Automation is reshaping the world of work

The Covid-19 pandemic sped up the timeline for the adoption of AI and robotics¹⁸, bringing organizations face-to-face with an entirely new world of work. In particular, the retail, financial services, healthcare, and telecommunications sectors reported high levels of AI maturity¹⁹ in 2022.

To maintain their competitiveness, candidates must lean into the essential human qualities that can't be replicated by even the most sophisticated technology – creativity, empathy, communication, and critical thinking. At the same time, they must be aware of their skill set and how it can be applied. If the opportunity to move from a limited career path to a role with higher growth potential presents itself, they should obtain the necessary expertise to make the switch possible.

From this vantage point, we can look at how executives, employees, and job seekers are reacting to the forces reshaping the world at work. From engineering career transitions to leaning further into skills-based hiring, most of our survey respondents are taking a proactive approach to navigating the future.



Matt Alder

Producer and host of
The Recruiting Future podcast


with Matt Alder

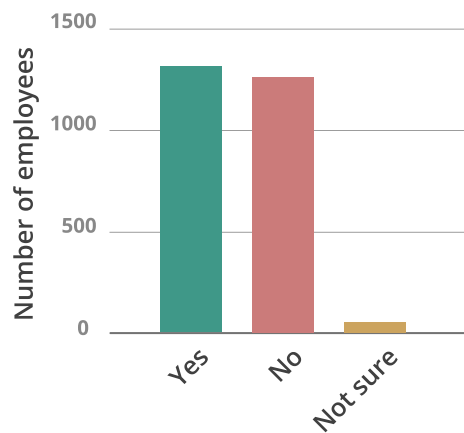
“Back when the internet first started transforming recruiting, we thought **CVs would be the first thing to go**. The fact that more than 20 years later, we're still relying on something that someone's written in a Word document about a job they had five years ago as criteria for hiring is insanity.”

Candidates want career mobility

It began with the Great Resignation. In early 2021, with the pandemic at its peak, workers frustrated with health risks, public mandates, confused work-from-home policies, and reduced work hours started to quit their jobs en masse.

However, most of these individuals weren't leaving the workforce altogether. Instead, they were looking to find roles that provided a more inspirational company culture, better work-life balance, and a chance of better pay and career growth.

Have you had a significant change in job role / industry in your career?



36.2%

of candidates under 34 are looking to change their role within the next 2 years



Ellena Bartolini
Candidate

"In a world that's constantly changing, it is key to be able to move around between companies and roles. I also get bored quickly, so I like to experiment with different roles and don't want to be put in a box."

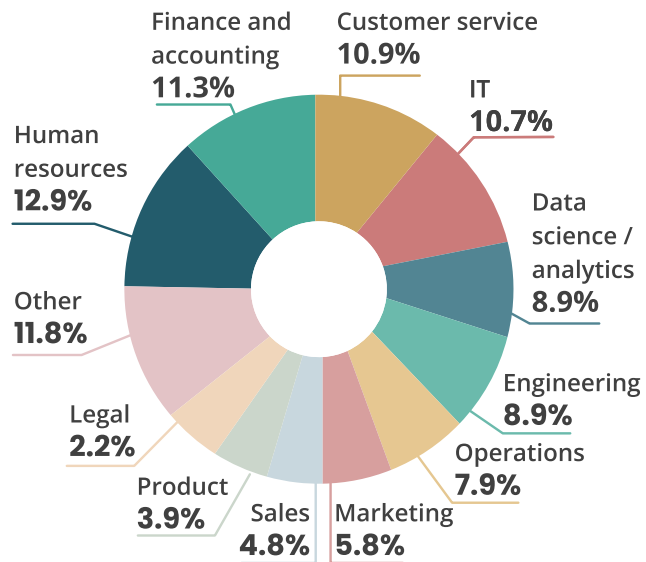
Our research provides a clearer picture of these trends. Of the employees we surveyed, 49.3% said they had switched careers within the past year.

These respondents were all full-time workers employed across various industries, including human resources, customer service, finance, and IT, as seen in the chart below.

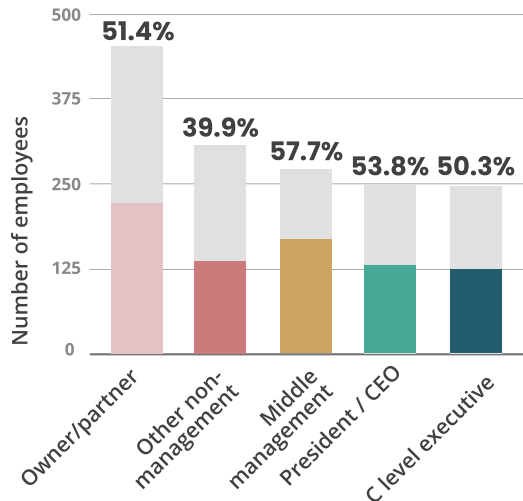
The results show that, contrary to popular belief²⁰, it is not just young service-industry employees in low-income positions who are seeking better opportunities. Instead, it seems that occupational mobility is becoming the new normal for older, more established employees as well.



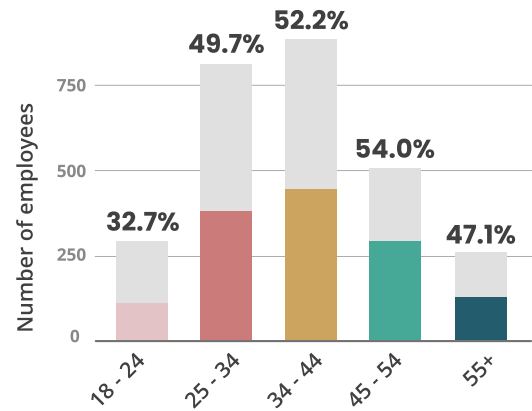
Industries that candidates moved into from previous roles



Profession breakdown: Yes – Significant change in role / industry in your career



Age breakdown: Yes – Significant change in role / industry in your career



As you can see from the charts above, many respondents who sought a career change in the past year held management and leadership roles or boasted years of experience in the job market.

Our data shows that most of these workers fall within the millennial demographic (people born between 1981 and 1996). When it comes to readiness to switch roles, employees in this age range are also strongly represented. According to our survey, 36.2% of individuals under 34 said they would be looking to change their role within the next two years.

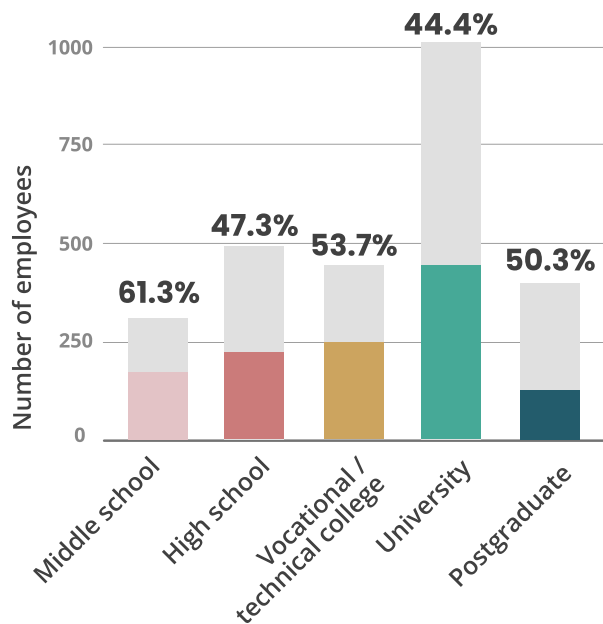
These findings echo prior research, showing that millennials are far more likely to change jobs²¹ than older generations and generally spend shorter amounts of time in each role²².



Of course, part of this shift is driven by post-pandemic talent shortages, with increased demand for mid-level and senior candidates. Although these market conditions enable millennials to exercise greater control over their career progression, their choices are equally motivated by a desire to learn new skills and explore new opportunities for self-development.

Another key difference between the current shift towards greater occupational mobility and past trends²³ is that career transitions are no longer dictated by increased educational attainment. For example, the following graphic illustrates how a majority of the individuals who switched careers over the past year already held a university degree.

Education breakdown: Yes - Significant change in role / industry in your career



Females find it harder to switch roles

The data shows a clear split along gender lines, with 51.6% of males changing roles or industries in the past 12 months versus 46.1% of females.

This disparity isn't down to a lack of desire; 46.4% of the females we surveyed expect to switch roles within the next two years. Further research from LinkedIn²⁴ confirms that females are just as open to new career opportunities as males but feel less comfortable applying for jobs where they do not match 100% of the requirements. Similarly, recruiters are 13% less likely to click on females' profiles and job applications when seeking candidates for open positions.

46.1%

of female candidates
changed roles in the past
12 months

56.2%

of male candidates
changed roles in the past
12 months



Sara Sremcevic-Brown
Candidate

"I believe resumes have always been the wrong way of 'getting to know the person.' **A piece of paper can never show whether a candidate is suitable for a certain role.** Education, skills, and attitude cannot be satisfactorily demonstrated in writing. Once interviewed, nine times out of ten, I'd get a job. My personality comes out in interviews, and my passion and work ethic, as well as all the examples of my achievements and my approach to certain work situations, are things you can't put on your CV."



Kuba Garstka
Candidate

“Standing out with my CV is an ongoing problem for me. I never graduated before starting my career. Higher education is still one of the requirements in many recruitment processes, even though it doesn’t necessarily translate to skills needed or to candidates’ capabilities to succeed in the role. I was lucky to find a place that assessed my attitude and knowledge, not my background, which allowed me to break the chain of simple labor jobs and let me into more business-oriented positions. Many bright people never get this chance.”

56.5%

feel they didn’t pass screening due to lack of relevant experience on their resume

Fresh graduates cannot access the best opportunities

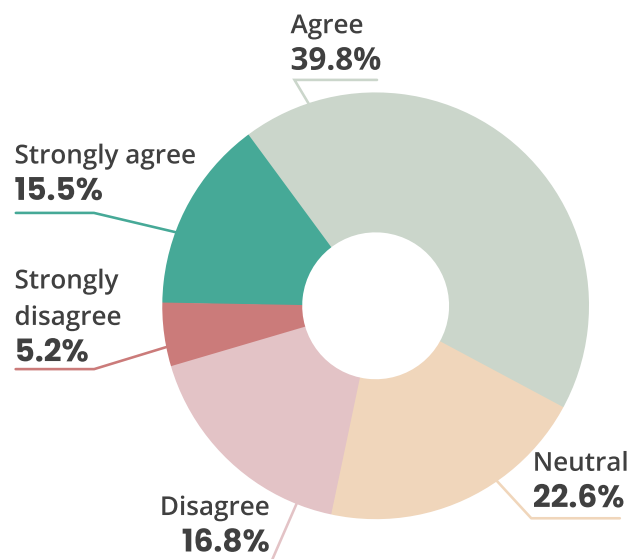
If we zoom out and take a broader look at the data, we can confirm that this reshaped job market isn’t working for everyone. Statistics show a clear disconnect between the volume of open positions and reported figures for unemployment. In the US, for example, the latest statistics show a near record-breaking number of vacancies²⁵, yet labor force participation²⁶ is decreasing, and the majority of job seekers say that it’s harder to get hired²⁷ today than it was pre-pandemic.

Many of these issues can be blamed on a mismatch between candidate expectations and the traditional hiring process. A large portion of job seekers face difficulties finding opportunities that meet their expectations, and when they do, they’re often met with unresponsive employers²⁸.

For many of these individuals, the problems begin at the application stage, where they often struggle to differentiate themselves from other applicants due to the resume-based screening processes used by most organizations.

Unsurprisingly, 56.5% of our respondents felt that their profiles didn’t pass the screening process due to a lack of relevant experience or qualifications in their resumes.

I feel as though I have trouble “standing out from the crowd” when submitting resumes



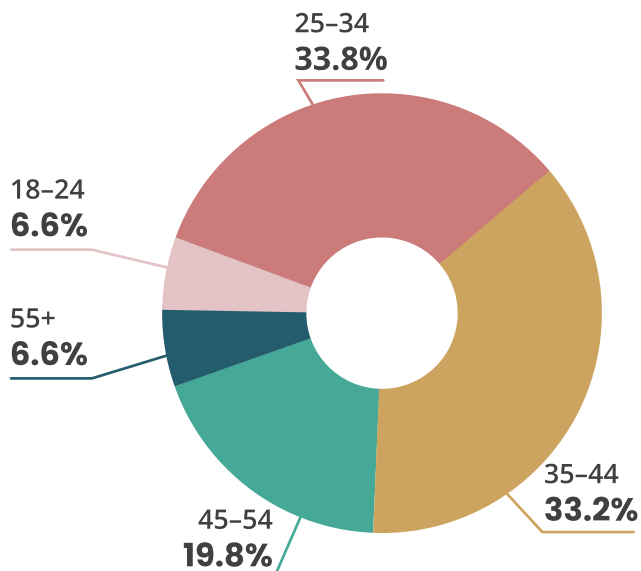
Putting aside the fact that these factors have a negligible impact on job performance²⁹, they also create significant barriers to entry for fresh graduates who can't market themselves as proven quantities in their chosen field.

Indeed, according to our findings, 31% of those under 25 who had changed jobs in the past 12 months felt strongly that they had been filtered out due to these issues.

These results correlate with post-pandemic data³⁰ that shows that underemployment rates are highest for older Gen Z (born 1997 to 2012) workers. In general, employers prefer to hire teen workers for low-skilled jobs and younger millennials for roles that require more experience, leaving many fresh graduates stuck in the middle. As a result, many of these individuals are forced to find employment in low-skilled roles³¹ that often don't align with their career objectives.

Those who are most affected are the young. They find it the most difficult to prove their worth to a new employer.

Age breakdown: Agree / Strongly Agree with trouble "standing out from the crowd"





The future of skills-based hiring

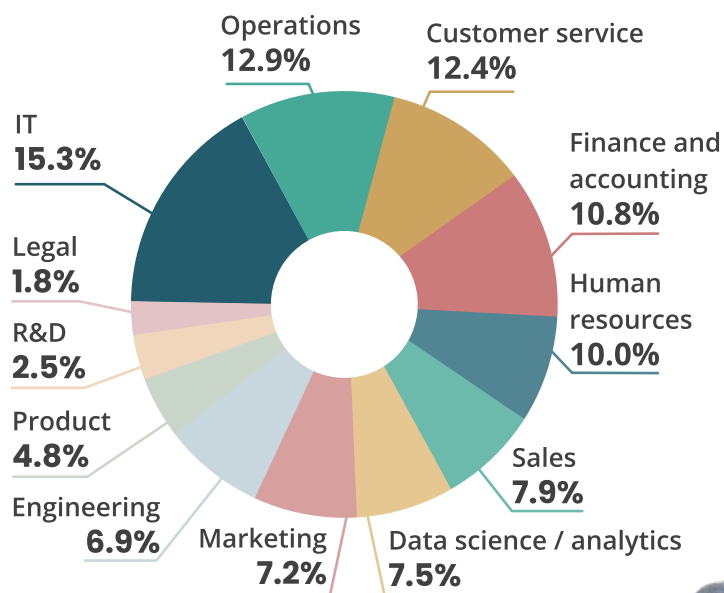
Executives are bullish on skills-based hiring

As this report has shown, skills-based hiring is a growing trend, and that trend is set to continue: 87.5% of respondents to the survey say they will make the same or more use of skills-based hiring in the future as they do now, and 43.9% have stated that they will use more.

Of the employers who state that they will use skills-based hiring more often in the future, the largest segment is focused on recruiting for IT-specific roles.

With margins tightening in the tech sector³² and increasing difficulties in acquiring and retaining talent³³, it makes sense that HR teams are turning towards data-driven processes to validate their hiring decisions and reduce the chance of mis-hires.

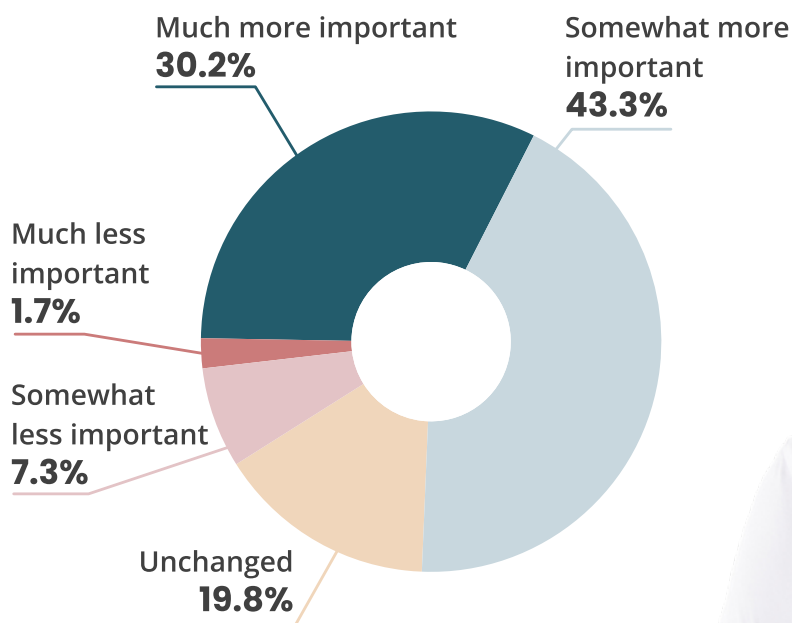
Industry breakdown: Yes - Plan to use skills-based hiring assessments more in the future



However, this approach isn't just limited to organizations recruiting for IT-related roles. Our data shows that employers focused on finding candidates for customer service and HR functions are also planning to ramp up the adoption of skills-based hiring. So we can see that this method is seen as an effective way to validate a range of competencies, even outside of highly technical fields.

Diving deeper into the results, we find that a clear majority of hiring managers who believe that testing for soft skills will be critical to finding successful candidates over the next five years are also increasing the use of skills-based hiring.

In your opinion, is it more or less important for candidates to have great soft skills and culture fit than it was 5 years ago?



Expect greater investment in skills-based hiring

Furthermore, respondents are willing to pay; 87.4% of respondents expect that their budget for skills-based hiring will stay the same or increase in the future, and 38.2% expect their budget to increase.

Our data also shows that companies of all sizes recognize the importance of implementing fairer, more accurate recruitment practices. Organizations with anywhere from 50 to more than 5,000 employees are planning to increase investment in skills-based hiring.

Given these results, skills-based hiring appears to be a growing trend that shows no signs of abating; 53.4% of respondents felt that skills-based hiring was not only accelerating but that it would be the dominant method of recruitment in the future.

53.4%

of respondents felt that skills-based hiring would be the **dominant hiring method in the future**

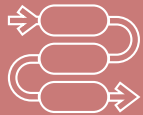


Challenges that skills-based hiring will need to overcome

It's clear, however, that skills-based hiring will need to overcome clear challenges. The companies we surveyed were concerned about what they saw as the top four challenges:



Difficulty evaluating assessments from a large number of candidates



Concerns about adding another stage to the hiring process



Uncertainty about the quality and integrity of assessments

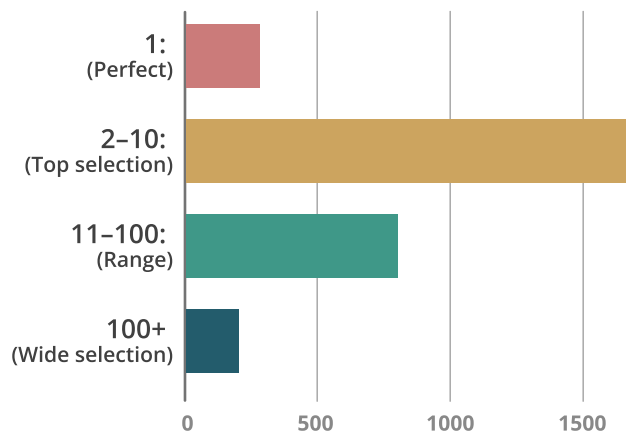


Lack of budget

Difficulty evaluating assessments from a large number of candidates

For most HR teams, talent-acquisition strategies focus on attracting a small number of high-quality candidates to apply for open roles in their organization.

In an ideal world, how many applicants would you like to review for any given role?



However, up to 78% of candidates apply for jobs where they don't meet all of the requirements³⁴. For hiring managers, the main concern is screening anywhere from 10 to more than 100³⁵ profiles to find individuals whose skill sets are a good fit for the role.

Although our data confirms that skills-based assessments are a strong indicator of job performance at this stage, marking, documenting, and processing non-automated tests can prove a significant burden for hiring managers.



Concerns about adding another stage to the hiring process

We've touched on the importance of time-to-hire as a key metric for employers. Filling open positions as quickly as possible is critical to maintaining productivity, revenue, and output across teams.

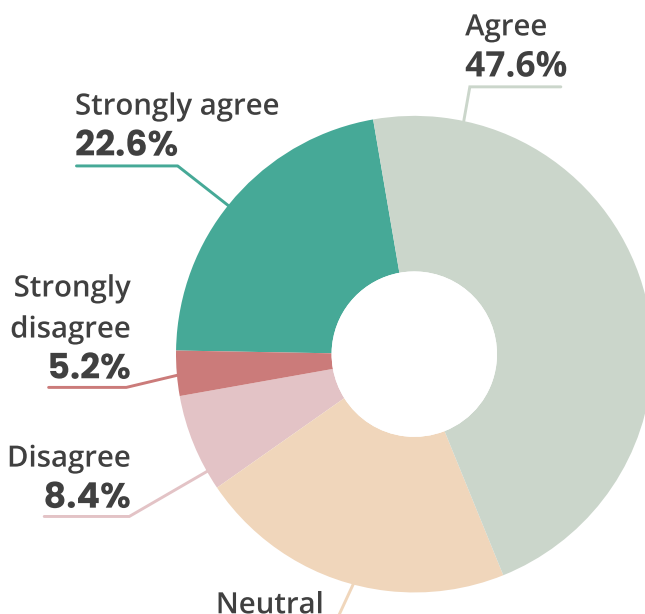
A drawn-out hiring process can also cause organizations to miss out on top-tier talent. Recent data shows that most candidates who dropped out at the evaluation stage did so because they felt their time was being disrespected³⁶.

In our survey, **37.2%** of employers stated they had concerns about adding an extra step to the hiring process. However, the view from the other side looks quite different. According to our data, most employees see skills-based tests as a vital addition to traditional hiring processes that evaluate applicants primarily on education and experience.

The chart below shows that **70.2%** of respondents agree or strongly agree that these assessments increase the likelihood that candidates can secure their "dream jobs." A further **55%** said that skills-based hiring enabled them to access career opportunities that would otherwise have been out of their reach.

The results indicate that candidates are more than willing to put up with extra steps if they believe these extra measures make the hiring process fairer and more objective.

I'm more likely to secure my dream job when I'm given the chance to prove I have the right skills for the role



70.2%
of respondents agree that skills-based hiring would increase the chances of securing their "dream job"

Uncertainty about the quality and integrity of assessments

Of the employers we surveyed, 32.7% said they still doubted the accuracy, validity, and fairness of skills-based assessments. In psychometrics, “criterion validity” refers to how well a test can predict an outcome compared with a gold standard of measurement. In this case, a current employee within a company performing at a high level would be able to pass a role-based assessment with flying colors.

More than a quarter of our survey respondents said pre-employment testing was effective for verifying candidates’ soft skills, hard skills, and cognitive abilities. Meanwhile, 34.7% stated that skills tests helped them predict how well job applicants would perform in their prospective roles, so there was some level of consensus about the accuracy and validity of this approach.

Difficulties budgeting for skills-based hiring

Of the employers we surveyed, 28% said that they would have trouble implementing skills-based hiring due to a lack of budget. These objections can largely be attributed to the rising costs of recruitment, which we touched on earlier.

According to some sources, 60% of the total expenditure³⁷ for filling an open position is incurred by placing departmental leads and senior managers in supporting roles across the hiring process. The time these individuals spend on writing job descriptions, screening applicants, and interviewing prospects represents vital hours taken away from ROI-generating activities in their respective functions. The concern is that any time spent on preparing and marking role-specific tests and then evaluating candidate skills based on their results would just add to these opportunity costs.

34.7%

of employers stated that skills test would help them to **predict job success**

28%

of employers said **lack of budget** would hinder use of skills-based hiring

Scaling skills-based hiring to large number of candidates

Of the companies we surveyed, 38.5% mentioned that they found it difficult to evaluate assessments from a large number of candidates. This challenge relates primarily to work samples and/or take-home assignments, as online talent assessments are automated to provide immediate results no matter how large the talent pool.

Moving forward, we predict that the industry will move towards more standardization in work samples and/or take-home assignments to make it easier to provide these assessments to a larger number of candidates.

Over the past few years, we have seen the industry grow and provide improved methods for testing role-specific skills at scale, and given that such a large number of respondents found this to be a challenge, it is logical to expect the industry to react with online solutions for work samples in the future.



Paul Musters

Founder
Emaho, Netherlands



“One of the reasons skills-based hiring helps is because you don’t have to overthink how to make a hiring decision because you have a framework in place. It saves you time and, even more importantly, it saves you headspace. A gut feeling can play a role, but your gut feeling is trained better with these tools.”

38.5%

of employers said they found it difficult to evaluate assessments from a **large candidate pool**

Reframing hiring processes to incorporate skills-based hiring assessments

Of the employers we surveyed, 63.6% indicated that they had reviewed CVs and resumes as part of their hiring process over the previous year. However, almost 80% noted difficulties in screening applicants using these tools.

Key issues highlighted included problems identifying whether candidates have the required skills (34%) and concerns over the accuracy of the information contained within the documents (33%). By comparison, 58% of respondents said that skills-based assessments were more effective than CVs or resumes in identifying talented candidates. A further 55% agreed that these were more accurate predictors of on-job performance.

Historically, CVs and resumes have been used as a first-line screening tool to ensure candidates meet the minimum requirements for a role. Meanwhile, take-home assignments, cognitive tests, and role-specific tests are usually administered once applicants have passed these initial filters. Yet our results show that these methods are far better for validating the soft and hard skills that candidates bring to the table.

Based on these findings, it becomes apparent that skills-based assessments should not be used as an additional step in the traditional recruitment funnel, but as a replacement for time-consuming and inaccurate resume-based screening.

By streamlining their processes in this way, employers can increase the breadth and depth of talent of their applicant pools and make effective hiring decisions far more quickly.

80%

of employers noted **difficulties** in screening applicants using CVs and resumes

Biggest challenges filtering resumes

- 1.** I couldn't tell from reading the resume/CV if the applicant had the skills I was looking for (N = 934)
- 2.** I wasn't sure if the resume/CV of the applicant was accurate (N = 906)
- 3.** I received too many resumes/CVs to read them all (N = 785)
- 4.** I have no way to rank applicants except for how many years of experience they have (N = 732)
- 5.** I didn't recognize the names of the companies they had worked at (N = 487)



**Appendix:
About the
survey**

Appendix: About the survey



For this report, we surveyed 2,736 employers and 2,666 employees in October 2022. Data was collected through independent channels.



Of the employers surveyed, the majority were based in the US (33.6%) and Great Britain (29.1%). However, we also had a substantial number of responses from Australia, Canada, and New Zealand.

The majority of employees we surveyed were also based in the US (48.7%) and Great Britain (25%); 19.2% were based in Canada, and the remaining respondents came from Australia and New Zealand.



Their respective organizations ranged in size from single-person operations (6.4%) to small and medium-sized enterprises employing anywhere from 10 to 250 people (39%) to large enterprises employing more than 250 people (41.6%).



In terms of the industries represented, the largest percentage of respondents came from healthcare and social assistance (9.4%). However, hiring managers from the finance and insurance (8.5%), retail (8.2%), and education (7.7%) sectors also made up a significant portion of survey participants.

In terms of their sectors, our largest employee sample sizes came from education (12.1%), arts, entertainment or recreation (9.8%), and agricultural trades (7.8%).



Of our respondents, 53.3% of employers identified as male while 46.6% identified as female. The vast majority of hiring managers and executives surveyed identified as white (70.8%), while 8.1% identified as black and 7.3% as Asian.

We surveyed a balanced range of high, middle, and low-income employees, of whom 57.4% identified as male, 42.3% as female, and 0.3% as other. Of these respondents, 68.8% identify as white, 9% as black, 8.8% as Asian, 4.5% as Arab, 1.9% as Latinx and 1.4% as multicultural.

Take part in next year's survey



The data collected from employers and employees was analyzed and presented by TestGorilla, in the first edition of what will be an annual report tracking the growth in, and success of, skills-based hiring.

We're grateful to all of our partners for permitting us to include their stories – and if you'd like to join forces with us as a partner on the 2023 report, please get in touch via marketing@testgorilla.com.



About TestGorilla

TestGorilla is an online pre-employment testing platform with a wide-ranging library of **more than 260 scientifically validated tests**. These can be used to assess candidates' skills in specific job-related skills, language proficiency, cognitive abilities, soft skills, motivation, personality and culture add. The company's **global remote team of more than 100 people** serves recruiters, HR professionals, hiring managers, and hiring teams in more than 100 countries. TestGorilla, which counts Sony, PepsiCo, Bain & Company, Revolut, H&M and the UK's National Health Service among its customers, secured Series A funding of \$70m in summer 2022.

Improving hiring processes

A key part of TestGorilla's mission is **helping organizations to optimize recruitment and widen their applicant pools**. The platform is built to ensure that employers can quickly onboard a large number of candidates into their funnel, and the user-optimized assessment flow encourages high completion rates across all assessments.

These are particularly critical features for HR teams and recruiters who struggle to attract a suitable breadth and range of talent to their job postings using traditional CV and interview-based screening processes.

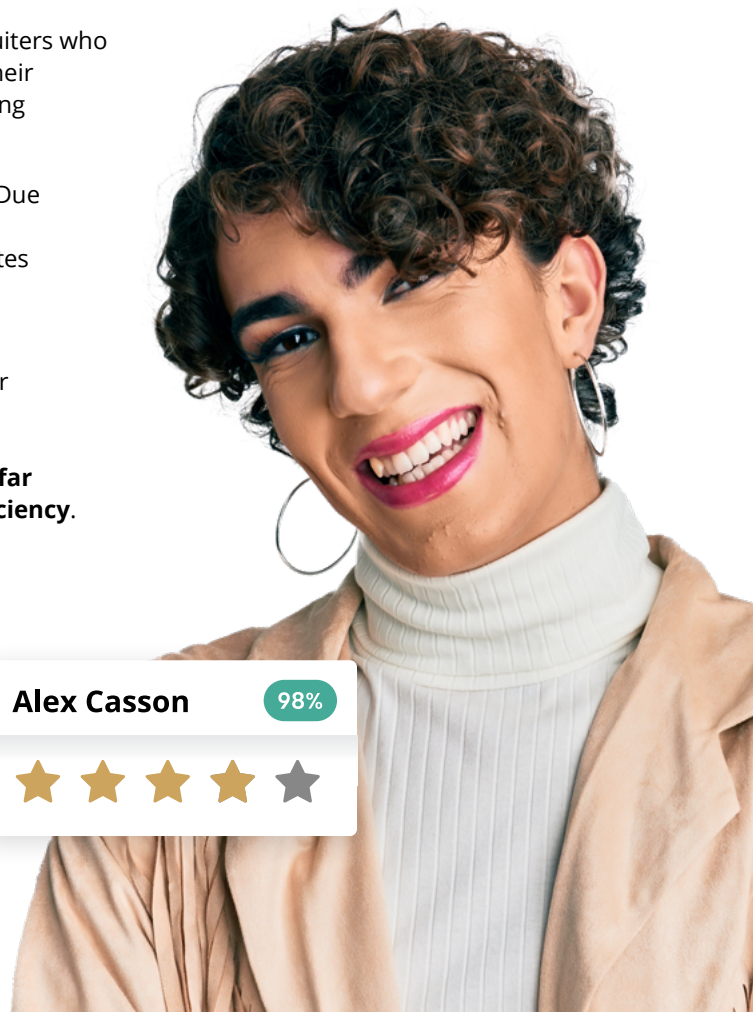
One example is the global B2B payment provider TreviPay³⁸. Due to a lack of standardized hiring procedures and limited hiring criteria, the company was unable to engage the best candidates within its applicant pool.

Using TestGorilla, the TreviPay team could create a custom assessment for any open position and post a link to it on their chosen channels, with reasonable confidence that motivated candidates would complete all stages of the evaluation. **By implementing this system, Trevipay was able to assess a far wider range of candidates with greater accuracy and efficiency.**

Indeed, according to our data, **over this past 12-month period, more than 650,000 jobseekers have engaged with TestGorilla assessments** posted through public links on social media and career websites. Moreover, 88.4% of candidates finished all required tests after beginning the application process.

Alex Casson

98%





Appendix: Our partners

Our partners



Klaviyo
Paul Abercrombie
Director of talent (EMEA)



The Recruiting Future
Podcast
Matt Alder
Producer and host



Ellena Bartolini
Candidate



CapitalT
Eva De Mol
Co-founder



Kuba Garstka
Candidate



Rashid Lansah
Candidate



Recruiting Brainfood
Hung Lee
Curator



Bazaarvoice
Emma McFetridge
Talent acquisition partner



Options Executive Search
Achyut Menon
Managing director



Suntory Beverages
and Food Nigeria
Segun Mustapha
People and culture officer



Emaho
Paul Musters
Founder



TalentMapper
Marcel Rietveld
*Chief executive
and co-founder*



Forta
Nicole Roberts
*Senior vice-president
of people*



**Sara
Sremcevic-Brown**
Candidate



Marketing Sumo
Adrian Tan
*Chief marketing
strategist*



Recruiter University
Jacco Valkenburg
*Trainer employer branding
and recruitment*





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