



Aberdeen *Group*

Pre-Employment Assessment and Testing

The State of the Art

June 2005



Executive Summary

Testing candidates for job positions is not new. In fact, employers have been testing job candidates since the early part of the 20th century. However, there's a growing interest in assessing job candidates as part of the hiring process; in fact, 58% of companies researched, of all sizes, use pre-employment assessment in some parts of their organizations today.

Pre-employment testing of skills or aptitude, for example, must not be confused with "screening." Screening is a simpler process through which the prospective candidate answers factual questions regarding his or her ability to qualify for a position. Screening questions may include, for example:

- Are you able to work legally in the U.S.?
- Are you at least 16 years old?
- Do you have transportation to get to this site to which you applied?
- Are you available in the next three days for a drug test?
- Are you willing to relocate for this job?

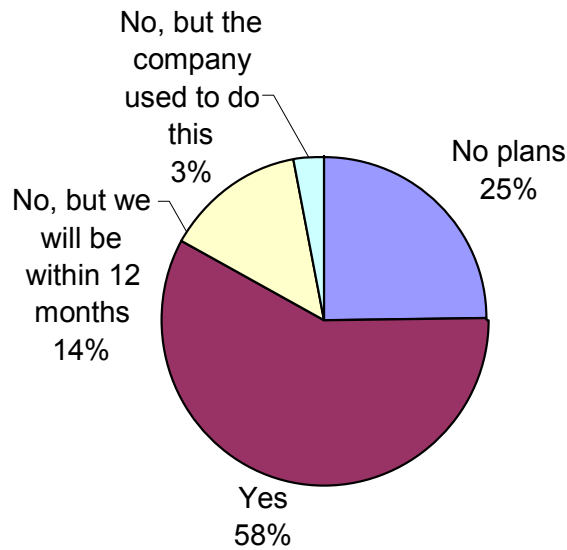
These are often the "knock-out" questions that will eliminate a potential applicant from the applicant pool. They don't attempt to determine any fitness of the person with the position. The kind of testing and assessment of interest here goes deeper; it tries to measure the potential applicant's skill, aptitude, cognitive, behavioral and cultural fit with the position and with the organization.

Aberdeen's research indicates that:

- 14% of companies plan to use or increase pre-hire assessment within the next 12 months;
- 68% of companies of at least 1,000 employees are using pre-hire assessment;
- 55% of companies of up to 1,000 employees use pre-hire assessment; and
- 50% of paper-based assessment users who are planning to switch to automated pre-hire assessment processes will do so within 12 months.



Figure 1: Current Use and Intention to Use Pre-Employment Assessment or Tests



Source: AberdeenGroup, June 2005

Key Business Value Findings

The growing increase in pre-hire assessments is driven by a search for quality employees who can do the job better and remain with the company longer. Hence, a company often tests an applicant’s mastery of the skills that go with a job, and assesses the behavioral traits that correlate with on-the-job success. The combination of these two assessments helps companies determine not only if one can do the job – but *will* one do it!

Implications & Analysis

Testing, as part of the hiring process, is a growing phenomenon as companies try to avoid negligence in hiring on the one hand and, on the other, improve their talent pools with productive workers who will stay. The largest area of assessment growth is anticipated for professionals, new college hires, and middle-level managers (Table 1).

Table 1. Current and Planned Use of Pre-Hire Assessment by Job Level

Analysis % Respondents	Yes	No, but will within 12 months	No plans	Don't know
C-level	40%	7%	30%	23%
Executives	52%	12%	20%	16%
Mid-level managers	64%	14%	15%	7%
Professional	66%	19%	11%	4%
Hourly workers	52%	7%	31%	10%



Analysis % Respondents	Yes	No, but will within 12 months	No plans	Don't know
Contingent workers	31%	6%	46%	17%
New college hires	51%	14%	26%	9%

Source: [AberdeenGroup](#), June 2005

The use of pre-employment assessment and skills testing also varies with companies of different sizes. This is an area where size doesn't matter. Companies of all sizes use pre-employment assessment and skills testing.

Actions for Adding or Enhancing Pre-Employment Assessment in Your Company

If you don't use pre-hire tests or assessments, consider the following:

1. Review what is important to you as a company or organization: A good cultural fit? Internal security? Risk mitigation?
2. Ascertain what positions are best served by skill or behavioral assessment. Look specifically at areas of high turnover or job dissatisfaction.
3. Talk to hiring managers: Are they dissatisfied with the status quo for hiring into their divisions or groups?
4. Can those hiring managers articulate the criteria they think are essential for success in those positions?
5. Do you have a budget for assessment? If not, do you know what your time to hire and cost of employee turnover are so you can create an ROI case?

If you are using testing or behavioral assessments to determine progression through the hiring process, consider the following:

1. Are your test results integrated with your applicant tracking system or HR system of record? The lack of integration was a persistent source of complaints among the companies interviewed. (HR executives interviewed also bemoaned the lack of integration with their employee performance management systems.)
2. Have you measured the success of your testing program in terms of its correlation with employee success on the job? Employee longevity on the job?
3. Do you know if your testing accurately "red flags" those who, in fact, are not going to be successful?
4. Do you stick to your scoring cutoffs? Once validated, keep to the rules you set.



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Preface

Hiring and retaining top talent is the driving concern of human capital management (HCM) professionals today. As part of that business process, employers use skill tests and behavioral assessments to ascertain the ability of the applicant and the likelihood of his or her success in both the organization and the position itself. This research report, *Pre-employment Testing and Assessments: What is the State of the Art?*, is the latest in Aberdeen's long history of research on hiring management, augmenting a recent study, *Enterprise Talent Management – Hire Smart, Hire Right*.¹ The report explores the use of testing and assessment as part of the hiring process today and companies' plans to use it in the future.

The data in this report is derived from a survey of the Human Capital Institute's global online community, plus interviews with senior executives in human capital management across North America. A total of 210 corporate members from around the world responded to the online survey.

¹*Enterprise Talent Management: Hiring Smart, Hire Right*, March 2005



Chapter One: Issue at Hand

Key Takeaways

- Use of pre-hire testing and assessment is a growing part of hiring management; more than half of survey respondents use such assessments today.
- Companies recognize the need to validate the tests they use against success in their specific positions.
- Pre-employment testing is widely used in call centers to assess for such skills as the ability to multitask, as well as traits such as lack of a need for stimulation.

Background

Tests, in general, have broad cross-industry usage, notably in education (more than 39 million student achievement tests were scored in 1998), aided by the impetus for testing in the wake of the passage of the No Child Left Behind bill in 2001; and the corporate training and development arena, a \$62 billion-plus business that incorporates testing. The use of tests and measurements in hiring is a market that's conceptually mature. Used in hiring since the early 1900s, many test batteries such as Hogan's personality tests are well validated through decades of use.

In general, the testing market is very fragmented, with a large number of very different players. Providers range from very large publishing houses to many small or mid-sized businesses (less than \$40 million in annual revenue). Solution providers differ on the types of tests or assessments they provide, the amount of job analysis and consulting they offer, the degree of customization they're willing to undertake, and albeit less so, cost.

Key Drivers behind Pre-Employment Testing and Assessment

Two decades ago, corporations feared their use of pre-employment assessments and skill tests could be grounds for lawsuits, fearing tests may unintentionally discriminate or have adverse impacts on diverse populations. Today, however, the fear factor is changing as companies worry more about hiring malfeasance than they do about testing malfeasance. In fact, there have been only five successful suits in the last 60 years of testing, causing the Society for Human Resource Management (SHRM) to report that testing is the "safest thing you can do."²

Security around hiring increased post 9/11 as companies increasingly wanted to know whom they hired. They began to assess new hires for the safety of their workforces, using assessments such as those that ascertain the likelihood of aggression to prevent an employee from "going postal" and endangering his or her peers.

² SHRM — 1999.



Thus, while improving the workforce through better new hires is the predominant goal, there is also an emphasis on risk management in hiring to mitigate charges of corporate negligence that place the business, its assets, or its employees at risk.

The goal of improving the quality of each new employee is not just to get a better workforce, but to retain it, thus reducing corporate hiring costs by reducing turnover. Testing is also seen as a step to promote quicker decision making, resulting in faster time to hire.

Two global market drivers are also increasing demand for pre-hire testing and assessment:

Key Drivers for Action

- Post-9/11 security concerns
- Corporate risk management
- Desire to improve quality of hire and improve retention
- Technology advancements supporting Web-based testing and instant scoring
- The birth of the global workforce

International growth, as Europe, Japan, and India increasingly use assessments in their hiring practices, though the lack of control over intellectual property in China makes test providers reticent to market their solutions there

The **global growth of call center hiring**, in which high turnover may be alleviated with better behavioral matching to the realities of the job itself.

Growth of Online Pre-employment Assessment

Computer technology and the Web are enabling more widespread use of pre-employment testing. Consider these points:

- Testing is much more easily administered over the Web. Tests can be taken from any location that can provide Web access.
- Tests items can be automatically randomized electronically, creating unique tests from a bank of items.
- Only electronically can testing, like learning, be adapted to the skill level of the person taking the test.
- Electronic scoring can be accomplished immediately, and the results delivered to hiring managers or recruiters instantly.
- Small assessment companies that would otherwise remain obscure gain visibility via the Web.
- New companies can deliver their tests through an on-demand model over the Web.
- In addition, the Web has increased the marketing presence of many test and assessment providers.



Chapter Two: Key Business Value Findings

Key Takeaways

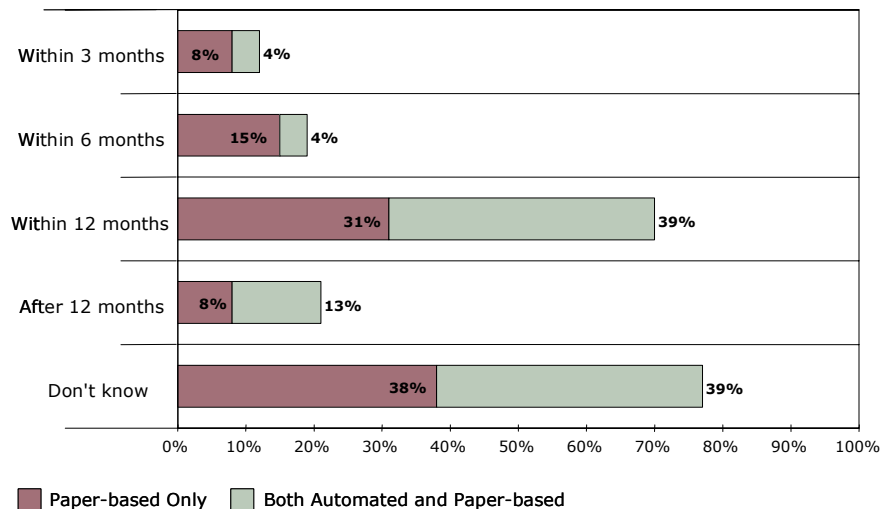
Of the people who use testing today:

- 57% agree that pre-hire assessment is a valuable strategy for enhancing employee retention.
- 58% agree it should be done electronically.
- 45% agree pre-employment testing distinguished poor from good hires in their company.
- 52% agree that tests have alerted them to potential problem hires.
- One-third believe testing candidates does not extend the hiring cycle.

Fifty-eight percent of companies researched use pre-employment assessment in some part of their organizations today. Of the 158 respondents who said their companies use assessments, 34% rely on paper-based tests or assessments as part of their candidate evaluations, 27% use automated solutions, and 39% use both. While 66% of paper-based users don't plan to switch to an automated pre-employment measurement solution, 31% intend to make that change. However, 32% of those who use both paper and automated assessments plan to switch to all-automated solutions.

The timelines for those planning to switch to automation are shown in Figure 2.

Figure 2: Timeframes for Companies Moving to Electronic Assessment



Source: AberdeenGroup, June 2005



Aberdeen Results

- Across all companies that use pre-assessments, 34% use paper-based assessment only, 27% use automated solutions only, and 39% use both.
- 34% of user companies with at least 1,000 employees rely only on paper-based skills testing.
- More than 50% of companies planning to move from paper-based to online testing will do so within the next 12 months.

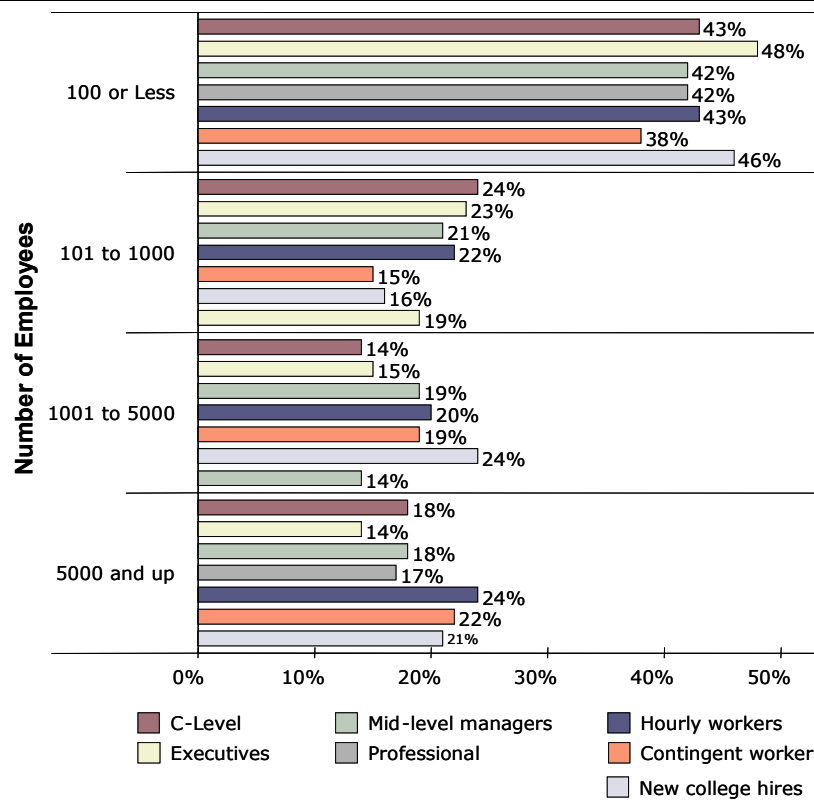
Companies vary in the type of positions for which they use pre-hire tests and assessments as screening measures. Conceptually, they differ as well: Some use testing as a way to screen candidates in; some think of it as a way to screen them out. Many use behavioral assessments to determine desirable traits such as conscientiousness, ability to work on a team, or integrity; many also use them to determine cultural fit within the organization. When a position requires a mastery of basic skills, companies conduct pre-employment tests on rudimentary mathematical and reading skills; for example, adding job-related skill testing in such areas as mechanical rea-

soning and writing. Call centers and emergency dispatchers, with their varied requirements, are complex positions to fill satisfactorily; turnover is high because of high stress because they require rapid response and quick thinking, along with language adeptness and “right answers.”

The use of testing by position or level in the company varies by company size (Figure 3). Some companies focus on testing non-exempt employees while some test every applicant. In all cases, the tests themselves, the number of tests, and the costs of the tests varied, as different job-specific bundles were developed for each job level or specific task time.



Figure 3: Pre-Hire Assessment Use by Company Employee Size



Source: AberdeenGroup, June 2005

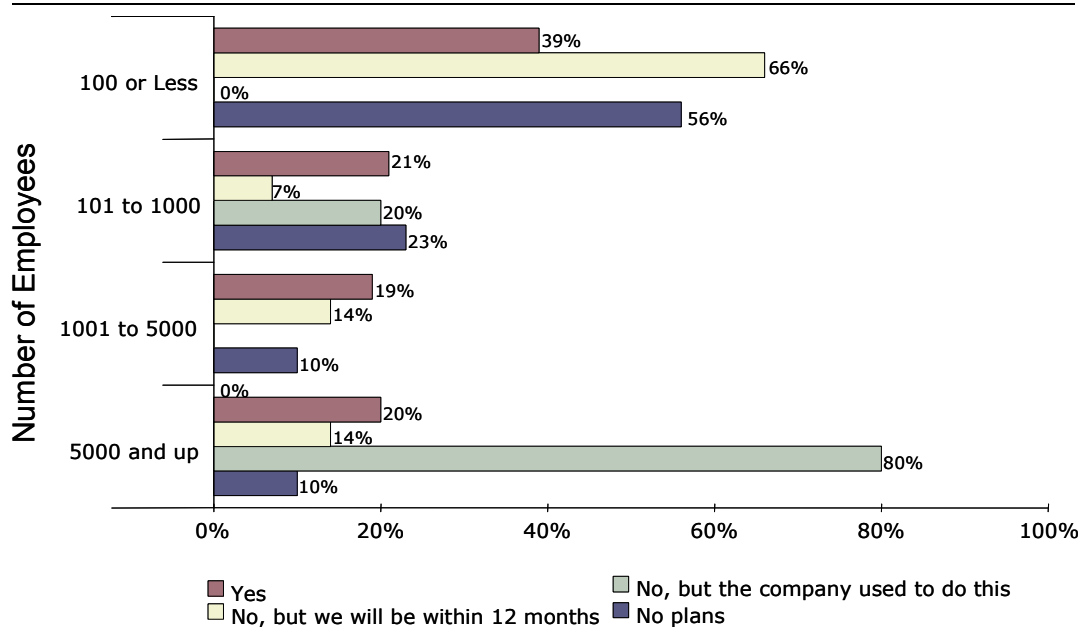
Companies of all Sizes Use Pre-Employment Assessment

The use of pre-employment skill testing of behavioral assessments is not limited to very large companies, as the left-hand column in Figure 4 shows. The preponderance of test and assessment use lies with large *and* smaller companies.

Is there a market for increased use of testing or assessment in these companies? Aberdeen compared the degree of saturation within the companies it surveyed and the opportunity for suppliers of assessment solutions. Figure 4 shows current and future assessment use by the number of employees.



Figure 4: Assessment Use Today and Future Plans by Number of Employees



Source: [AberdeenGroup](#), June 2005

In smaller companies, respondents show substantial use of prehire assessment and testing.

The wide use of tests and assessments among smaller companies may seem unusual, but many companies that provide recruiting and placement services test all candidates before they're placed. Some of these smaller companies that use pre-hire assessments and skill testing heavily include:

- Staffing companies,
- Recruiters of executives, professionals, and administrative staff,
- Companies that provide temporary/contingent placement,
- IT placement services, and
- Small contracting companies that provide business, IT, and managerial consultants.

Key Challenges

The inability to compete for talent is an ongoing concern across companies of all sizes. Changes in labor force demographics and the far-flung nature of a global workforce cause those charged with long-term workforce planning to lose sleep at night. Increasingly, a company will be only as good as the people it hires — and retains. The increasing mobile workforce and the shortage of highly skilled employees in certain fields leave companies as concerned about tomorrow's workforce as they are about today's short-term acquisition of talent.



Companies cited a variety of ways they plan to address these key challenges. In Table 2, note that the numerical ordering of challenges and responses are not intended to correlate; rather, the chart is organized by percent of respondents agreeing with each point. (Two challenges were tied for fifth place.)

Table 2: Challenges and Responses

Challenges	% Selected	Responses to Challenges	% Selected
1. Ability to compete for top talent in hiring or retention	49%	1. Better articulate the skill sets of our top performers so we can create pre-employment tests that can screen in people that match the desired skills	53%
2. Inconsistent hiring practices across the organization	39%	2. Enhance screening to select the best candidates	52%
3. New hires are unprepared in knowledge or skills for the positions we fill	35%	3. Enhance pre-employment screening to screen out candidates who do not fit the position requirements	47%
4. We fail to prepare new hires sufficiently for the new position	34%	4. Create a talent pool from which to select candidates	44%
5. Turnover AND Inefficiency, cost or lack of timeliness in managing the hiring process	33%	5. Add technology-based pre-employment assessment to the hiring process	31%
6. New hires don't fit our culture and do not get along with their peers	27%	6. Update hiring management technology to include pre-hire assessment	20%

Source: AberdeenGroup, June 2005

Why They Employ Pre-Employment Testing and Assessments

Users of testing or behavioral assessments see them as a valuable strategy for hiring better-quality candidates who might stay with the company or job longer (Table 3). Significantly, 57% saw the advantages of electronic testing in that effort. Some companies have tested job candidates for at least 20 years while some have used self-created tests, and only in the past few years have gone to outside providers for tests with potentially greater content validity.

**Table 3: Perceptions of Respondents on Testing Practices**

Perceptions of Respondents on Testing Practices	Agree/Strongly Agree (%)
Valuable strategy for enhancing employee retention	57%
Extend the hiring cycle if people have to review tests and forms	38%
Should be done electronically	58%
Automated assessment should not require staff intervention until results are reviewed	53%
Have distinguished poor from good hires in my company	45%
Have alerted us to potential problem hires	52%
Help to improve longevity on the job	44%
We generally don't hire candidates when the assessment program indicates poor fit or skills	52%
Our automated pre-hire assessments cost less than \$100 per potential hire	31%
Have the potential to achieve strategic competitive advantage for my company	56%

Source: [AberdeenGroup](#), June 2005

Why Do Companies NOT Use Pre-Employment Assessment?

The majority of respondents (60%) who don't use pre-employment testing cited insufficient awareness of the use of pre-hire assessment technology in hiring as the predominant reason. Forty-two percent say their internal business processes are not in place to accommodate pre-employee assessment; 41% cite the lack of research on the impact of pre-hire assessment in hiring top talent; and 26% saw a lack of executive support, a requirement for initiating a pre-hire assessment or testing initiative. Only 26% thought there was no compelling business proposition; the same percentage that cited company budget constraints.

Vendor Loyalty

The range in test and assessment providers used in one division of a company varies in the extreme. While some companies had one provider (thus usually using solely either skill or behavioral tests, but in general not both), others had five or six of different types of tests and assessments. Many companies had consolidated vendors down to the five or six they're using today.

Companies cited a desire for one-stop shopping for their test and assessment provisions, but would always prefer to have the very best test for the positions or job levels for which they're hiring rather than just the ease of working with a single provider.



Most companies indicated they're willing to continue with the test suppliers they're using, even though the supplier may be relatively new to the organization. (All end users interviewed have used at least one test or assessment provider for at least a year.) Customer service is the most highly valued trait in assessment providers, as companies want to tailor or customize assessments to the requirements of the positions they're trying to fill.

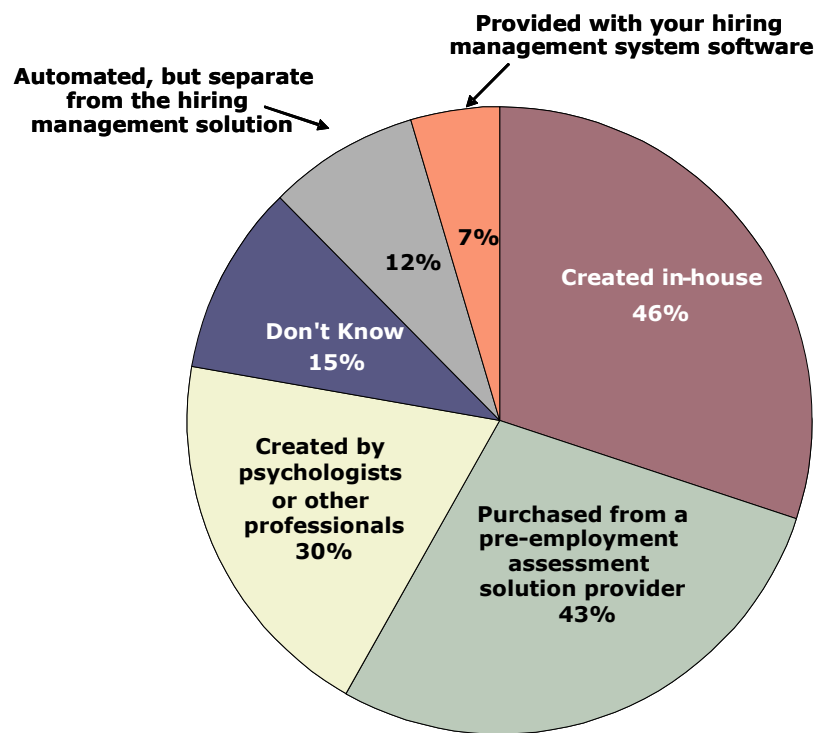
Chapter Three: Implications & Analysis

Key Takeaways

- Of companies who pre-assess new hires, 36% use paper-based assessment, 26% use automated solutions, and 38% use both.
- 34% of companies with at least 1,000 employees use paper-based skills testing.
- 67% of skills testing is conducted on paper; 28% is automated.
- 66% of respondents don't plan to switch from paper to automated testing.

As shown in Figure 5, survey respondents primarily either purchased their assessment solutions from pre-employment assessment solution providers or created their own assessments in-house. Just 7% acquired their assessment solutions with their hiring management systems, but this is likely to be an increasingly used source for such testing, as hiring management solution providers enhance support for assessment within their products.

Figure 5: Sources of Tests and Assessments



Source: AberdeenGroup, June 2005



Growing Use of Automation

A majority of the companies interviewed conduct most of their tests online; some conducted close to 100% either over the Web or on PCs. In those cases, paper testing was available as a means of accommodating applicants with disabilities who would be put at a disadvantage through computerized tests. However, some tests are still unavailable electronically. While skill testing for data entry or keyboarding skills, adeptness with Word or Excel, and the like, are generally conducted online, job knowledge or skill tests for electrical and electronic electricians, maintenance and repair, and automotive mechanics are often still paper-based.

Paper-based testing presents a dilemma when it comes to scoring. No company wants to have to score tests or wait for results. Paper-based behavioral assessments may be faxed to the provider and scored by computer, with results faxed back to the recruiter fairly rapidly. In some rare cases, though, Aberdeen found that applicants took skills tests on paper, and the hiring manager in a store or data entry clerks in corporate offices manually re-entered the responses in a computer for scoring. While this process seemed to take only about five or six minutes per test, this is a waste of the manager's time, and didn't provide assurance of data entry accuracy.

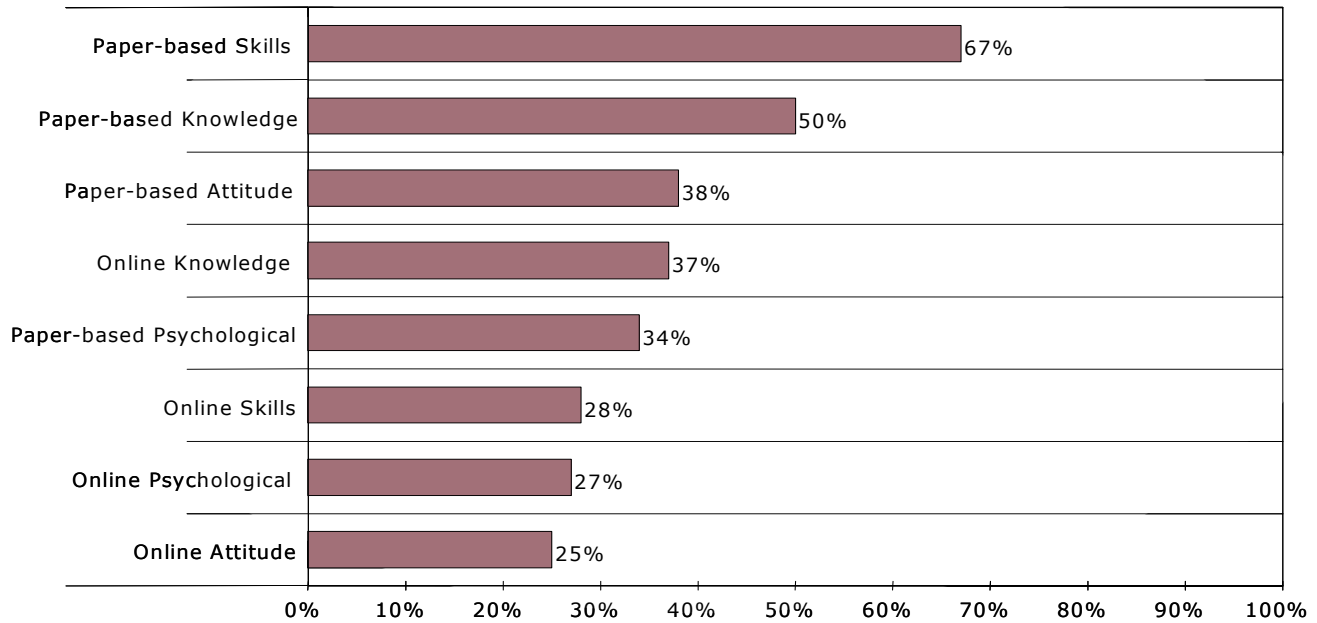
An issue across the board with all tests and assessments is validating that the person taking the test is actually the person applying for the job. While many companies want to allow candidates to take tests at home or elsewhere, tests of skill or knowledge with a higher potential of cheating or having someone other than the applicant take the test, were generally conducted in proctored settings, either at the location of the hiring company, in environments like Kinko's that have facilities and proctoring personnel, or at sites provided and manned by companies in the test proctoring business. One company reported that when an applicant in a remote area had to drive to a proctoring site to take a test, it added as much as \$60 to the applicant's cost of taking the test (the total cost-to-hire metric). The majority of large corporations use proctored assessments; skill tests are generally proctored as well.

Because behavioral assessments have no right or wrong answers since they ask candidates how they would behave in situations, or to rank personal preferences, they better lend themselves to unproctored testing environments.

Test and Assessment Delivery Methods

Skill tests range from basic skills (many companies interviewed test reading, mathematics, and writing skills, and some test language proficiency, particularly for hourly workers) to very specific mechanical skills. Behavioral assessments measure, among other things, conscientiousness, integrity, and cultural and job fit. A candidate, for example, whose test indicates he or she seeks a lot of stimulation and variety would likely be unhappy working in a call center. Figure 6 shows the types of tests companies employ.

Figure 6: Content of Tests and Assessments

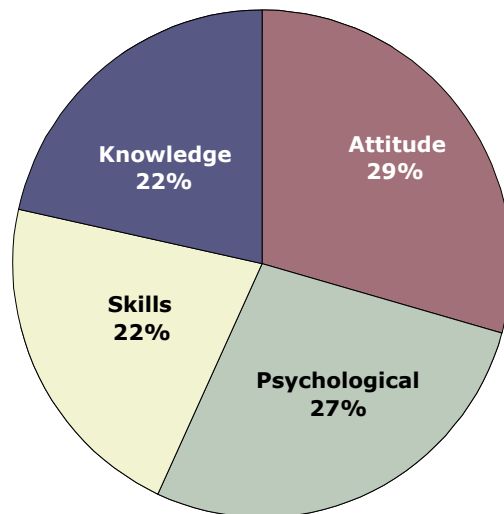


Source: [AberdeenGroup](#), June 2005

As the use of testing is growing, companies are adding both automated and paper-based testing to their hiring processes. While most indicate they would prefer to have automated testing environments, a good number lack access to computer-based testing facilities, or have distributed workforces who do not have access to such facilities. And in some cases, the types of tests or assessments they wish to give are only available on paper. While these companies may be adding automated testing to the hiring management process, they are still adding paper-based testing (Figure 7).



Figure 7: Respondents That Will Add Paper-based Testing in the Next 12 Months



Source: AberdeenGroup, June 2005

Competitive Framework

Companies differ in their approaches to the hiring process in significant ways, and the Aberdeen Competitive Framework separates those companies according to the differences in their approaches. As shown in Figure 8, the best in class, industry average and laggard companies can be categorized by hiring management processes that are either reactive and short-term (laggards); year-long yet sporadic (industry average), or part of a total strategy for current and future workforce planning (best in class).

Competitive Framework Key

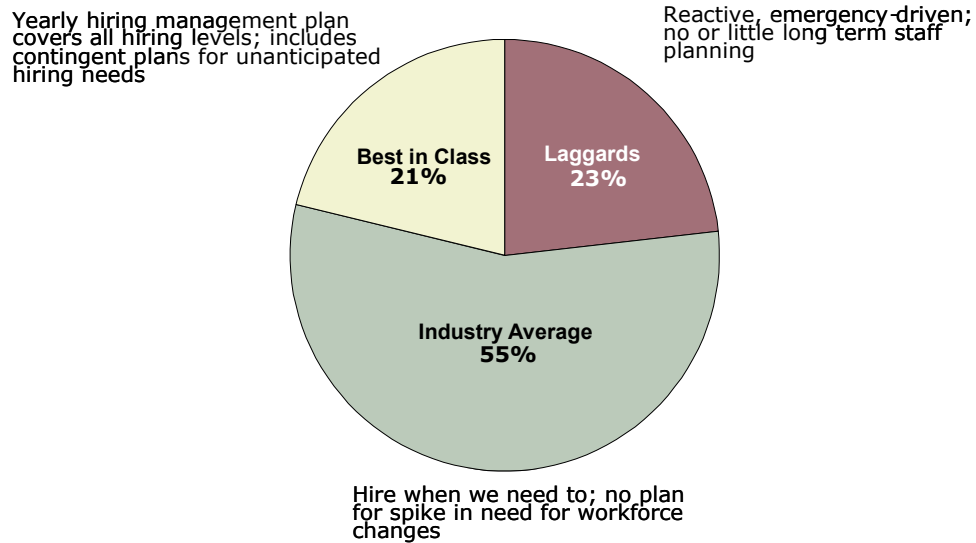
The Aberdeen Competitive Framework defines enterprises as falling into one of the three following levels of practices and performance:

Laggards — practices that are significantly behind the average of the industry

Industry norm — practices that represent the average or norm

Best in class — practices that are the best currently being employed and significantly superior to the industry norm

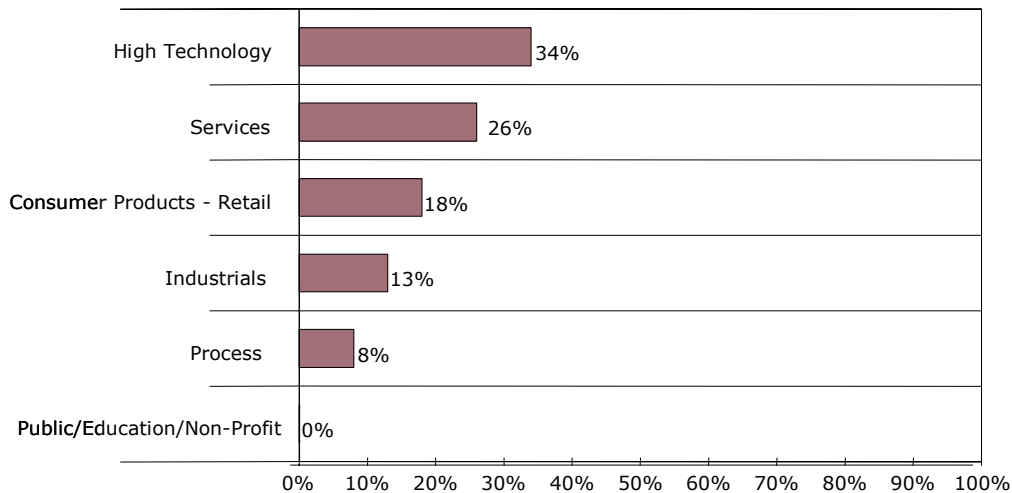
Figure 8: Strategies Differ – Defining Competitive Framework



Source: AberdeenGroup, 2005

In this study, we found a variance by industry, noted in Figure 9. Companies in high technology and service-related industries proved to be best in class in the total hiring management process.

Figure 9: Best in Class by Industry



Source: AberdeenGroup, Month 2005



Best-in-class companies are extremely conscientious in their hiring practices. They may be large or small, but these companies, some of whom hire thousands of new employees a year, are scrupulous in their attempts to predict the quality of a candidate as a match for a position. These companies have worked with industrial and organizational psychologists (commonly called “IOs”) to develop job-specific assessments that will correlate with actual success in a position.

As part of this study, Aberdeen interviewed dozens of human resource executives on their use of pre-employment skill testing and behavioral assessments. This included some of the largest businesses in North America. In general, users of pre-employment tests and assessments:

- Are responsible for divisions in which testing and assessment are used, rather than for corporate-wide testing or assessment. This sporadic use of testing in the organization creates a fragmented assessment environment and inconsistency across the total corporation.
- Are satisfied with their test providers. Few would recommend changing providers unless job validity were to drop or vendor prices increase radically.
- Use testing in very targeted areas, such as call center hiring, a foremost area of tested applicants.
- Seek the ability to validate the ROI of pre-assessment and skills testing as part of the hiring process through correlation with better performing new hires, shorter time to productivity, and longer job retention.



Chapter Four: Recommendations for Action

Key Takeaways

- Consider the benefits of using pre-employment testing for entry-level, high-volume positions, such as call centers, clerical, data entry, and any position that needs job- or industry-specific terminology.
- Whatever your industry or company size, consider pre-employment assessment at all job levels: The range of industries and sectors that assess their job candidates cover all sizes and business types. The health care, telecommunications, retail and banking industries are major users of pre-employment testing.
- Neither the cost of testing, test proctoring, nor the time it takes candidates to take tests are perceived as impediments by companies that rely on skill or behavioral assessments.

A company today cannot afford to make a mistake when it offers a candidate a job. In the businesses interviewed for this study, the use of testing was perceived as a critical part of the hiring process. Executive support or sponsorship was repeatedly mentioned as a criterion for success. Beyond that support, however, there are steps that companies can take to ensure successful pre-employment testing programs.

Laggard Steps to Success

1. *Know why you're testing.*

Don't test because "we always have." A bad test or assessment that discourages the better candidates, screens in the wrong people, or doesn't correlate with the job at hand is worse than no test at all. Plus, it costs time and money.

2. *Stick to your rules.*

Some companies tested job candidates, and when they didn't score in the required range to move to the next level, left the decision up to hiring managers with a "we can only suggest, we cannot mandate" approach to hiring people who didn't meet minimum standards. Best-in-class companies did not allow a hiring manager to see a resume or application, or interview a candidate who was not qualified for a position based on test results.

3. *Work with a reliable source.*

Deciding to make up your own test to screen out candidates is a dangerous business. Work with a reliable provider with a good reputation in the testing arena, one who has enough data to prove the validity of the test as a reliable predictor of success on the job or longevity in the position.



Industry Norm Steps to Success

1. *Review your tests and their correlation with successful hires each year.*

Test content can age – a theory fine for wine but bad for tests. As your jobs get more sophisticated or the tools you use change, the tests of competence, existing skill level, or aptitude need to change as well. Loss of face validity means the test appears to have nothing to do with the job at hand, an issue that can alienate the test taker.

2. *Review the flow of your hiring process. Are tests and assessments in the best place in the selection cycle?*

Ideally, you can test as few candidates as possible (or reasonable) for each offer you wish to make. Union contracts obligate some companies to allow anyone who wants to take a test do so; however, for the most part, tests and assessments should follow enough pre-screening that they're given only to people who meet basic requirements.

3. *Automate as many tests as possible.*

Automated testing gets results to recruiters faster. Time to hire, the key KPI for hiring today, is not just an effort to get a new hire in the position faster; it's an attempt to keep the qualified candidate interested in your company and not take a position with a competitor. To achieve this, you need the response time automation can provide.

Best in Class Next Steps

1. *Integrate test and assessment results with your hiring management system.*

Many companies discussed the lack of integration between the test results and applicant-tracking systems or between the results and either HRIS or performance management systems. This lack of integration means that either someone re-enters test results into the hiring management system, or a paper-based results page (supposedly) tracks the applicant through the selection process.

2. *Work toward corporate consistency.*

Even companies with well-managed hiring practices that incorporate testing and behavioral assessment and structured interviews often had disparate practices across their organizations. The use of pre-employment testing or assessment was dependent to a large extent on the support of divisional executives, only some of whom value the use of predictive and correlative assessment. In the long run, consistency of business practices across the organization can lessen the chances of compliance issues.



Author Profile

**Dr. Katherine Jones, Research Director
Human Capital Management Research
Empowering the Enterprise
Aberdeen Group, Inc.**

Katherine Jones is responsible for human capital management research for Aberdeen Group. In this role, she provides analysis and assessment of software and services that automate and streamline the sourcing, life-cycle performance management, and succession of a productive workforce at all levels.

Jones focuses on the fundamental processes of business operations and strategy, as well as the effects of technological change and innovation on these processes within the global organization. In addition to focusing on traditional enterprise environments, such as business, industry, and manufacturing, Jones addresses the application of enterprise solutions in education, the public sector, and the federal government. She continually consults with early implementers of these applications to identify world-class management strategies and determine the strengths and weaknesses of competing technology solutions and services in this market.

Her current research efforts include the ROI of electronic-driven recruiting, and upcoming research will focus on human resources outsourcing (HRO) in the middle market; performance management for an aligned, performance-driven workforce; and planning for workforce mobility as changing demographics, an aging workforce, global sourcing for new workforce members, and a potentially improved hiring climate affect the current working environment.



Appendix A: Research Methodology

In May 2005, Aberdeen Group and the Human Capital Institute, a Washington, D.C.-based provider of educational programs for human capital practitioners, talent managers, and executives who recognize the critical importance of human capital, examined the use of pre-employment testing and behavioral assessment as part of corporate hiring management.

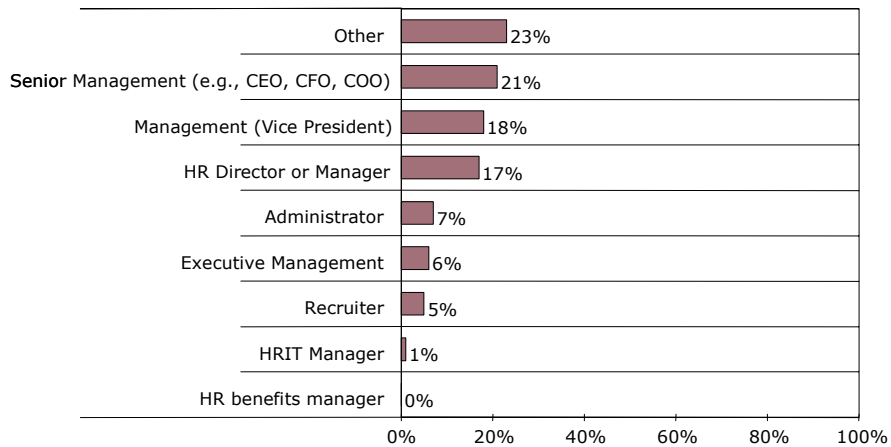
Aberdeen supplemented this online survey effort with personal interviews with human capital executives and users of pre-employment tests, gathering additional information on 210 completed survey responses.

Demographics of the Surveyed Population

Responding enterprises included the following:

- **Job title/function:** The research sample consisted of respondents with the following job titles: 21% senior management; 7% Executive VPs; 17% directors or managers; 18% vice presidents; 1% HR benefits managers; 1% HRIT managers; 1% administration; 5% recruiters, and 23% “other. (Figure 10).

Figure 10: Functional Area of Respondents

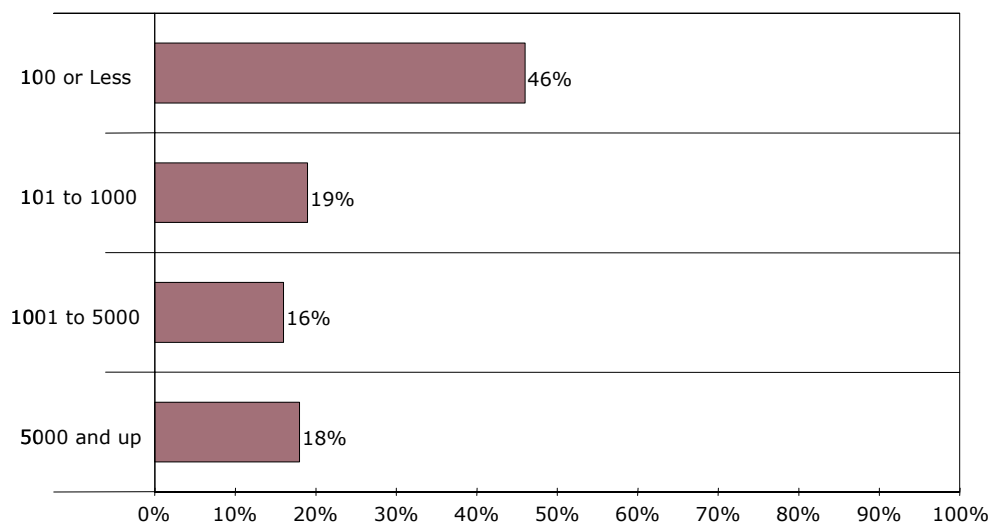


Source: AberdeenGroup, June 2005

- **Industry:** The research sample included respondents from a wide variety of industries. Twenty-eight percent represented high-technology companies (software); 4% finance/banking/accounting; 7% public sector; 4% health-care-related services and industries; 4% education; and 2% insurance, real estate or legal professionals; mining/oil and gas; and industrial equipment manufacturing. Thirty industrial areas were represented.

- **Geography:** Eighty-seven of the respondents were from the U.S. Remaining respondents were from Australia (7), Canada (15), India (7), and Singapore (5). Countries with fewer than five respondents each included Brazil, Denmark, Germany, Ireland, Jordan, Malaysia, Mexico, The Netherlands, Nigeria, Romania, Pakistan, South Africa, Spain, the U.K., and Vietnam.
- **Company size:** Employee headcount by number of respondents is illustrated in Figure 11. The greatest numbers of respondents were from very small companies (up to 100 employees).

Figure 11: Respondent Company Size by Headcount

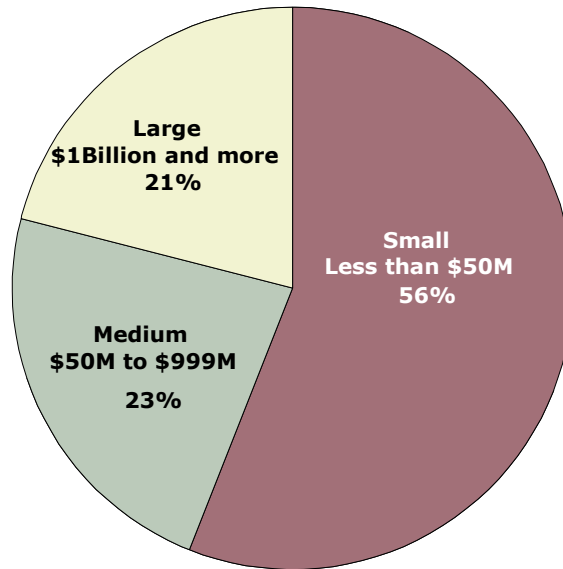


Source: AberdeenGroup, June 2005



Company size by annual revenue is shown in Figure 12.

Figure 12: Respondents' Company Size by Annual Revenue



Source: [AberdeenGroup](#), June 2005

Appendix B: Research Methodology

Table 4: Competitive Framework

Competitive Framework Key
<p>The Aberdeen Competitive Framework defines enterprises as falling into one of the three following levels of enterprise talent management practices and performance:</p> <p><i>Laggards</i> — Enterprise talent management practices that are significantly behind the average of the industry, and result in below-average performance</p> <p><i>Industry norm</i> — Enterprise talent management practices that represent the average or norm, and result in average industry performance.</p> <p><i>Best in class</i> — Enterprise talent management practices that are the best being employed and significantly superior to the industry norm, and result in the top industry performance.</p>



Appendix C: Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report includes:

- *Future Shock: Tomorrow's Workforce, Today's Challenge*. (May 2005)
- *Hiring Management Technology: High Growth, High Value* (May 2005)
- *The Key to Mid-Market Success: Creating a Brand of Workforce Talent* (May 2005)
- *Market Alert: Taleo Heads to the Middle Market, Expands Customer Reach with Recruitmentforce Acquisition* (April 2005)
- *The Technology Foundation for Hiring Management: Market Requirements* (May 2005)
- *Enterprise Talent Management: Hire Right, Hire Smart*. (March 2005).
- *The E-recruiting Payoff: The ROI of Online Hiring Management Systems* (September 2004)
- *Managing the Hourly Workforce: Hiring, Retention, and Performance Management* (June 2004)
- *Hourly Hiring in Retail: The Flight from Crisis Management* (June 2004)
- *Business at Risk: Is Performance Management the Antidote?* (March 2004)
- *Managing Employee Performance — Why Is This a Hot Topic Now?* (January 2004)
- *The Growth of an Industry: Enterprise Talent Management 2003* (September 2003)
- *Enterprise Incentive Compensation 2003: Buyers' Guide for Variable and Total Compensation* (November 2003)
- *Hourly Hiring Management Systems: Improving the Bottom Line for Hourly Worker-Centric Enterprises* (June 2002)

Information on these and any other Aberdeen publications can be found at www.aberdeen.com.



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To be the trusted advisor and business value research destination of choice for the Global Business Executive.

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Aberdeen delivers unbiased, primary research that helps enterprises derive tangible business value from technology-enabled solutions. Through continuous benchmarking and analysis of value chain practices, Aberdeen offers a unique mix of research, tools, and services to help Global Business Executives accomplish the following:

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- PRIORITIZE operational improvement areas to drive immediate, tangible value to their business
- LEVERAGE information technology for tangible business value.

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- CREATE DEMAND, by reaching the right level of executives in companies where their solutions can deliver differentiated results
- ACCELERATE SALES, by accessing executive decision-makers who need a solution and arming the sales team with fact-based differentiation around business impact
- EXPAND CUSTOMERS, by fortifying their value proposition with independent fact-based research and demonstrating installed base proof points

Our History of Integrity

Aberdeen was founded in 1988 to conduct fact-based, unbiased research that delivers tangible value to executives trying to advance their businesses with technology-enabled solutions.

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Human Capital Institute (HCI) is a catalyst for innovative new thinking in talent acquisition, development, and deployment. Through research and collaboration, our programs collect original, creative ideas from a field of executives, HR practitioners, and the brightest thought leaders in strategic talent management. Those ideas are then transformed into measurable, real-world strategies that help our members attract and retain the best talent, build a diverse, inclusive workplace, and leverage individual and team performance throughout the enterprise. www.humancapitalinstitute.org

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