HiringBranch

Skills-Based Hiring Performance Report: **AI Edition**

An exclusive look inside high-volume,
skills-based hiring performance outcomes

Active listening

Empathy

Acknowledgment

Attention to detail

Positive language

HiringBranch

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A message from **our CEO**

Two years ago, we saw that talent acquisition, learning and development, and talent management teams in large enterprises were siloed. There was little communication, no data sharing, and no global visibility on candidate-to-hire performance. Yet, talent teams desperately wanted to know how their hires performed. 'It would be a dream to tie performance to hiring' was a common message I heard from talent leaders.

We set out to gain that visibility for ourselves and more importantly, for the hiring teams we work for.

Our hypothesis was simple: **know what soft skills are needed to be successful in a role, hire for those skills, and overall performance will improve.**

Once we gained insight into the performance of hires using our technology, we saw immediately that our hypothesis was spot on. What we didn't expect was just how much understanding soft skills could impact the overall business (more on that in this report).

"It will never be enough for us to sell a product that will *probably* deliver."

As CEO of HiringBranch, an AI skills hiring solution, it will never be enough for us to sell a product that will probably deliver. Hiring is too important, especially for customer-facing roles, the face of every brand. And so, in our journey to deliver pre-hire assessments and training solutions that improve hiring outcomes, we are happy to share these performance results with you. Using skills data, you too can solve for company performance at the source: your people.

This is just the beginning.

Stephane Rivard
CEO & Co-Founder

Soft skills are indicators of job performance

Skills-based hiring is still emerging, and early adopting organisations are already benefiting from the ability to measure these traits in the pre-hiring phase. When leveraging AI, soft skill analysis can **operate at scale**, **remove human bias**, and make the entire process **more efficient**. Indeed, we have proven here that the use of the HiringBranch soft skill assessment engine, powered with AI, is capable of better results than traditional methods of hiring.

The technology was built by an in-house development team from the ground up, and today it is a proprietary SaaS solution used by some of the world's largest enterprises to improve their high-volume hiring outcomes. By examining the hiring outcomes of enterprises and contact centres operating in-house and through outsourced contact centres in 16 different countries, this report conclusively demonstrates that **soft skills are an indicator of job performance**. Employers who are experiencing the challenges of high-volume hiring will find resolve in the performance results achieved by their peers and published in the following pages.

Closing the loop on skills-based hiring, technology, and employee performance

The term "soft skills" was first used in 1972 by the US Army, as author Katherine S. Newman explains in her book published by the Harvard University Press. However, it was only in recent history that the concept of soft skills took off within the human resources field. In the last five years, interest in skills hiring has grown 300% in the HR sector in just the United States alone.
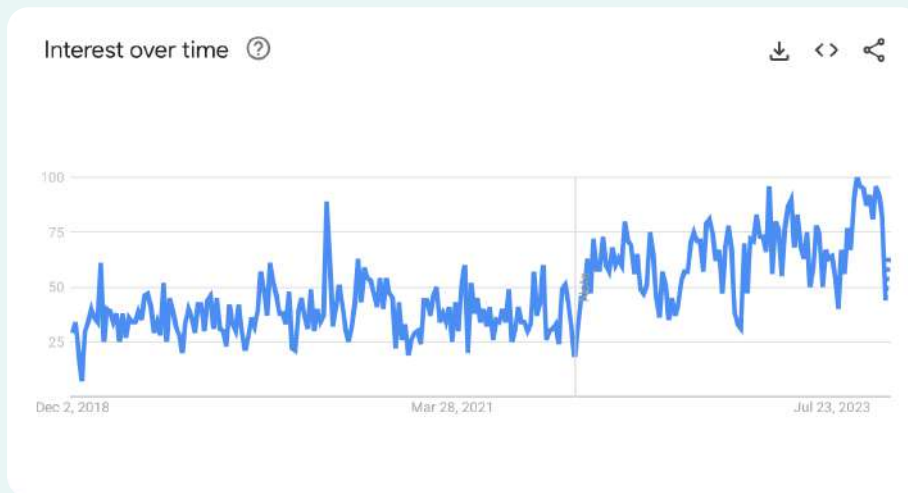
Source: Google Trends

We define skills-based hiring as follows:

"**Skills-based hiring is the approach to measure soft and hard skills applicable to a specific role in a specific industry, and use those skills as leading decision-making criteria in a job hire**."

Harvard Business Review partnered with a top labour-market data firm to analyse more than 51 million job postings over a three-year period. They found that between 2017 and 2020 educational degree completion was being used less and less as a job posting requirement in favour of skills-based hiring. As a result, a larger pool of potential employees with the right skills is being considered for positions that were previously inaccessible to them. But what impact has the shift had on hiring and employee performance?

Introduction

Only a third of US companies measure if their hiring processes lead to satisfactory results. John Sumser of HR Examiner estimates that companies get five to seven pitches per day from HR technology vendors, many of whom claim to measure soft skills, but few validate job performance. Employers don't know conclusively whether these technologies actually lead to better hires. Most technology systems dedicated to hiring focus on one or two pre-hire metrics, like time-to-hire, but ignore what happens post-hire. A technology tool seldom reassures hiring teams that it will improve employee outcomes like customer satisfaction for customer service or sales for sales representatives... until now.

Here to help employers feel certain about getting on the growing skills-assessment train, HiringBranch has gone about measuring whether or not the application of its soft skill AI technology is improving hiring results for employers.

Understand **the technology** to appreciate the performance

Before jumping into performance report data, it's important to understand how HiringBranch measures communication and soft skills, and ties performance back to hiring.

Technology that measures soft skills accurately requires:

1. Very large proprietary data sets that have:
    a. proven inputs tied to performance;
    b. unbiased baselines and inputs.

2. A team of PhD linguists, pyschometricians, and engineers trained to identify the risks, ask the right questions, and seek AI solutions.

3. The ability to feed machine learning algorithms with new performance data.

4. A reliability team to continuously pressure test new AI models.

In addition, the HiringBranch AI Governance Framework was developed with guidance from the Government of Canada's Algorithmic Impact Assessment (AIA), the Institute of Corporate Directors (ICD), and NuEnergy.ai to ensure the technology is ethical and compliant.

The continuous optimization of the robust HiringBranch AI can be broken down into three sequential parts: taxonomy, technology, and optimization.

Taxonomy

The HiringBranch taxonomy is the classification of proven communication and soft skills for roles and industries called The People Skills Framework. The taxonomy structure looks like this:

Industry
- Role
  - Language
    - Skill category
      - Skill 1
      - Skill 2
      - Skill 3
      - Skill ....
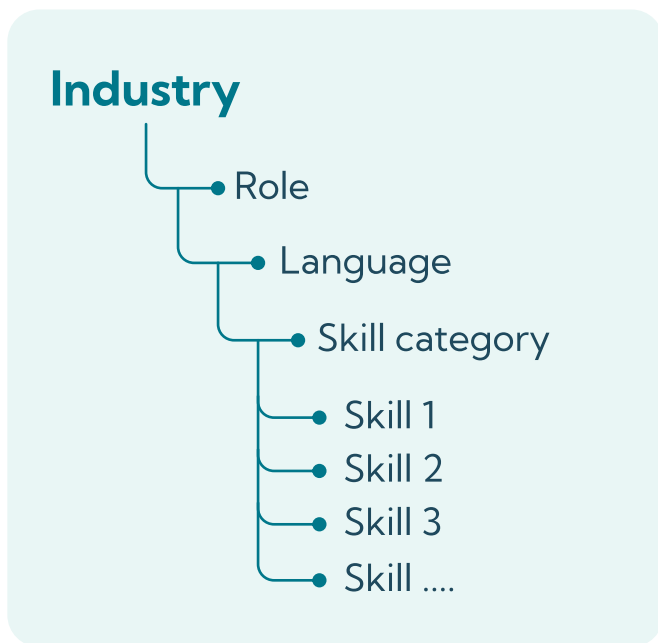
Inside the People Skills Framework, skill sets are nuanced by which skills are essential for **all** workers and which skills are essential for **specific** roles and industries. Therein lies the level of specificity needed for an accurate candidate–to–job placement, and also to measure performance.

How does technology mimic a human manual skills assessment?

Technology

HiringBranch AI is an amalgamation of various technologies such as pattern recognition, natural language processing, and supervised machine learning – all working together to measure the soft skills that lead to better performance.

In traditional assessments, scores are based on multiple–choice questions. For AI to perform reliably, it needs more data than multiple–choice questions provide. HiringBranch assessments have candidates listen to or read real job scenarios and respond with open speech or chat. The open–ended question format gives our AI hundreds of data points in a single candidate response to analyse with 99% accuracy. That means, 99 out of 100 candidates who pass the HiringBranch AI have the skills to perform on the job.

The open-ended question format, and AI analysis, is illustrated below. A candidate responds to a voice or chat prompt. The AI then listens and scores the candidate's skills.

Optimization

HiringBranch has a team of pyschometricians, AI scientists, and engineers who measure performance next to employee skills. They use the data of top performers to bolster the algorithms. This active continuous optimization process generates more top performers over time in the candidate pool for companies.

And that is how HiringBranch AI works. Now, how does it perform?

What **5000 hires** told us about performance, language, and attrition

The following five studies were conducted using the same set of hiring data. Each considered the outcomes from more than 5000 HiringBranch hires that took place inside global enterprises. You can read more about the methodology of each study at the end of this report.
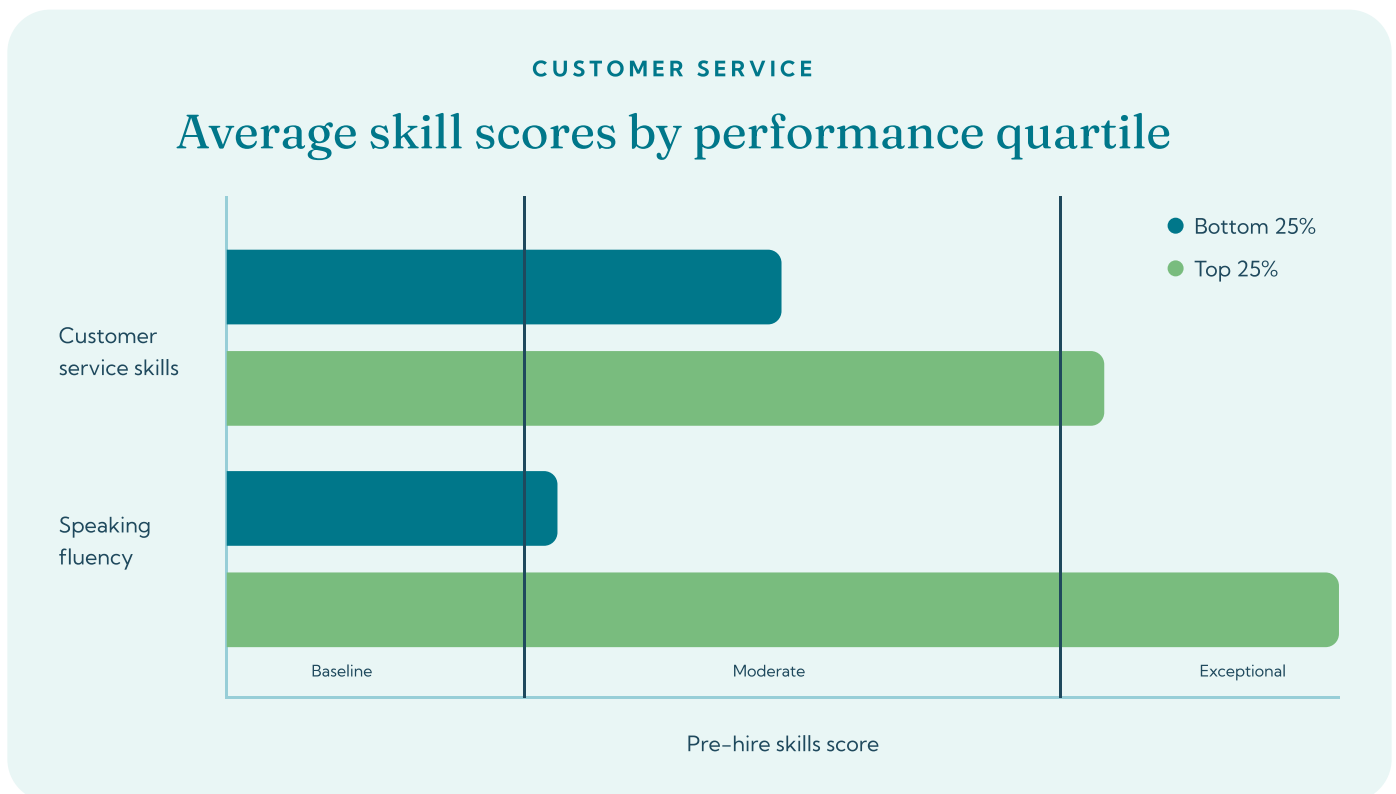
Top skilled candidates become top performers

In this study we analysed the candidate scores from the HiringBranch skills-based assessments to understand the relationship between performance and skills. The results were conclusive: people with the **highest role-specific skill scores** become top performers. Let's look at two of the roles assessed.

Customer service

The candidates who scored highly in the top customer service skills during the pre-hire assessment phase also performed the best once hired. Similarly, those with the lowest scores in the top customer service skills were the bottom performers.

CUSTOMER SERVICE

Average skill scores by performance quartile

● Bottom 25%
● Top 25%

Customer service skills

Speaking fluency

Baseline   Moderate   Exceptional

Pre-hire skills score

Within the customer service analysis, there was a statistically significant score difference between top and bottom customer service performance skills. Those skills were as follows:

- **Acknowledgment**
- **Positive language**
- **Paraphrasing**
- **Speaking fluently**
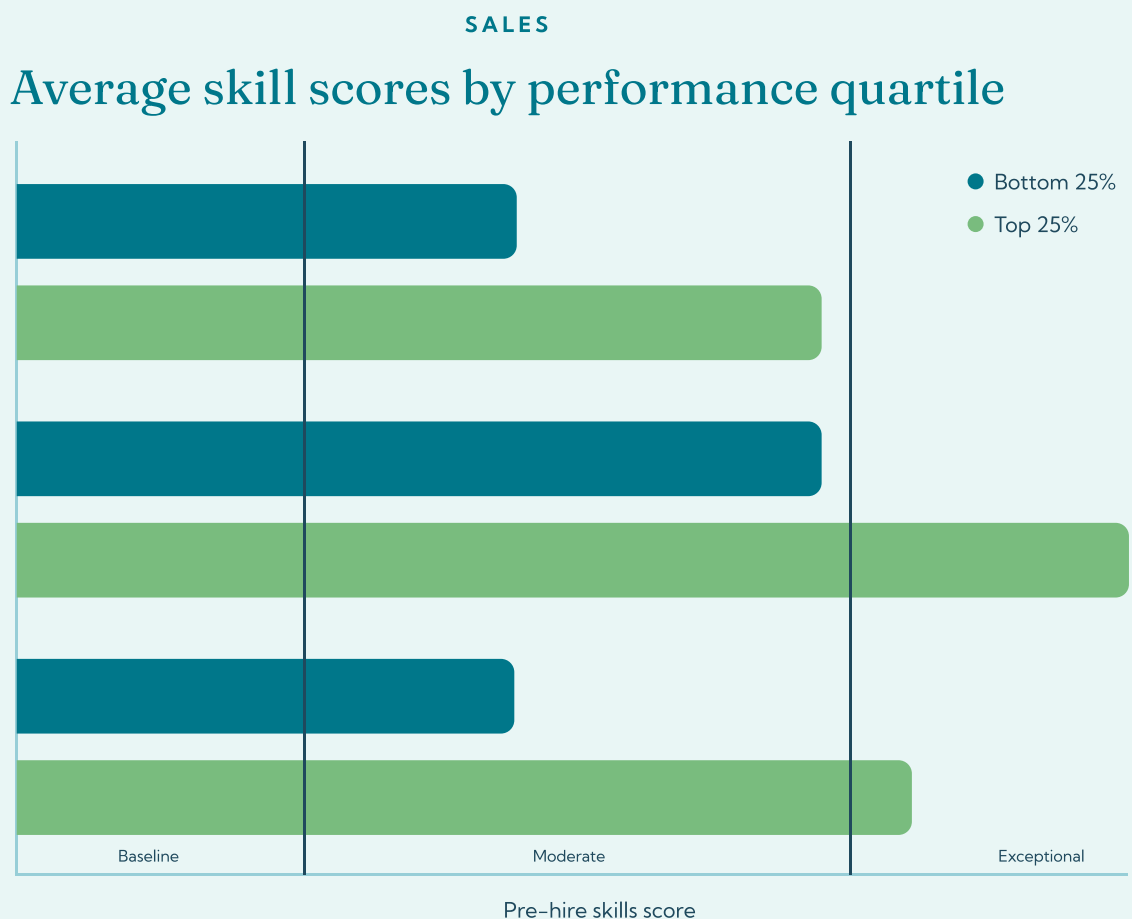- **Delivering difficult messages**

It is no surprise that strong soft skills within these attributes led to top customer service performers, as they are essential to delivering a pleasant customer conversation.

ⓘ **A note on skills**

While these soft skills make sense for this company, they may not be applicable to all customer support roles. Soft skills required to do a job well vary by role, speciality, industry, country, products, and more.

Sales performance

The candidates who scored highly in the top sales skills during the pre-hire assessment phase performed the best once they were hired. Those with the lowest skill scores in the top sales skills were the bottom performers.

SALES

Average skill scores by performance quartile

● Bottom 25%
● Top 25%

Sales skills

Speaking fluency

Listening skills

Baseline   Moderate   Exceptional

Pre-hire skills score

Within the sales performance analysis, there was a statistically significant score difference between top and bottom sales performer skills. Those skills were:

- **Building rapport**
- **Active listening**
- **Handling objections**
- **Positioning an offer**
- **Speaking fluently**

Once again, it is not surprising that strong soft skills in the above-listed areas led to top sales performers, since they are necessary to deliver an upsell or new sale over a customer phone call or chat.

ⓘ A note on skills

While these soft skills make sense for this company, they may not be applicable to all sales roles. Soft skills required to do a job well vary by role, speciality, industry, country, products, and more.

★ Key takeaway

Hiring teams who are recruiting for customer service or sales roles can get better on-the-job performance from new employees by assessing if they have the right combination of soft skills during the pre-hiring assessment phase.

Top performing **customer service skills** measured with AI

- Acknowledgement
- Positive language
- Delivering difficult messages
- Paraphrasing
- Speaking fluently

Top performing **sales skills** measured with AI

- Building rapport
- Active listening
- Handling objections
- Positioning an offer
- Speaking fluently

Language alone isn't enough

Candidates who took the HiringBranch assessment were simultaneously evaluated for language skills like fluency, grammar, spelling errors, and more. Subsequently, their on–the–job performance was analysed by the HiringBranch optimization team to see if there were differences in performance between **good, better, and best language assessment scorers**.

"language alone doesn't predict performance"

All of the hires passed the language portion of the HiringBranch assessment – it is required to do so in order to pass the assessment. Of those who passed, there was no significant difference in performance between the candidates who scored good, better or best (unlike the findings in soft skills).

⭐ Key takeaway

Varying degrees of language proficiency will be observed among candidates during the pre–hire assessment phase. While the threshold to pass the language portion of the assessment is required, companies can and should be looking for the depth of soft skills candidates possess, to make more effective hiring decisions.

## ⓘ A note on native language and accents in assessments

HiringBranch candidates are scored based on their ability to pronounce the sounds of the target language as clearly as possible. This does not mean that they have to be a native speaker of this language. They can have an accent, but need to be **intelligible**, as this is what is being scored. In fact, first language have no bearing on performance according to our **DE&I study**.

Less attrition with highly skilled candidates

The average call centre attrition rate is as high as 38%. In 2022, that was 58% higher than in 2020. While this is alarming from a global perspective, geographically it was observed that attrition rates vary greatly between countries, ranging from as low as 5% to as high as 38%.

In our study, we reviewed the attrition of the 5000 candidates hired using the HiringBranch assessment and found that top-skilled candidates outshined those who scored lower on the relevant soft skills for that role. While many unknowns contribute to attrition (we cannot build a direct correlation between skills and attrition), we can show you the ratio difference between top and bottom skilled turnover for customer service and sales roles.

For every 1 top-skilled customer service employee hired, **27.3 bottom-skilled employees attrited**. Smaller but still significant in the sales role, for every 1 top-skilled sales employee hired, **9.8 of the bottom-skilled employees attrited.**

Top vs Bottom Skilled Attrition Ratio — Customer Service

Top-skilled candidates
Bottom-skilled candidates

Top vs Bottom Skilled Attrition Ratio — Sales

Top-skilled candidates
Bottom-skilled candidates
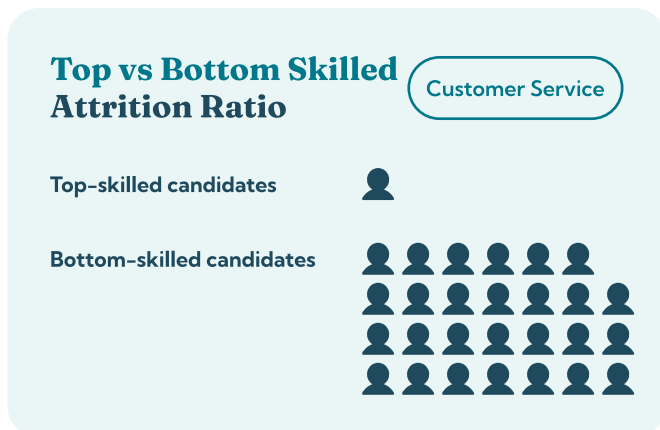
⭐ Key takeaway

Attrition can be affected by many different factors including location, job hopping, onboarding, training, etc. One common and conclusive observation was that top-skilled performers attrit less than bottom-skilled performers.

ⓘ A note on disparate global attrition

Attrition rates can vary greatly by site location and country inside the same organisation. Companies have an opportunity to leverage skills data insights by location and country to re-allocate resources for optimal and standardized global performance.

Skills-based hiring dramatically reduces bad hires

In this study, HiringBranch zoomed in on bad hire rates within one global organisation that employs more than 100,000 people. Our research team looked at a sample of nearly 1000 employees who were hired by this company and who also took the HiringBranch assessment during the evaluation phase of their candidacy.

Skills-based hiring saves millions

reducing bad hire rates from 4.5% to 0.5%.
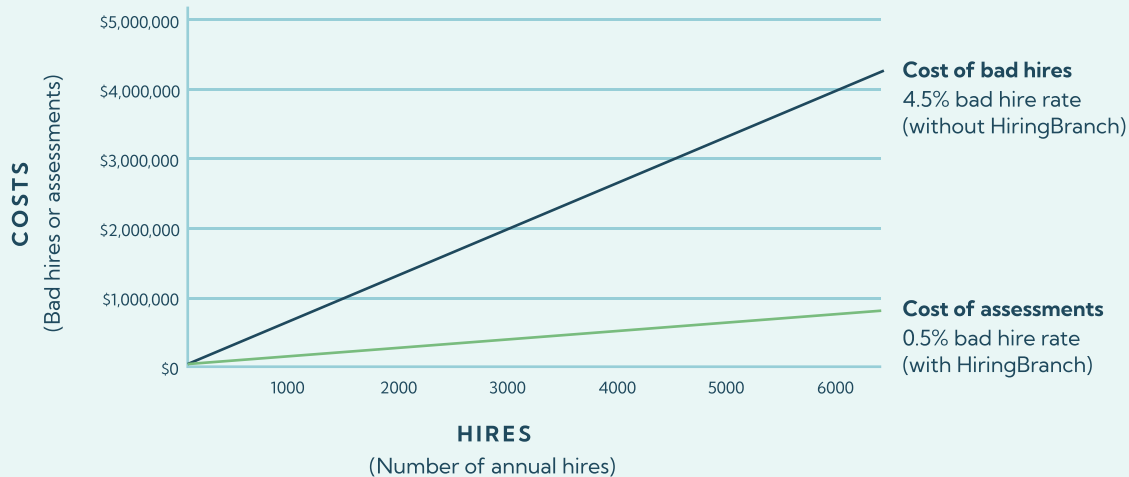
For this analysis, a bad hire was defined as an employee who was fired within three months of being hired. Before using the HiringBranch skills assessment to evaluate candidates, this enterprise had a bad hire rate of 4.5%. While the cost of one bad hire varies by region at this company, the average was $14,900 USD.

Once the enterprise began hiring candidates using the HiringBranch skills assessment they saw a 400% reduction in bad hire rates, from 4.5 to 0.5%. HiringBranch saved millions of dollars in bad hires for this global enterprise over one year.

⭐ Key takeaway

Bad hires cost global organisations millions of dollars per year. By using the right skills assessment, enterprises can significantly reduce the amount of future bad hires getting employment offers.

ⓘ A note on the cost of a bad hire

The cost of a bad hire varies greatly between in-house, outsourced centres, and by country. Regardless if your cost of bad hire is $2500 or $15000, calculating the savings of reducing your bad hire rate is crucial to understanding the downstream benefit of skills-based hiring.

Skills-based hiring returns a **10% increase** in sales

To further understand the relationship between skills and performance we analysed the hiring results within an outsourced fundraising call centre employing 200 phone agents. After analysing the top performers of these agents, we found that **building rapport** and **fluency** were the top soft skills that all of the best sales agents possessed.

This company increased sales by 10% after 6 months of hiring candidates who passed the HiringBranch sales assessment. If those returns weren't enough, this organisation also eliminated 80% of interviews in the hiring process, reserving interviews for edge cases. Candidates who score 75% and higher on the HiringBranch assessment are now put straight into an operational interview where the site manager verifies if the candidate can operate a remote technical setup – the first virtual interface with a candidate.

10% ↑
more sales

80% ↓
less interviews

What **HR tech leaders** say about the challenges and triumphs of skills-based hiring

66

2024 is going to continue to be tough for many HR folks. When AI comes knocking at your door with efficiency and performance benefits – you answer! AI is no longer some far away concept. It's tangible. It's integratable. It's affordable. Get on the train or go home. Especially when it comes to evaluating skills unbiasedly at scale. This is low hanging fruit for talent acquisition teams everywhere.

Joel Cheesman
Co-Host, The Chad & Cheese Podcast

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TA leaders who have experienced the challenge of deploying a skills-based hiring approach might see AI as causing more problems than solving. Proving cause and effect is going to be key. The more data that allows us to link AI-driven skills assessments with future performance, the more confidence TA leaders and the business will have. The risk of using AI will be quickly outweighed by the benefits. Technologies that can show strong predictive results will be the game changers in moving hiring practices to the next level.

Howard Flint
Co-Founder and President at WorkTech Advisory

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Skills-based hiring forces us to examine outdated job requirements. It opens up our thinking and the candidate pool by removing bias and paves the way for a truly diverse workplace. High-volume hiring demands a solution that focuses on skills to be successful on the job.

Shelley Billinghurst & Serge Boudreau
Co-Hosts, The Recruitment Flex Podcast

❝

The ability of technology to supercharge skills-based hiring by aligning it to performance and retention is one of the most significant developments we've seen in hiring for decades. With so many companies struggling to attract and retain the talent they need in a rapidly changing world of work, those employers who adopt skills-based methodologies guarantee themselves a significant competitive advantage. The future of recruiting has arrived and it's skills-based.

Matt Alder
Producer & Host, The Recruiting Future Podcast

❝

Skills-based hiring isn't a fad, it's one of the quickest and most effective methods of identifying qualified talent and, in effect, creating a world-class hiring program

Chad Sowash
Co-Host, The Chad & Cheese Podcast

❝

The fundamental skills of communication and comprehension remain paramount as the future of work requires judgment-sensitive and decision-making roles. Opportunities lie in leveraging AI for more efficient candidate assessments, ensuring a nuanced understanding of these foundational skills. Balancing technical prowess with soft skills becomes crucial in creating a workforce that not only masters domain knowledge but also excels in effective communication and problem-solving. By addressing these challenges, the Philippines' IT-BPM industry can harness the transformative power of skills-based hiring to propel itself into a future defined by agility and adaptability.

Jack Madrid
President & CEO, IBPAP

Integrating skills hiring into **your hiring process**

Inserting technology into the assessment phase of a high–volume hiring process has proven to be advantageous. However, the process of integrating new systems can be complicated, especially for larger teams with multiple locations, who may be operating and hiring in multiple languages.

A typical high–volume hiring process might look like this.
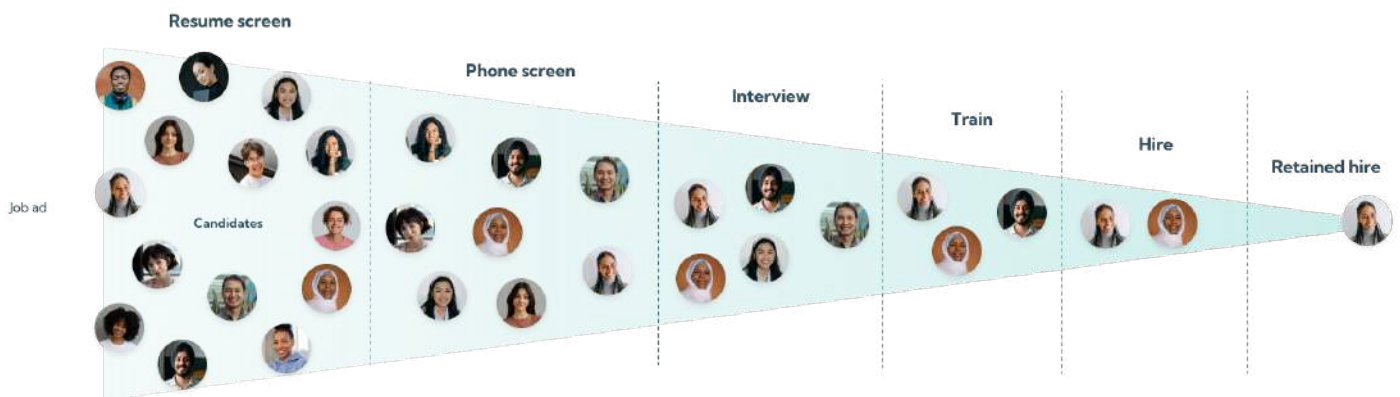
Now consider the automated process below using a skills assessment.
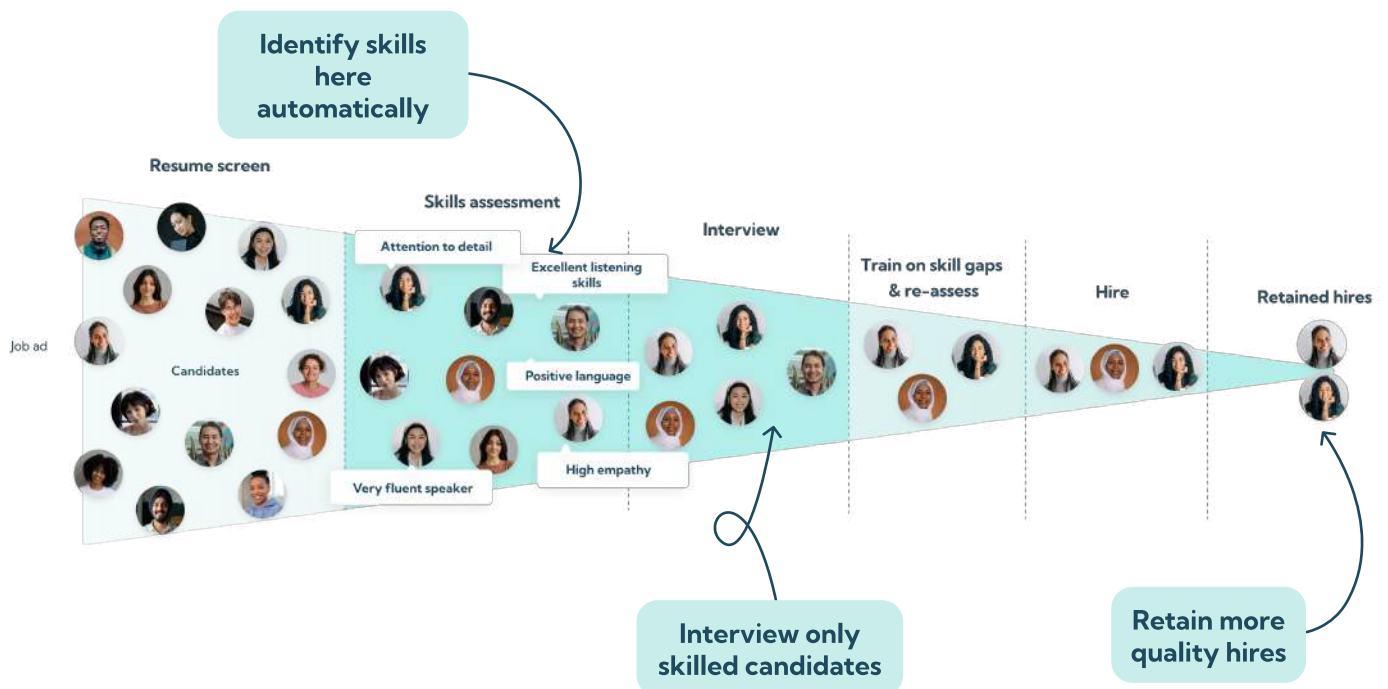
When **we automate** the skills assessment, we see:

Time-saving

The phone screen and often the interview itself can be eliminated.

Missed hidden talent moves through the funnel

Without the skills assessment, some candidates don't pass the phone screen or interview when in fact, they have the skills required to do the job well.

Skill gaps

Skill gaps are identified up front and automatically.

A lower bad-hire rate

Decrease the rate of bad hires with highly skilled candidates that perform well.

Now imagine knowing the skills for every contact centre under operation. Below is an example of how skills might vary across international or domestic sites.

Skill category	Site 1	Site 2	Site 3
Chat	**8.3**	8.0	7.0
Spoken fluency	7.2	**8.2**	6.8
Customer service skills	**8.5**	7.8	6.6
Sales Skills	7.5	**8.2**	6.0

The discrepancies in the above sample scores tell a story about **each site's strengths and weaknesses**. This type of data can be leveraged to inform an optimization strategy. In the example above, a company might want to move their chat service to Site 1, move phone and sales services to Site 2, and potentially look at upskilling Site 3.
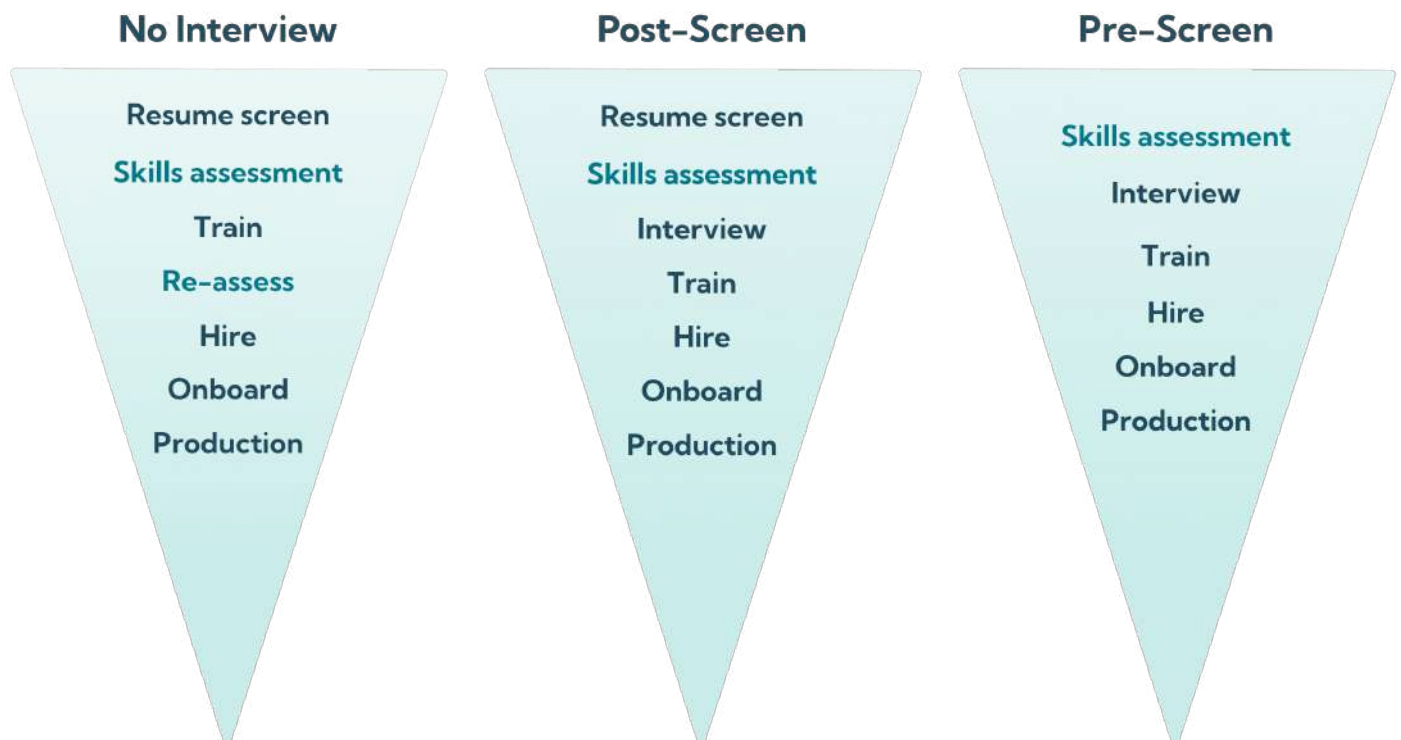
Leverage skills assessments in the **hiring process** where you want to make the **biggest impact**

Make skills assessments work with your process. Where would automating the skills assessment make the biggest impact? Do you want to cut the phone screening calls? Maybe the interview itself? Use skills assessments as a guide to know confidently **who to pass through the hiring funnel**. Once you know the candidate has the skills, use interviews to ensure that the candidate:

1. meets the **operational requirements** such as working on site, citizenship, or the technical requirements to work remotely;
2. is a **cultural fit.**

Even with a skills lens, each hiring process will look different. Consider the different hiring models available for hiring teams who want to screen for soft skills:

3 skills-based **hiring processes**

No Interview	Post-Screen	Pre-Screen
Resume screen	Resume screen	Skills assessment
Skills assessment	Skills assessment	Interview
Train	Interview	Train
Re-assess	Train	Hire
Hire	Hire	Onboard
Onboard	Onboard	Production
Production	Production	

Each of the three hiring processes includes an automated skills assessment. Remember when adopting new technology systems at scale it's important to mitigate risk. Here's a few pointers to get started:

- Buyers should be sure to complete a thorough due diligence process with any vendors worth considering.

- Consider whether you like the team and the technology from the vendor.

- Consider what is most important to your team and your organisation's goals.

- Remember to examine the long-term opportunity of the technology you're considering as well as the responsiveness and support from each possible vendor's team.

Put together the complete list of requirements from various stakeholders in your organisation and compare these to different offerings in the marketplace. Once you have identified a shortlist of vendors who meet your criteria, aim to launch a pilot or proof-of-concept project with your top choice to find the right fit.

Start your **risk-free pilot**

Start by piloting a tailored assessment on a batch of candidates. Then move from a proof-of-concept to full HiringBranch implementation after you see a return on your investment.

Learn more

HiringBranch

Key takeaways

✅ Hiring teams can identify top performers with skills-based hiring, efficiently and accurately.

✅ Candidates who perform well in pre-hire skills testing for their roles have better on-the-job performance.

✅ Language, while important to pass a threshold of communication intelligibly, does not impact the performance of the employee once hired. Employers can't depend on language assessments alone for frontline worker recruitment.

✅ Top-skilled performers churn less than bottom-skilled performers.

✅ Skills-based hiring can save a company significant dollars in reduced bad hires and attrition, create a more efficient hiring process, and generate increased revenue in sales teams.

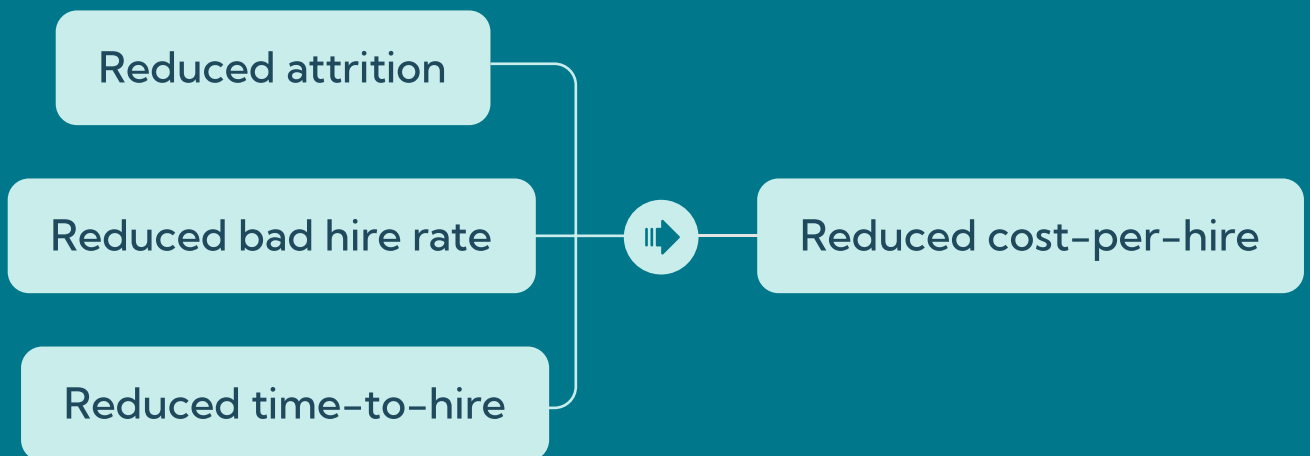✅ Further benefits of skills-based hiring, such as direct attrition correlation and absenteeism require more research.

Benefits trickle up from the departments to the company level

Skills-based hiring benefits

Which roles are you hiring for?

Customer Support	Sales	Help Desk
10 skills	12 skills	10 skills
Find empathic care agents who can diffuse problems with ease	Find people who can build rapport and skillfully sell products or services	Find analytical people who solve problems with an empathetic touch
Department benefit ✔ **Improve CSAT scores**	**Department benefit** ✔ **Improve sales**	**Department benefit** ✔ **Improve first call resolution**
Company benefit ✔ **Improve customer retention**	**Company benefit** ✔ **Improve revenue**	**Company benefit** ✔ **Improve customer retention**

Efficiency benefits

Reduced attrition

Reduced bad hire rate ▶ Reduced cost-per-hire

Reduced time-to-hire

About HiringBranch

HiringBranch is an AI-powered communication and soft skills hiring assessment and training solution that guarantees a hiring performance improvement. 4X more reliable than traditional multiple choice assessments, HiringBranch tailors assessment content to specific roles and industries in an open-ended speech and chat candidate experience for outstanding results.

Founded in 2017 and is headquartered in Vancouver and Montreal, Canada, HiringBranch proudly serves large and medium-sized enterprises globally in retail, banking, insurance, telecommunications, health, and IT. The entire organization is committed to operating fairly, while fostering diversity and inclusion for all of our customers globally through unwavering and unbiased technology.

Start your **risk-free pilot**

Start by piloting a tailored assessment on a batch of candidates. Then move to full implementation after we've proven a return on your investment.

[Learn more]

Methodology

HiringBranch AI is at its core a combination of AI technologies like NLP, pattern recognition, and machine learning to name a few, in addition to a custom scoring system based on two types of taxonomies. Those taxonomies include our predetermined industry and role-specific skills based on large proprietary data models and a customer's pre-existing knowledge of skills they want and/or tailored employee benchmarking. For more information about the HiringBranch technology please visit our FAQs.

This report includes data from four individual studies from unique and anonymized companies in the HiringBranch customer base. More information about the methodology of each analysis is included below.

Skills Performance Study: Customer Service and Sales
HiringBranch analysed over 5000 hires across Customer Support and Sales roles who completed a HiringBranch assessment between Spring 2022 and Fall 2023 prior to being hired.

Employees hired in Customer Support and Sales roles were categorised by top and bottom-performing scores, based on KPIs. An ANOVA (Analysis Of Variance which also reports statistical significance of the mean difference in the post-hoc analysis) was performed to determine if there are any significant differences between the HiringBranch skill scores of hires in the top and bottom performers.

Skills Performance Study: Language
The same sample of customer service and sales interviews as above were given top and bottom-performing scores by the employer. An ANOVA (Analysis Of Variance which also reports statistical significance of the mean difference in the post-hoc analysis) was performed to determine if there are any significant differences between the HiringBranch language skill scores (CEFR equivalent ratings) of hires in the top and bottom performers. Keep in mind that all hires passed the HiringBranch assessment and thus achieved, albeit varying, a level of language proficiency.

Skills Performance Study: Attrition
Using the same sample of customer service and sales interviews as the studies listed above, data for attrition rates was organised by location and by hiring function (in-house hiring teams versus outsourcing hiring). This analysis was completed over a four-month period using the pool of employees from the Customer Service and Sales performance study. Turnover was defined as an employee who was fired within the four-month period. Attrition was also plotted next to top and bottom employee performance to demonstrate the relationship between the two.

Skills Performance Study: Bad Hire Rate
A sample of 931 employees from customer support and compliance roles were evaluated in one global organisation. These employees were selected because they all completed the HiringBranch skills assessment before they were hired. Only six employees hired with the HiringBranch skill assessment were fired within three months of their hire dates.