

2020 HIRING BENCHMARK REPORT

The State of Hiring in a Year of Crisis

Key insights on how hiring and recruitment have adapted in a year of unprecedented change



About the Report

Every year, we survey hiring professionals from across all industries to learn more about how they attract, hire, and retain their teams.

For our third annual report, we shifted our focus towards understanding how organizations are responding to one of the most tumultuous years in recent memory. COVID-19 and the resulting increase in unemployment have fundamentally shifted the balance in hiring. With a record number of employees now working from home, hiring has largely become a remote process for many organizations. On another front, greater calls for diversity and inclusion have caused organizations to reconsider the efficacy of their current hiring strategies. As a result, the world of hiring looks a lot different from last year, and this report explores those changes.

The results in this report are based on a survey of over 400 hiring professionals across organizations large and small, and across a wide breadth of industries. Responses were collected in August 2020. For the first time, the 2020 report surveyed a global audience, with the majority of respondents hailing from the United States, Australia, and Canada.

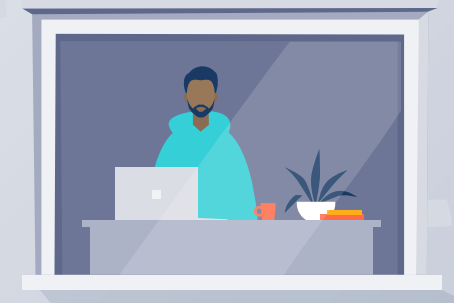
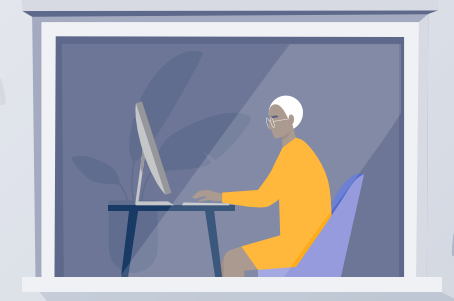
WHO WE ARE

Criteria is an assessment company dedicated to helping organizations make better talent decisions using objective, multidimensional data. We are fascinated by all things hiring, and we built this report to explore how modern organizations hire today. Visit us at criteriacorp.com to learn more.



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Key Insights From the Report

1 Nothing has shaped 2020 more than COVID-19.

As a result of the global pandemic, 69% of hiring professionals said their organization transitioned to remote work in some capacity; 51% reduced hiring; 36% froze hiring, and 30% had to lay off or furlough employees.

2 Growth is slow but positive.

Overall, hiring professionals predict that their hiring volume will increase by 1.4% in the next 12 months, but this varied widely by industry. The Technology industry, for example, expected to hire 64% more people in the next 12 months. Meanwhile, HR spending isn't budging, with respondents predicting an increase of 0.6% over the next 12 months.

3 Hiring is less challenging than it was before.

Across the board, hiring professionals feel that hiring isn't as challenging as it was last year. 54% even said that COVID-19 has made it easier to hire remote employees.

4 Remote work has made a positive impression.

Of those organizations that did transition to remote work, 54% view remote work more positively now; 42% say their view is unchanged, and just 4% view remote work more negatively.

5 Diversity is a priority for most organizations.

34% of hiring professionals say that increasing diversity in the workplace is a "top priority." 46% say it's "somewhat of a priority" and just 22% say it's "not a priority."

6 Hiring professionals are overwhelmingly optimistic about the future.

Not only has hiring become less challenging, but hiring professionals have also become more confident in their hiring processes. And when looking towards 2021, the majority (66%) of hiring professionals feel positive about the future health of their organizations. Just 6% feel negative about the future, while 20% feel neutral and 9% are unsure.



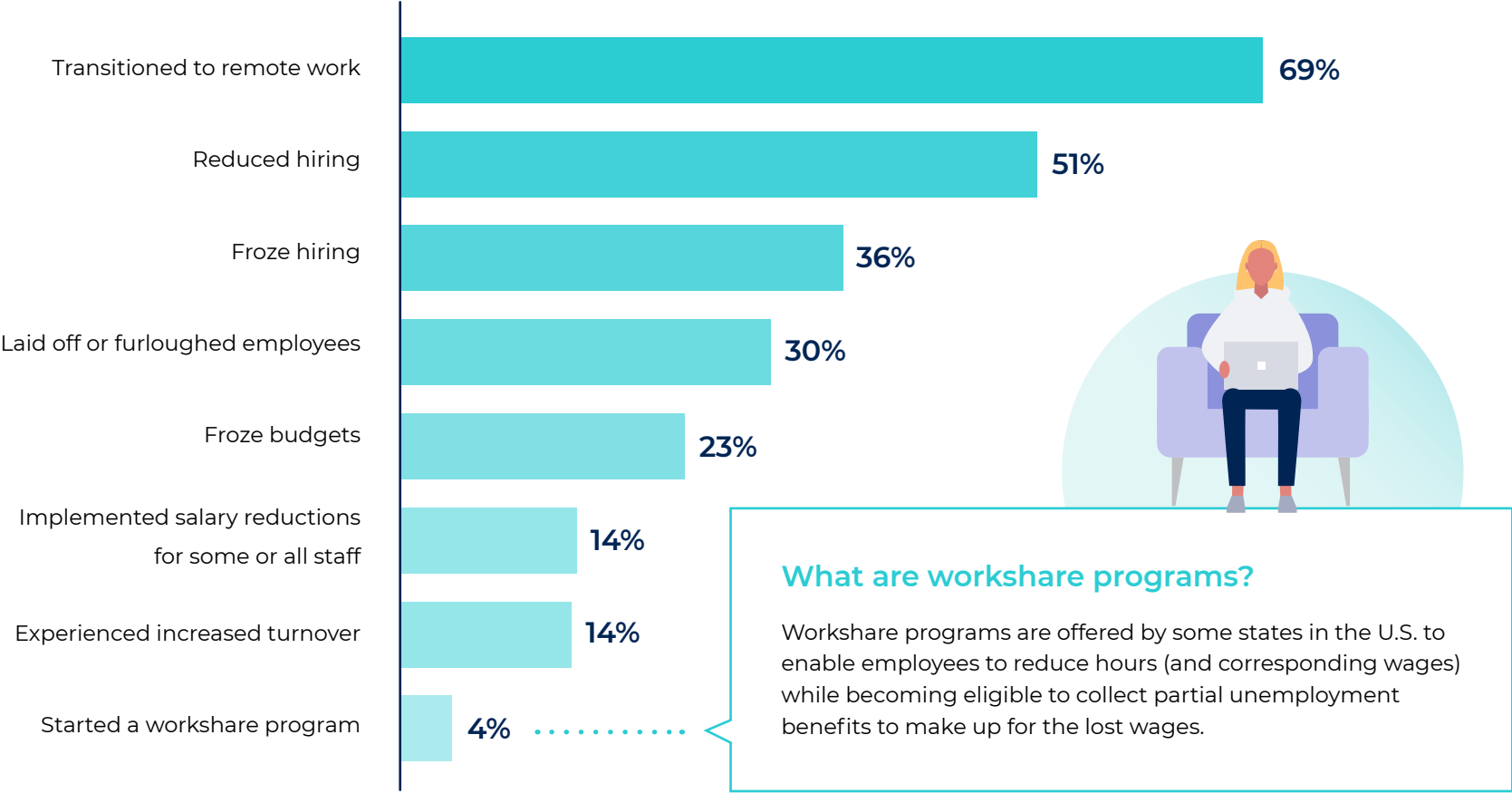
The Impact of COVID-19



Nothing has shaped 2020 more than COVID-19.

Every organization has been affected in some way by the COVID-19 pandemic. While regional and national responses differ around the world, organizations have managed to adapt to the crisis in a variety of ways. A large majority (69%) of respondents said their organization transitioned to remote work in some capacity. About half (51%) reduced hiring, while 36% froze hiring completely. 30% had to lay off or furlough employees, while 14% opted to reduce employee salaries. These strategic decisions have a cascading impact on the way organizations are hiring in 2020.

How has COVID-19 impacted your HR or hiring initiatives?



Hiring Trends



Hiring growth is slow, but trending in a positive direction.

For the last few years, the hiring landscape was characterized as a candidate's market, with organizations competing to attract candidates from a limited pool of talent. 2020 saw an abrupt shift in unemployment as a result of the COVID-19 outbreak. The unemployment rate in the U.S. shot up from 3.8% in February to a peak of 14.4% in April of 2020*.

By the time this survey was conducted in August of 2020, organizations had settled into a new normal, not yet recovered from the shockwaves of the pandemic but not yet back to normal either.

We asked organizations how many people they hired in the last 12 months compared to how many people they plan to hire in the next 12 months. Respondents anticipated hiring 1.4% more employees in the next 12 months. This sluggish growth is growth nevertheless, suggesting that organizations are cautiously investing in hiring again.



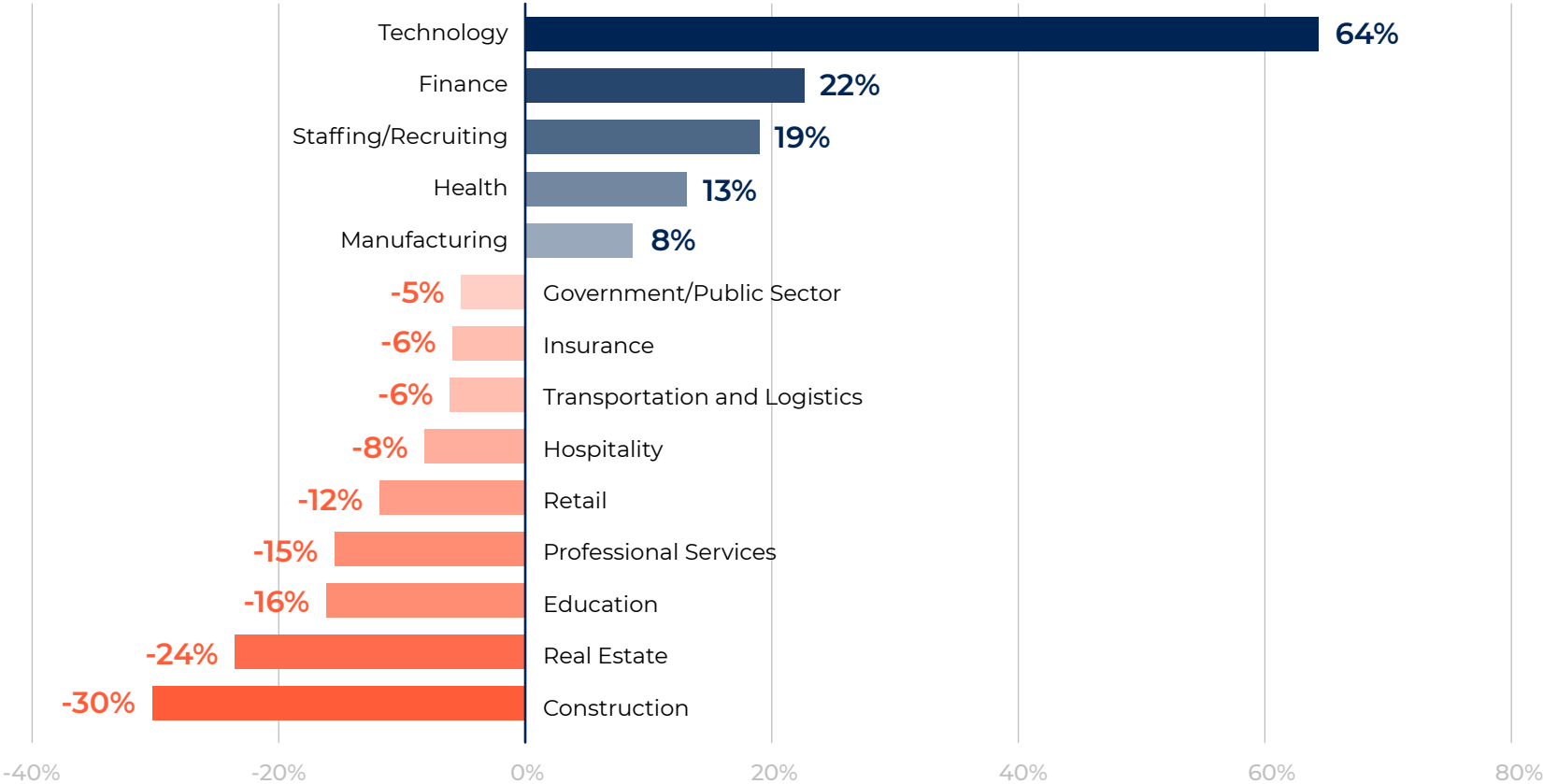
*Pew Research

Expected growth varies widely by industry.

Different industries had different outlooks for next year. Unsurprisingly, the tech industry projected the highest growth, anticipating a need to hire 64% more people in the next 12 months. As an industry, tech companies may have been best positioned to transition to remote work, and more able to bounce back from the crisis.

Several industries that rely on in-person interactions projected negative growth, including Retail, Hospitality, Education, Real Estate, and Construction. Meanwhile, the Health industry predicted more hiring, as did Finance, Manufacturing, and Staffing/Recruiting.

Anticipated Growth in Hiring Volume by Industry* (2020-2021)



*Some industries were omitted from this graph due to small sample sizes.

HR spend is flat.

Organizations aren't eager to alter their HR budgets dramatically any time soon. On average, respondents in the U.S. predict that their HR spend will increase a minimal 0.6% in the next 12 months.



** Data based on U.S. respondents only.*

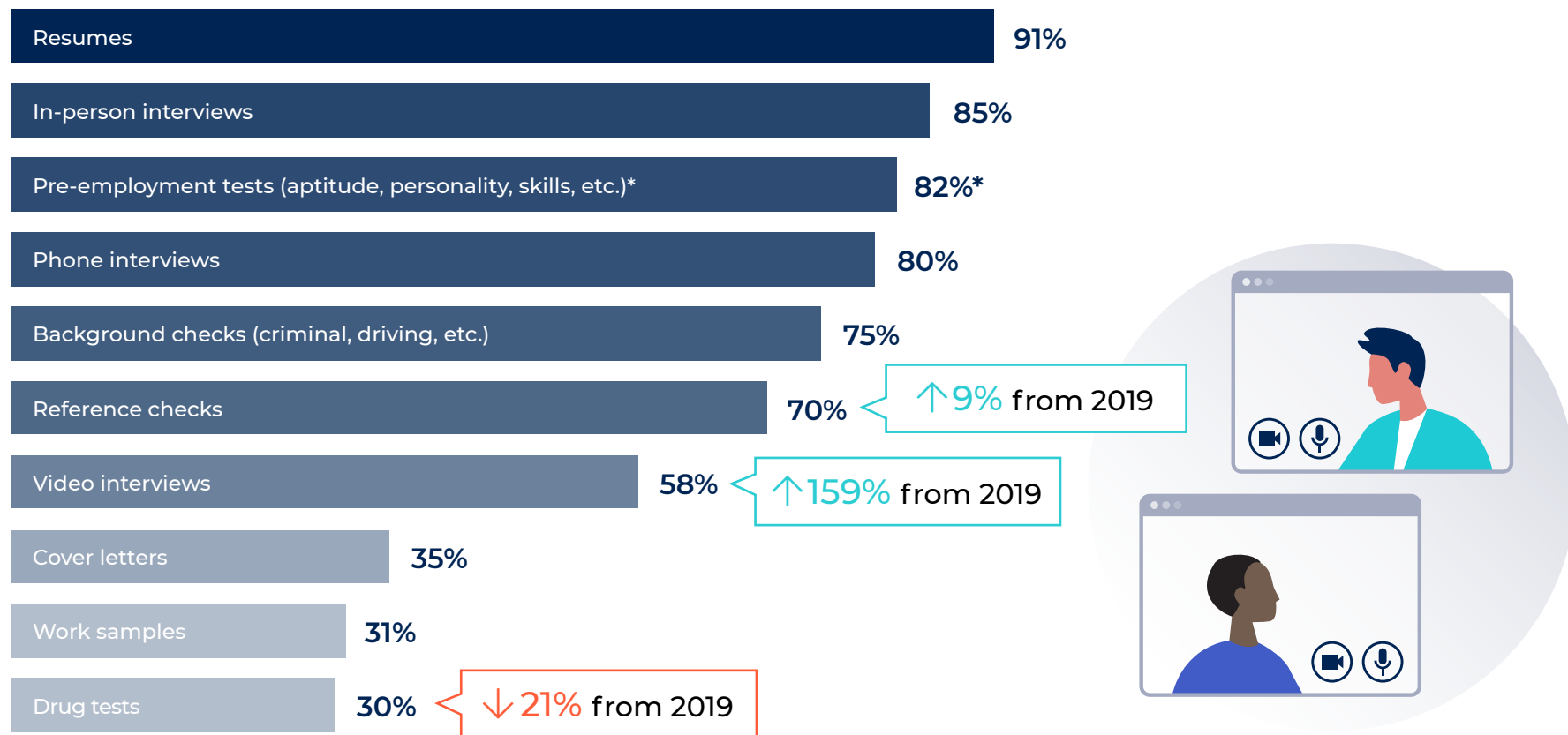
How Companies are Hiring



Hiring strategies have shifted to accommodate remote work.

Resumes and interviews continue to reign supreme as part of the traditional hiring process. However, a few notable shifts occurred as a result of COVID-19. Video interview usage went up 159%, from 22% in 2019 to 58% this year. Drug test usage dropped 21%, likely due to lack of availability for in-person testing. Reference checks also went up 9%, suggesting that organizations are looking for ways to learn more about their candidates when other in-person methods are no longer available.

What percentage of organizations use these elements to make hiring decisions?

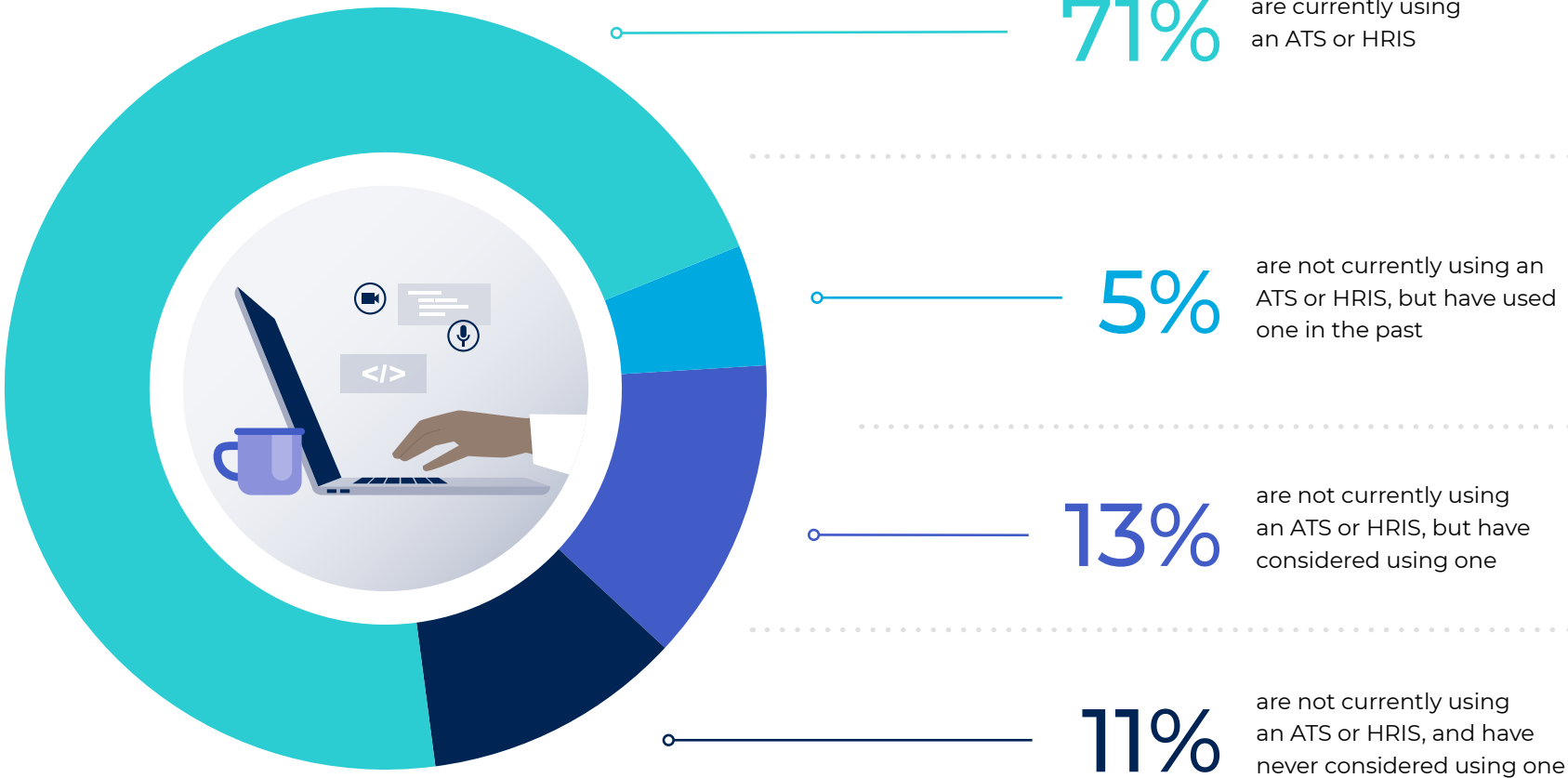


**A large proportion of our survey respondents are known users of pre-employment tests, which may influence the magnitude of this outcome. However, external data confirms that about 82% of companies use some form of pre-employment tests, in line with our result.*

More organizations are relying on hiring software.

Compared to 2019, 29% more respondents said that they currently use an ATS or HRIS to hire. The definition of ATS or HRIS appears to be fuzzy, however. Respondents report using a wide variety of software solutions, many of which don't easily fit into neat categories. Regardless of category definition, organizations are taking advantage of the many unique hiring solutions available on the market.

What percentage of hiring professionals are using an ATS or HRIS to hire?

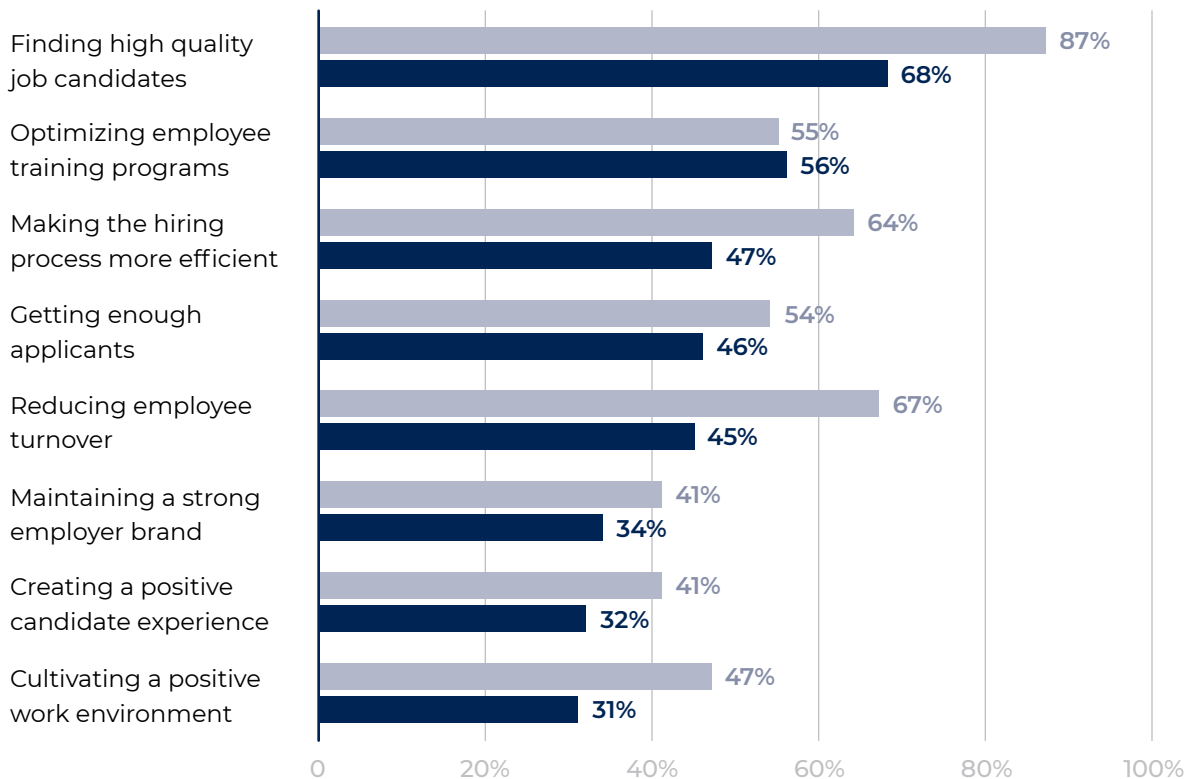


Organizations find hiring to be less challenging now.

Is the candidate-driven market over? Across the board, hiring professionals find that the work of talent acquisition and talent management is less challenging than it was last year.

Finding high quality job candidates continues to be the most challenging task in 2020 at 68%, but it dropped significantly from 2019. Organizations are also less concerned about getting enough applicants, reducing turnover, or even cultivating a positive work environment this year. It's possible that hiring professionals are simply preoccupied with more pressing issues this year.

Percentage of hiring professionals who find these areas challenging:



Quality vs. Quantity

Hiring professionals aren't that worried about getting enough applicants anymore. In fact, 34% actually said getting enough applicants is "extremely easy" or "somewhat easy" (compared to 18% in 2019).

However, finding high quality job candidates continues to be the greatest challenge. It's the classic problem of quality vs. quantity. Regardless of the number of applicants available, finding the right match continues to be the biggest hurdle.

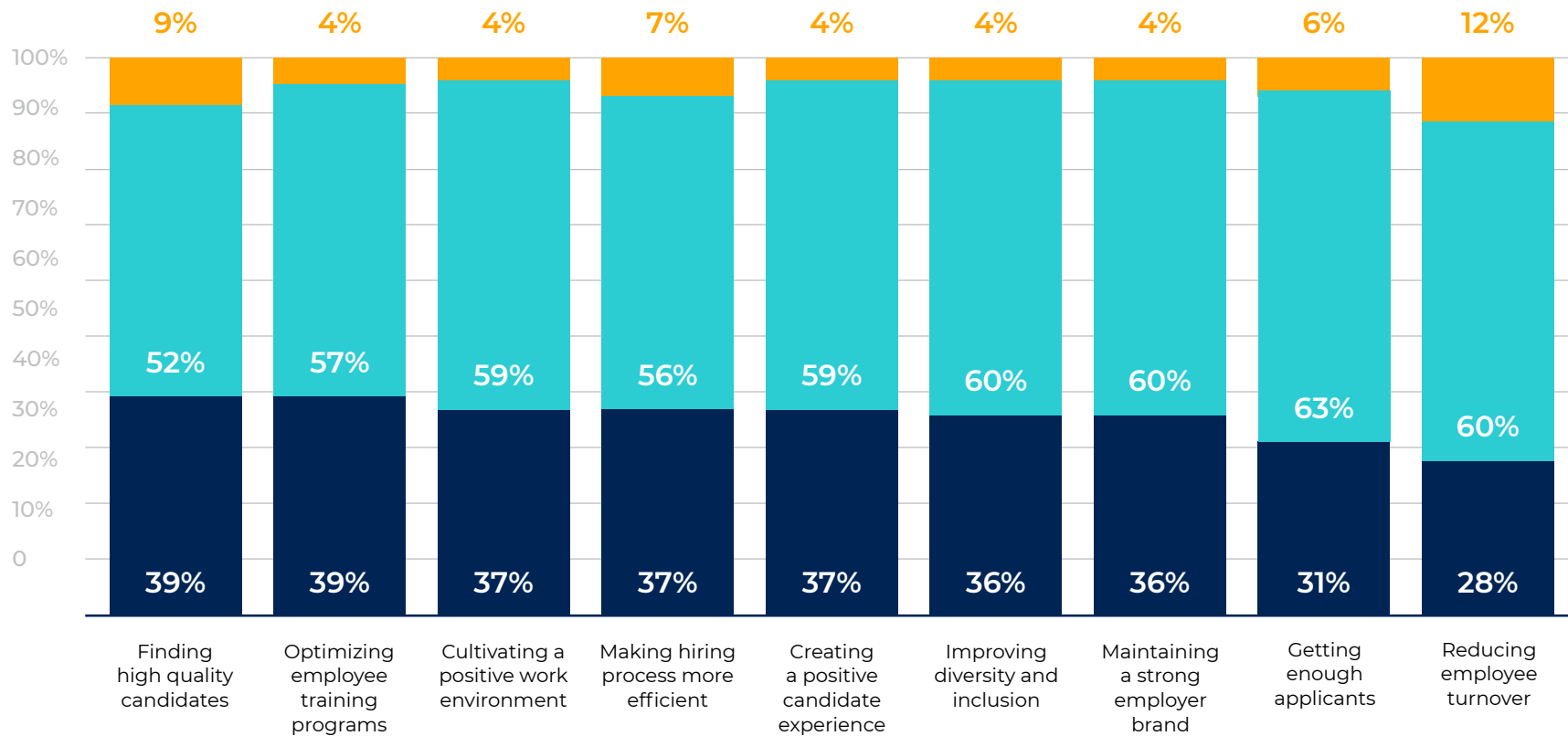
Where are hiring professionals planning to invest their budgets?

Our respondents said that “finding high quality job candidates” was still their biggest challenge in 2020, and it’s also the area that organizations are planning to invest in the most. Almost 40% intend to increase budget in that area.

Overall, the majority of organizations intend to keep budgets the same, with just over a third intending to increase budgets in each of the key areas.

Planned Investments in Various HR Goals

Decrease Stay the same Increase



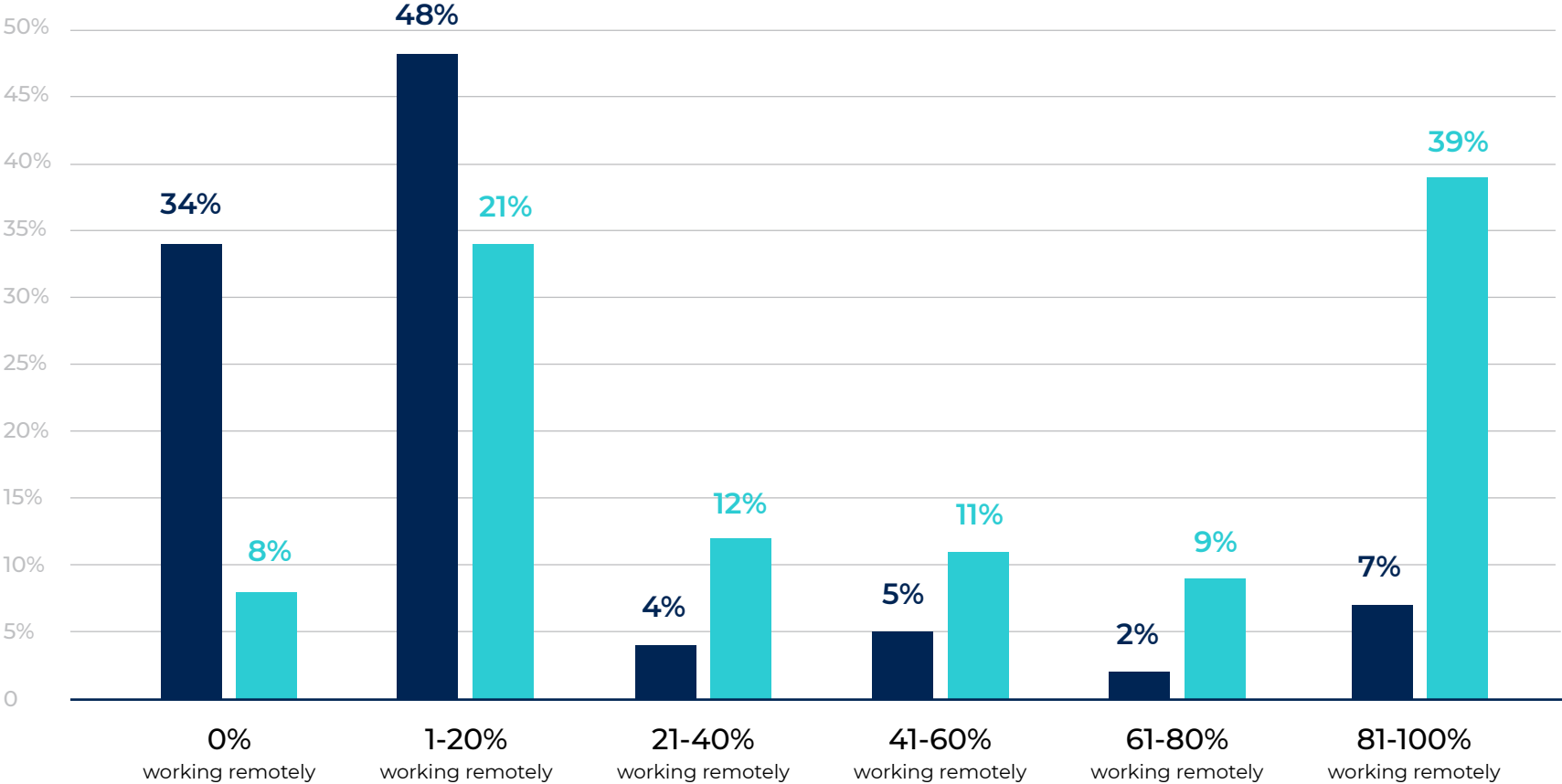
Remote Work



Remote work has been cast into the spotlight.

As shown earlier in the report, 69% of organizations transitioned to remote work at some point during the COVID-19 crisis. Now, 39% of organizations are still operating with 81-100% of their employees working remotely, compared to just 7% before COVID-19. Meanwhile, just 8% of organizations have no employees currently working remotely.

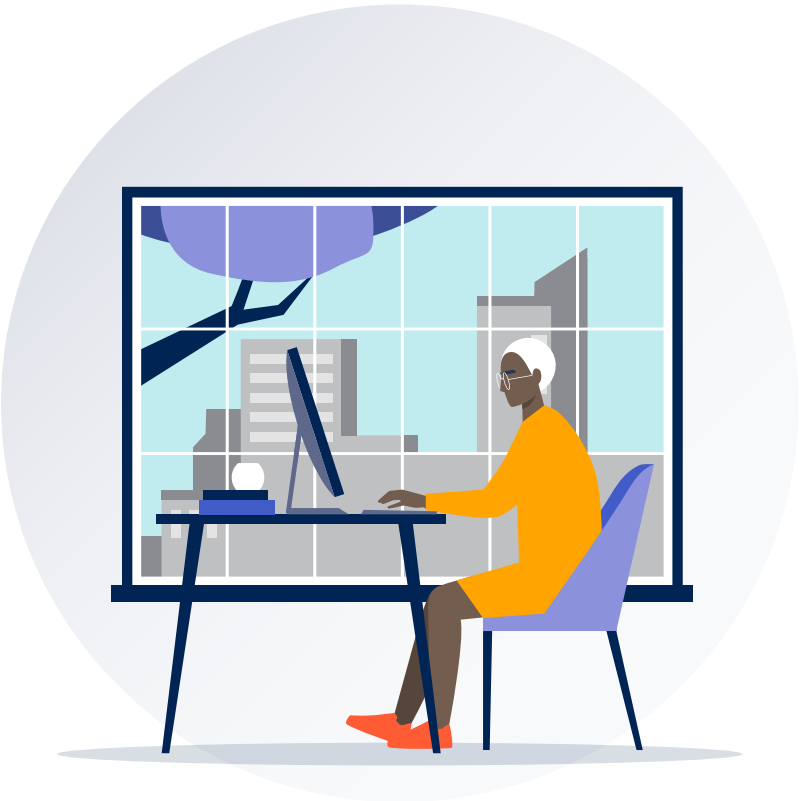
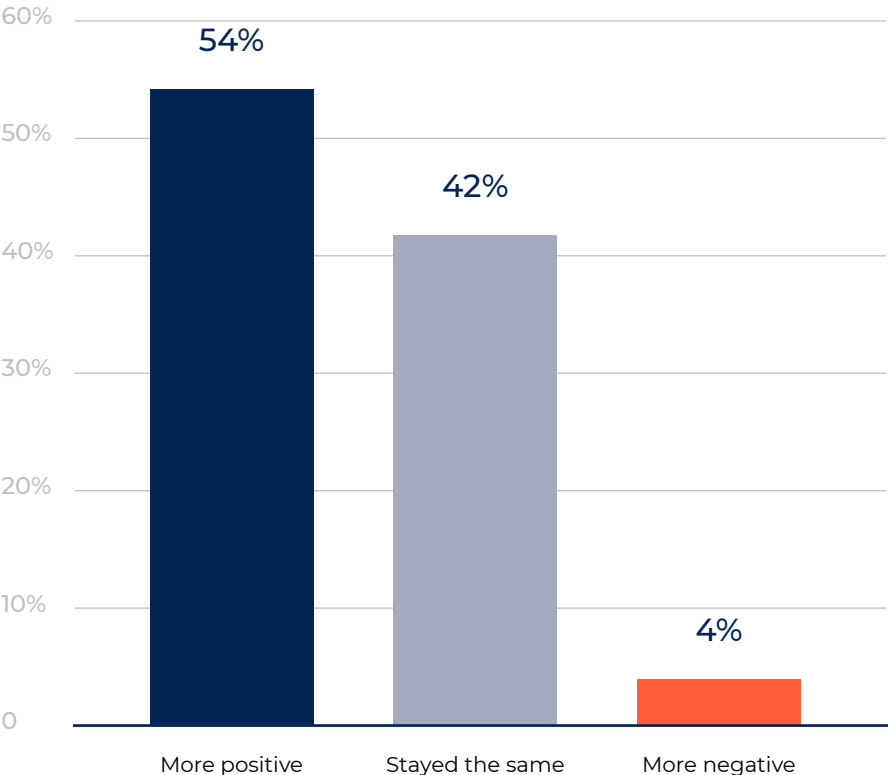
What percentage of your organization worked remotely before COVID-19 compared to now?



Remote work has made a positive impression. Is it here to stay?

Organizations have warmed to the idea of remote work. While the vast majority of organizations were working in offices at the start of this year, over half of our respondents' organizations had to transition to remote work as a result of COVID-19. For most, their first taste of remote work has been overwhelmingly positive. Of respondents that did have to transition to remote work, 54% say they view remote work more positively than they did before COVID-19. Meanwhile, 42% view remote work the same, and just 4% view remote work more negatively.

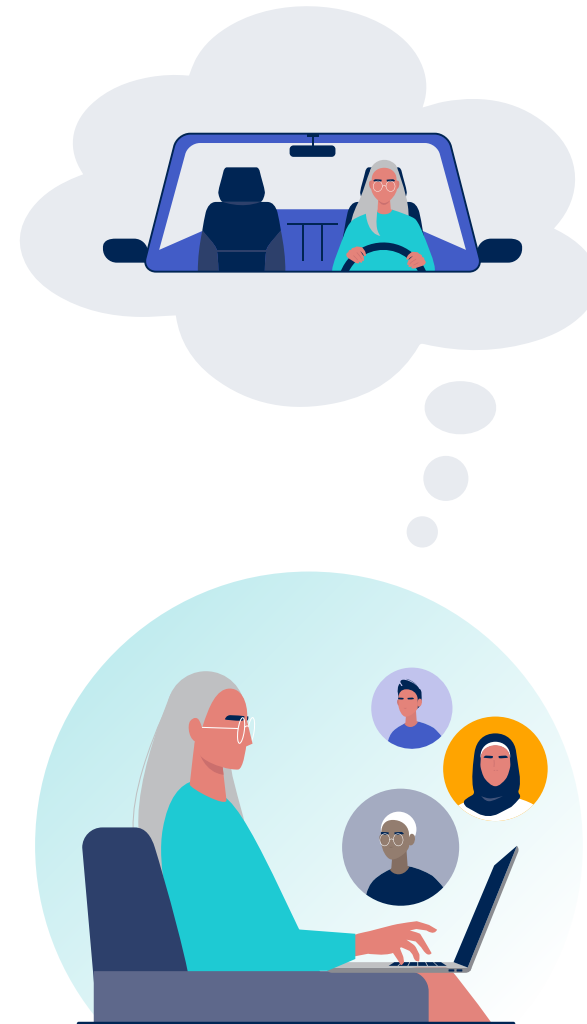
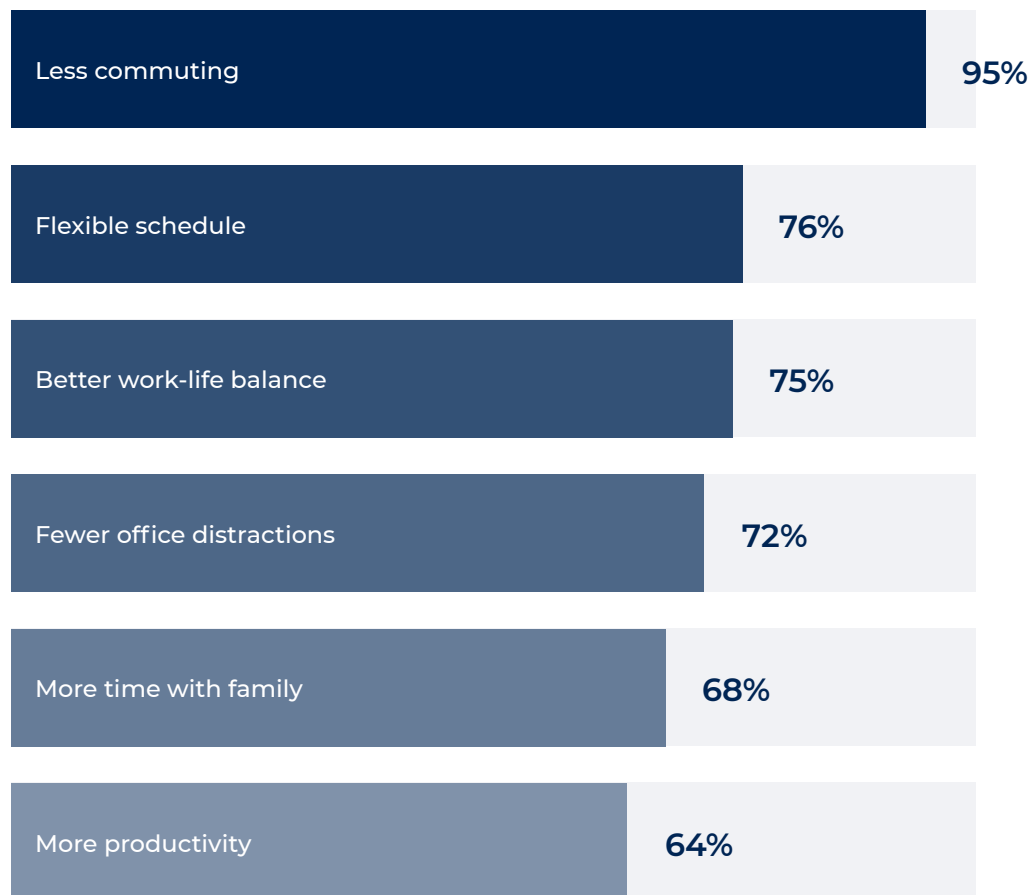
Since the start of the COVID-19 pandemic, how has your opinion of remote work changed?



The benefits of remote work are compelling.

For those who said that they view remote work more positively as a result of COVID-19, there were many purported benefits. The biggest benefit of all? Less commuting, with 95% of respondents listing this as a major benefit to remote work.

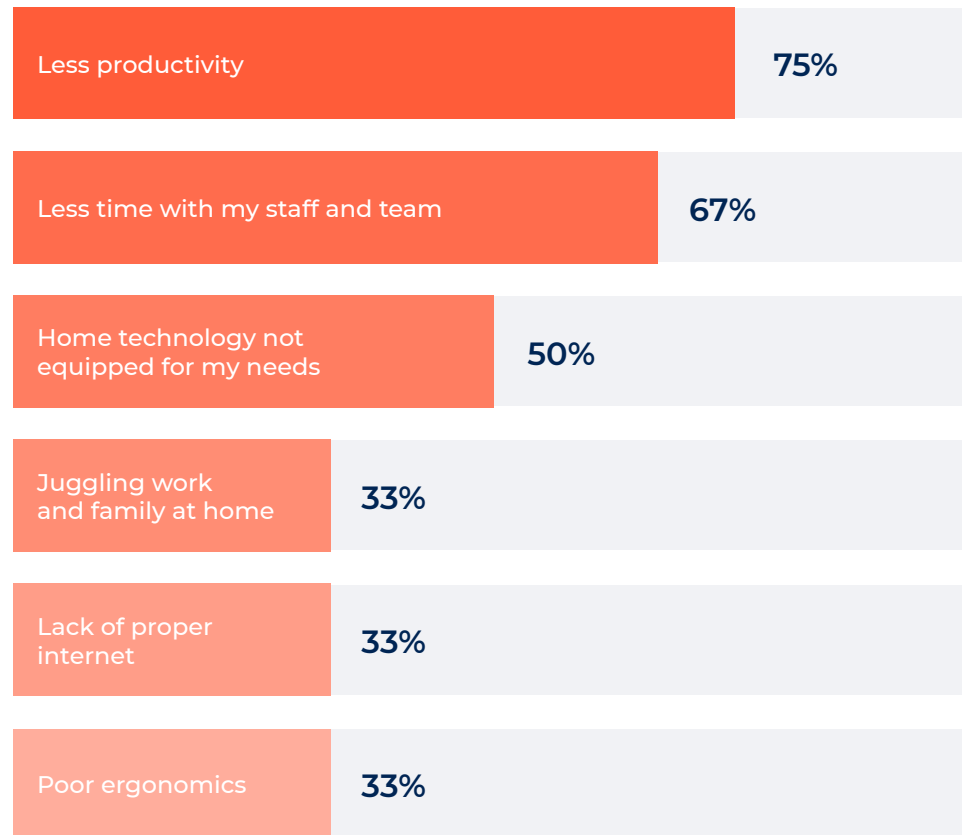
What are the positive benefits of working remotely?



There are also some downsides to remote work.

Of the small group who said they view remote work more negatively as a result of COVID-19, the biggest issue related to productivity.

What are the biggest challenges of working remotely?



Does remote work help or hurt productivity?

75% of the group who view remote work negatively say that less productivity is the biggest reason why. However, earlier we saw that 64% of the group who view remote work more positively say that more productivity is one of the reasons. Why the discrepancy?

It likely comes down to personal preference and the realities of each person's arrangement at home. For those employees with the appropriate amount of space, resources, privacy, internet connection, and more, remote work can be a blessing. For others, remote work presents challenges, and organizations need to be able to provide additional support to those who may be struggling in a remote environment.

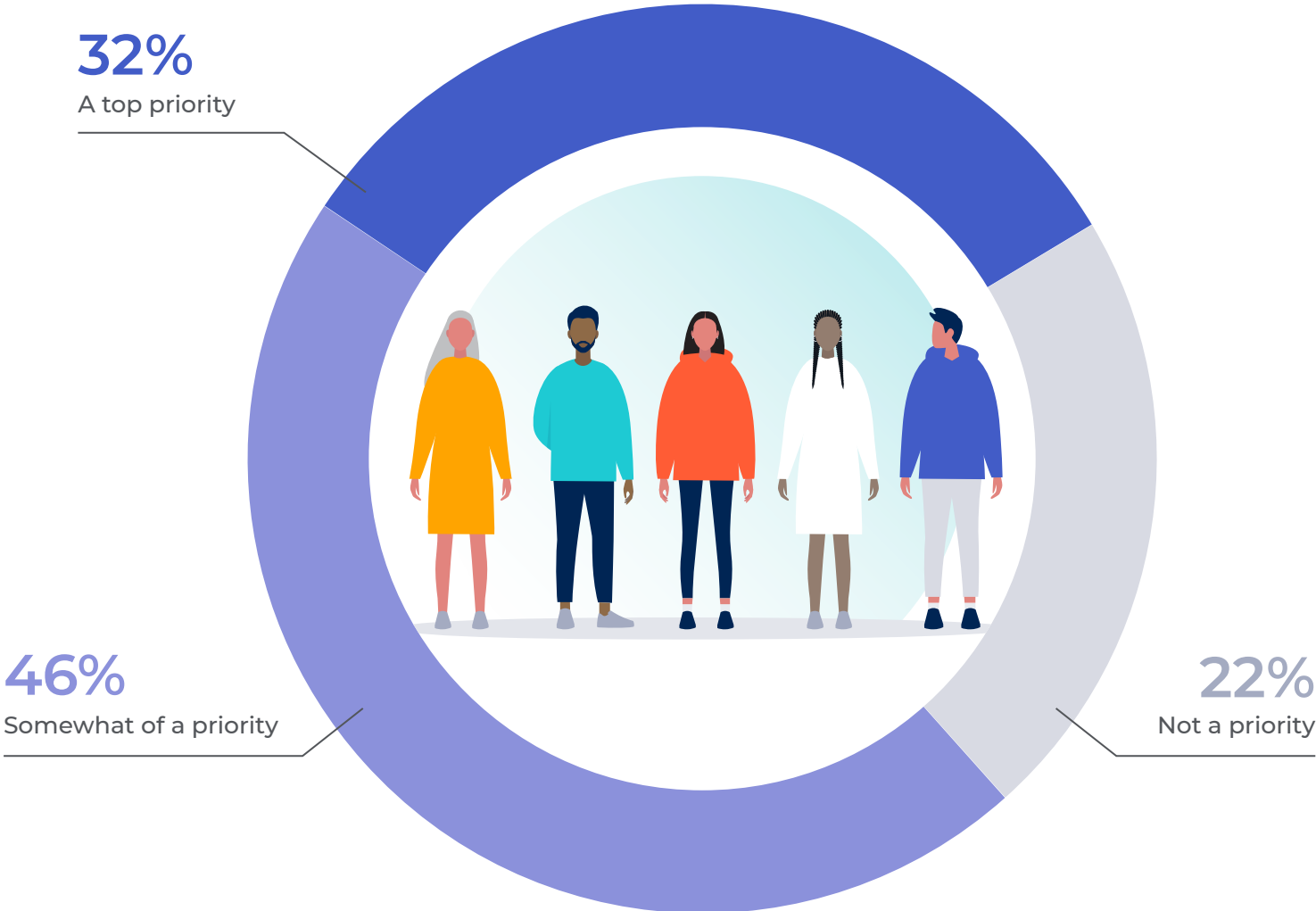
Diversity



Diversity is a priority for most organizations.

Organizations are increasingly focused on strengthening the diversity of their teams. 32% of hiring professionals say increasing diversity in the workplace is a top priority; 46% say it is somewhat of a priority; and just 22% say it is not a priority.

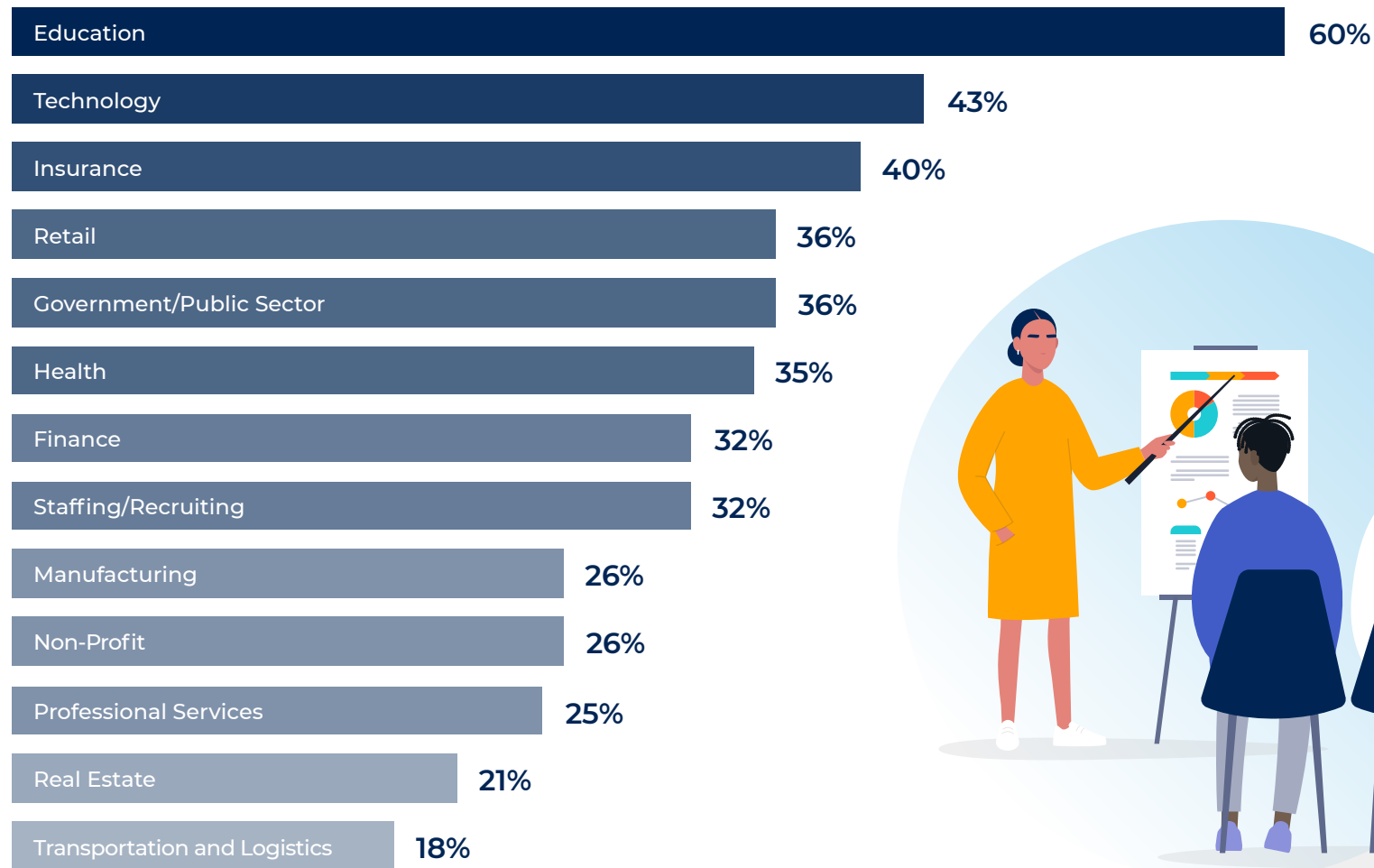
Is increasing diversity in the workplace a priority for your organization?



Some industries prioritize diversity more than others.

Hiring professionals from certain industries were more likely to list diversity as a “top priority” than others. The Education and Technology industries topped the list as the two industries that prioritized increasing diversity in the hiring process, followed by Insurance, Retail, Government/Public Sector, and Health.

Percentage of respondents by industry* who say increasing diversity is a “top priority”:



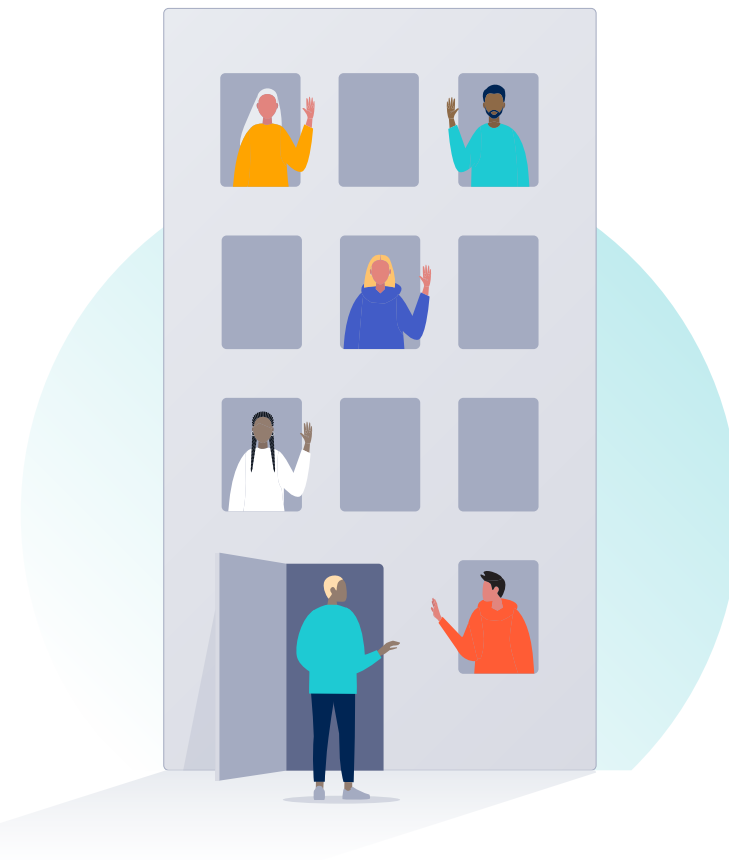
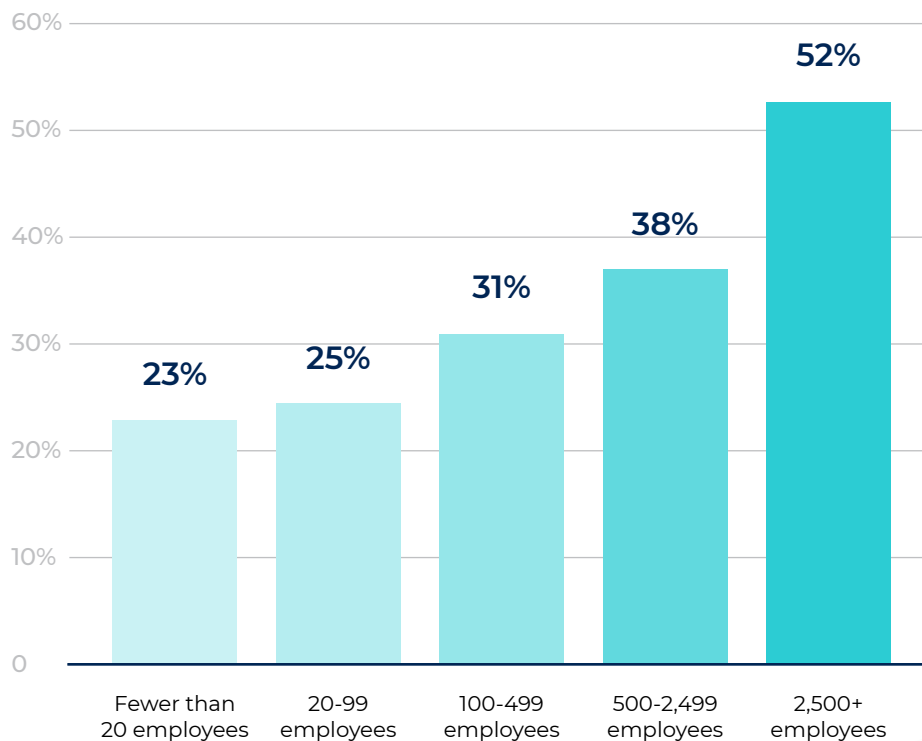
*Some industries were omitted from this graph due to small sample sizes.

Larger companies are more likely to prioritize diversity.

From the data, a striking pattern emerged. The larger the organization, the more they prioritize increasing diversity in hiring. Over half (52%) of organizations with 2500+ employees view diversity as a top priority. Businesses with less than 20 people were the least likely to list diversity as a top priority, at 23%.

The pattern makes logical sense. Larger organizations have more resources to devote towards increasing diversity in the workplace, as well as more data to track progress towards those goals.

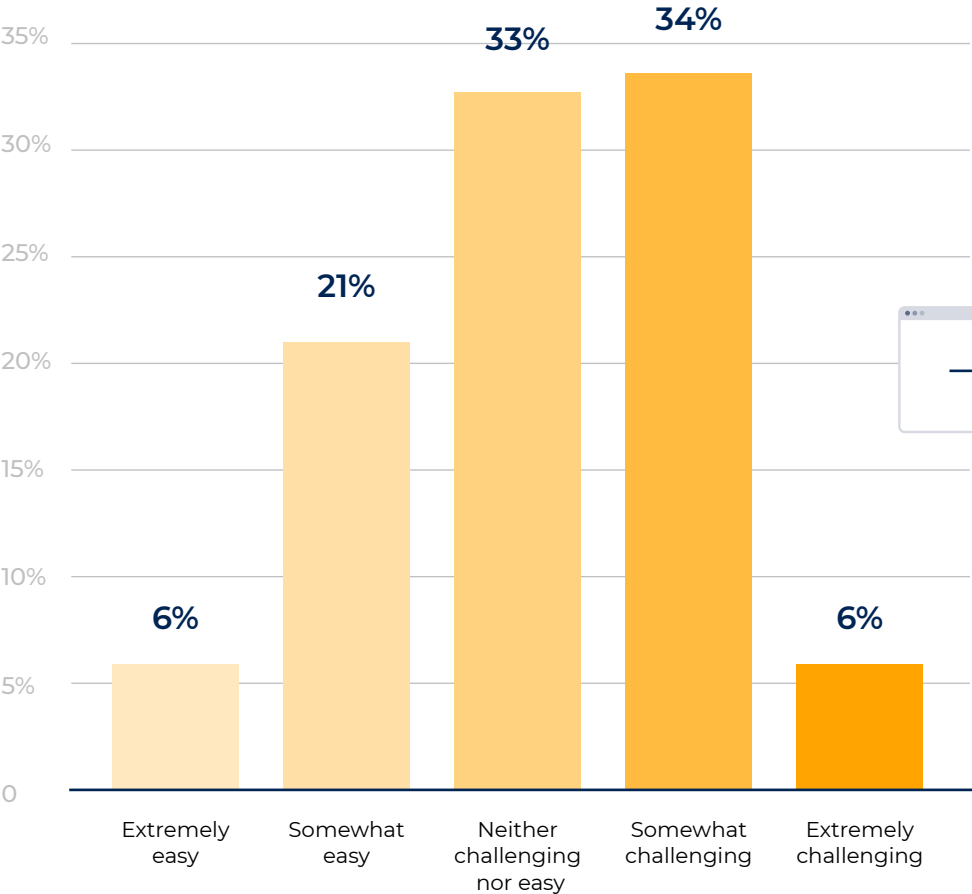
Percentage of respondents who say increasing diversity is a “top priority”:



Improving diversity and inclusion can be challenging.

While diversity initiatives are at least somewhat of a priority for most organizations, it's a challenge for some more than others. Just 6% of hiring professionals said that improving diversity and inclusion was "extremely challenging," with 6% saying it was "extremely easy."

How challenging is it to improve diversity and inclusion?



Organizations use a variety of initiatives to achieve diversity goals.

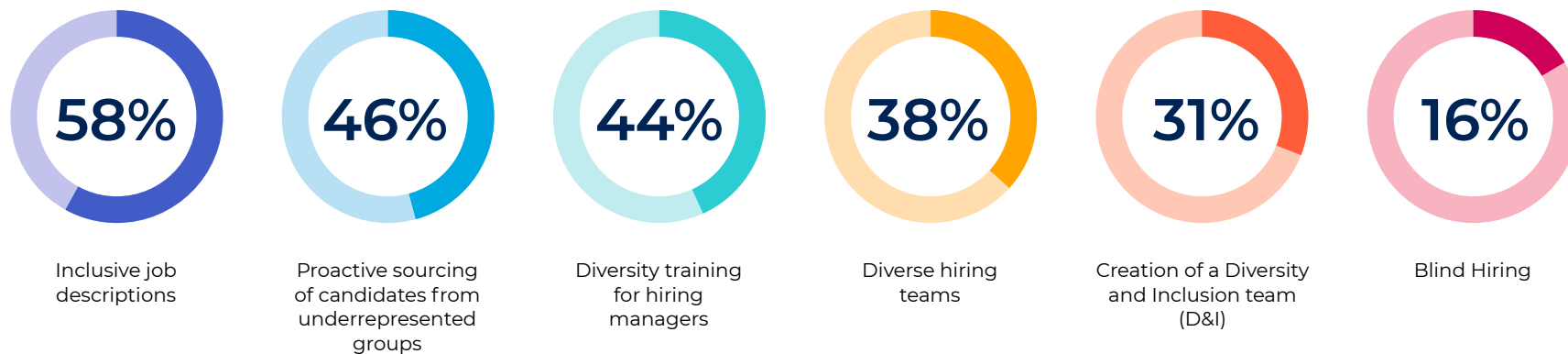
The most widely used strategy for hiring a more diverse workforce is through inclusive job descriptions. 58% of organizations do this. 46% of organizations proactively source candidates from underrepresented groups; 44% conduct diversity training for managers; and 38% create diverse hiring teams.

Meanwhile, 31% of organizations have created a Diversity & Inclusion team. This number is largely made up of larger organizations: 75% of organizations with 2500+ employees have created D&I teams.

From this data, we see that some of the less resource-heavy initiatives, such as job descriptions or proactive sourcing, are widely used because they are more accessible to businesses of all sizes. Bigger initiatives such as D&I teams and blind hiring are used less often due to the challenges of implementing these initiatives.



Percentage of organizations engaged in these activities to hire a more diverse workforce:



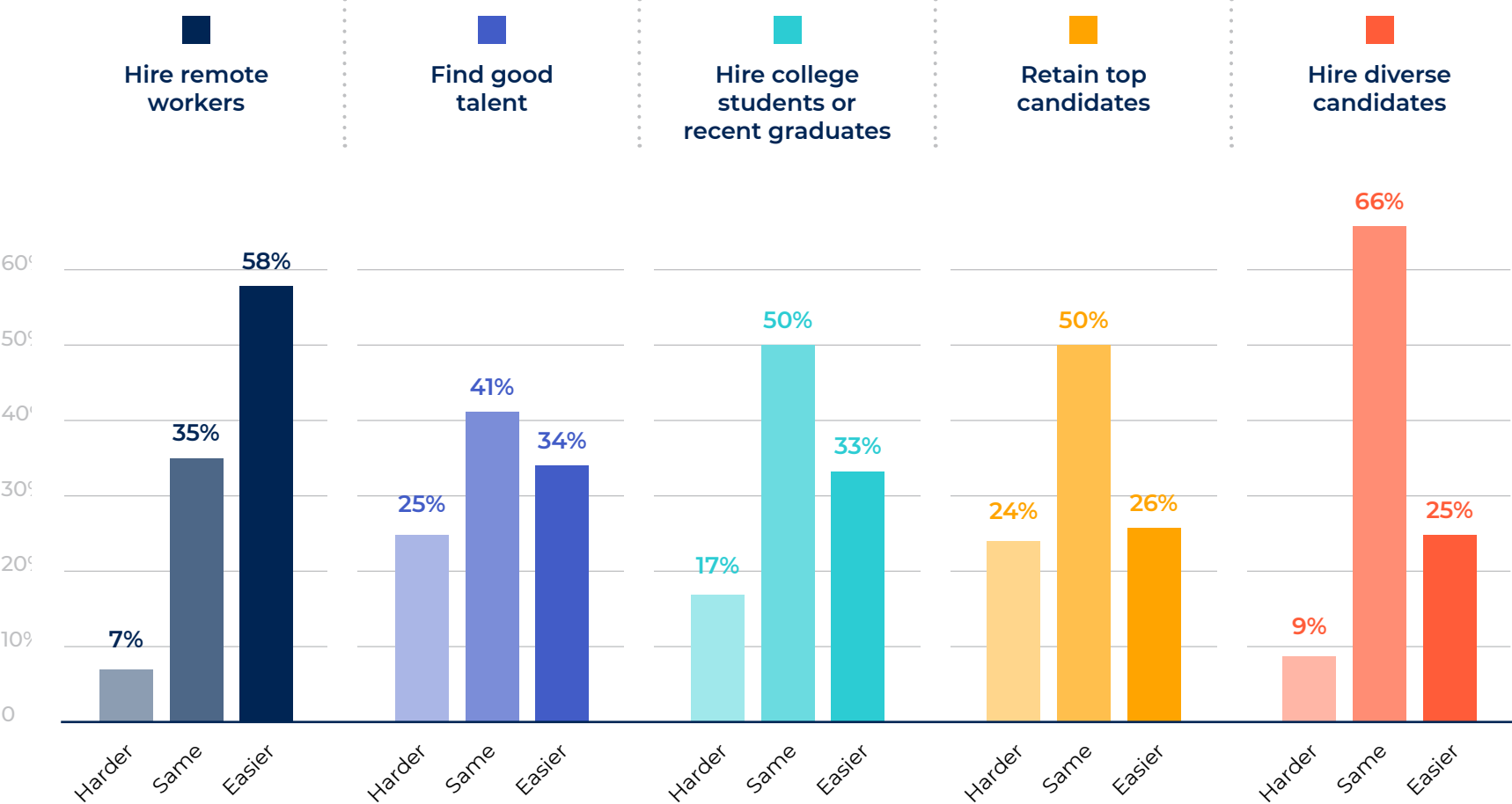
Future Outlook



COVID-19 doesn't necessarily make it harder to hire.

On average, hiring professionals don't think that COVID-19 will make things harder for them. In fact, 58% think that COVID-19 will make it easier to hire remote workers. Meanwhile, 34% think it will make it easier to find good talent, and 33% think it will be easier to hire college students or recent grads. This once again reinforces a shift in the balance of hiring, with more candidates actively seeking employment.

Percentage of hiring professionals who think COVID-19 will make these activities harder, easier, or the same over the next year:

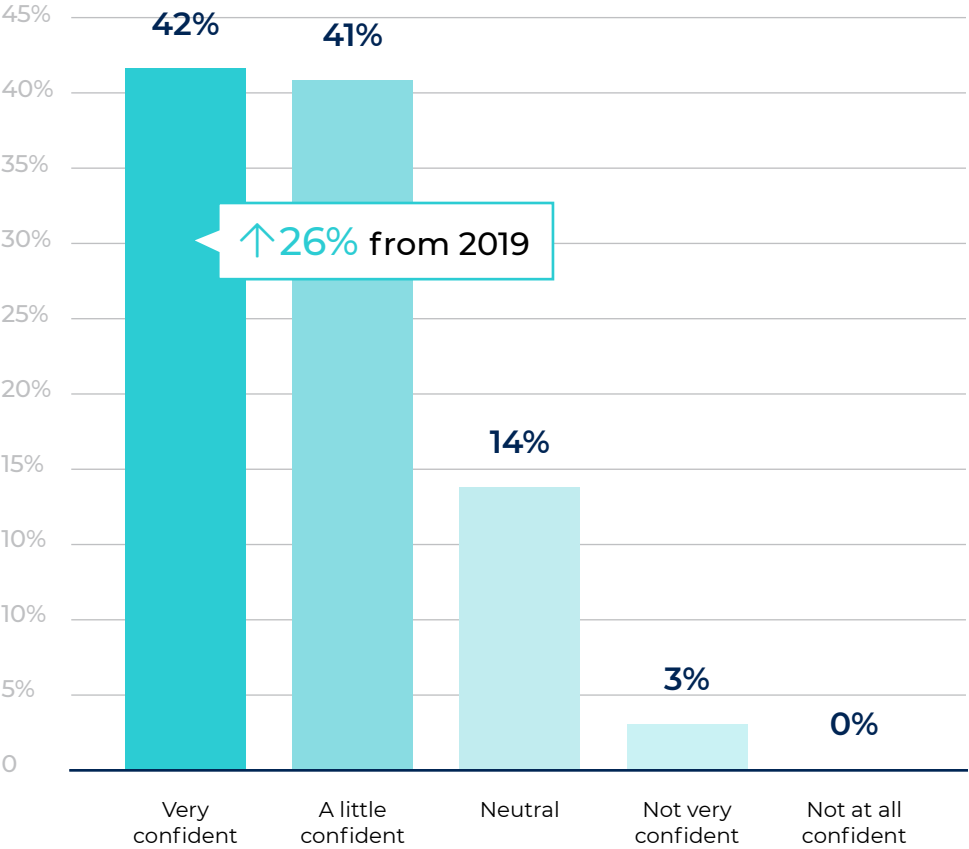


Confidence is up!

More hiring professionals are feeling confident about their hiring process this year when compared to 2019. When asked how confident they are in their current hiring process, 42% of hiring professionals said very confident. This is up 26% from 2019.

It's hard to say where the renewed confidence comes from, but it echoes the rest of the results across this report. On average, hiring professionals are finding hiring to be less challenging, resulting in higher confidence overall.

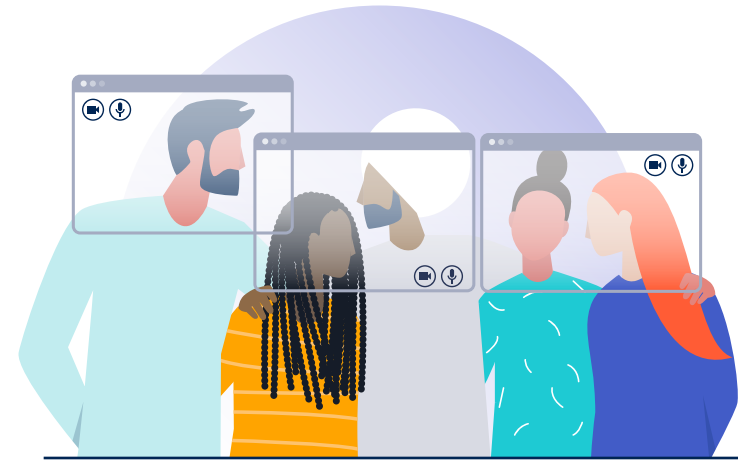
Percentage of hiring professionals who are confident in their hiring process:



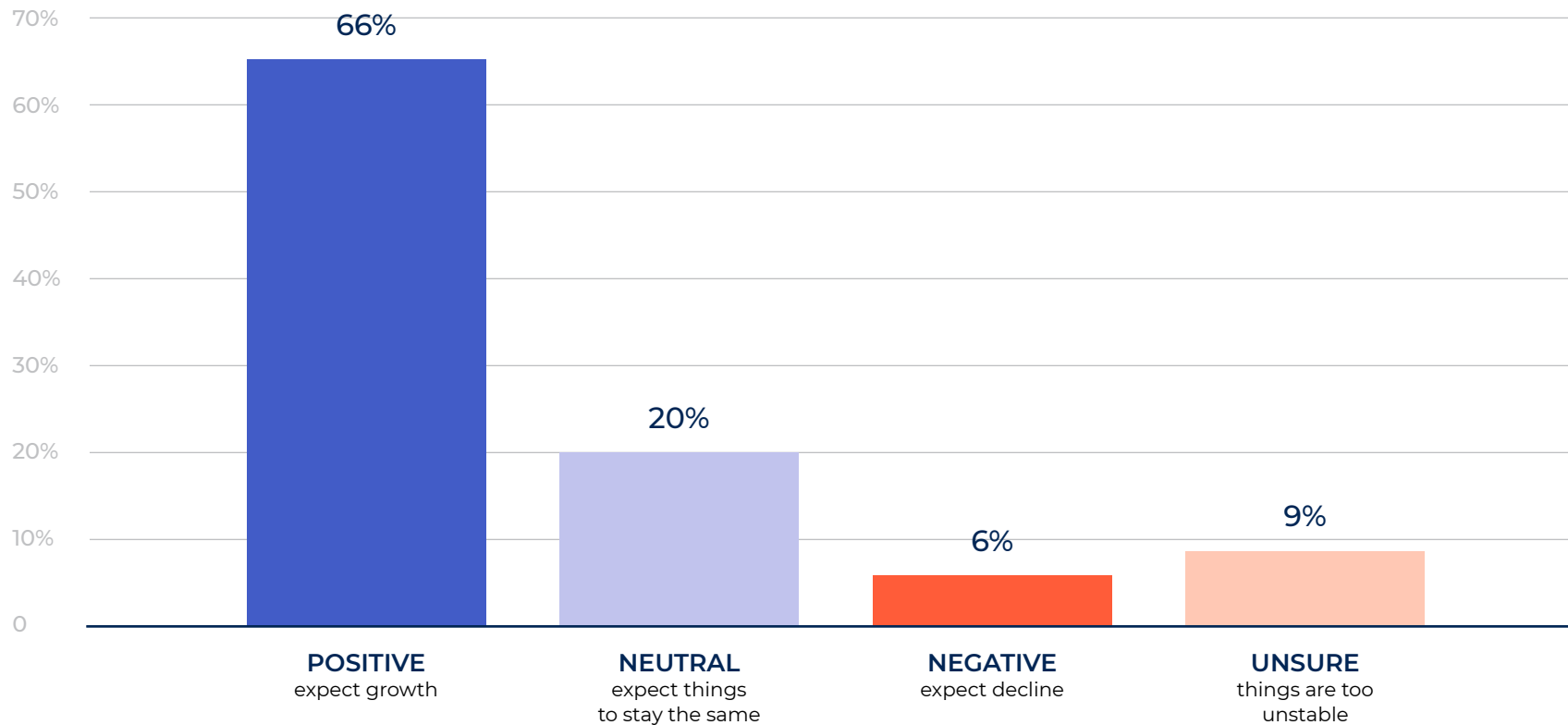
Hiring professionals are optimistic about the future.

The majority (66%) of hiring professionals feel positive about the future health of their organizations. Just 6% feel negative about the future, while 20% feel neutral and 9% are unsure.

Despite the many challenges that 2020 has presented, the results suggest that organizations may feel the worst is over and that 2021 may bring a return to a “new normal.”



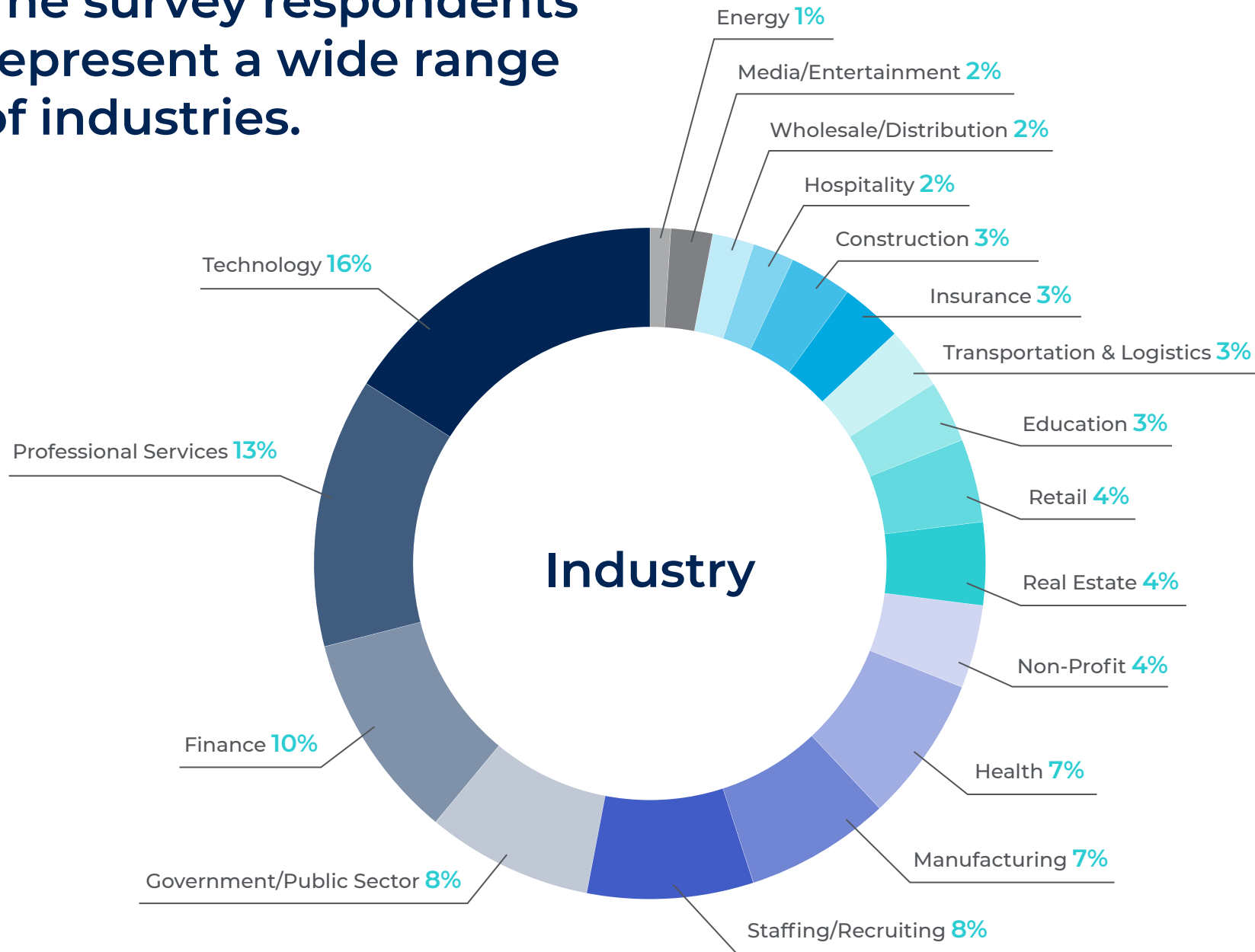
When thinking forward to 2021, what is the outlook for your organization?



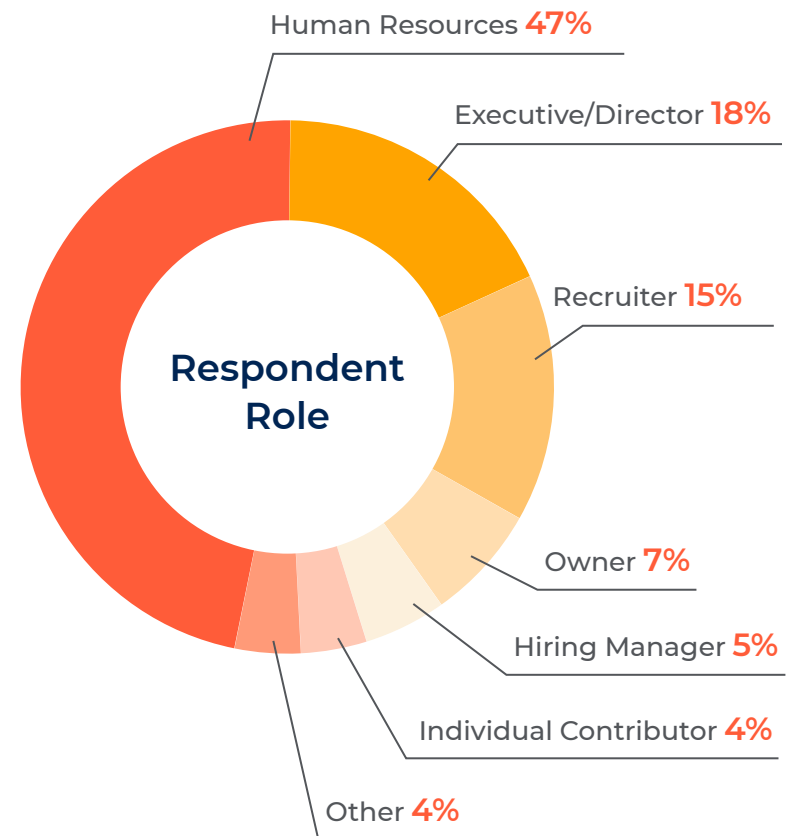
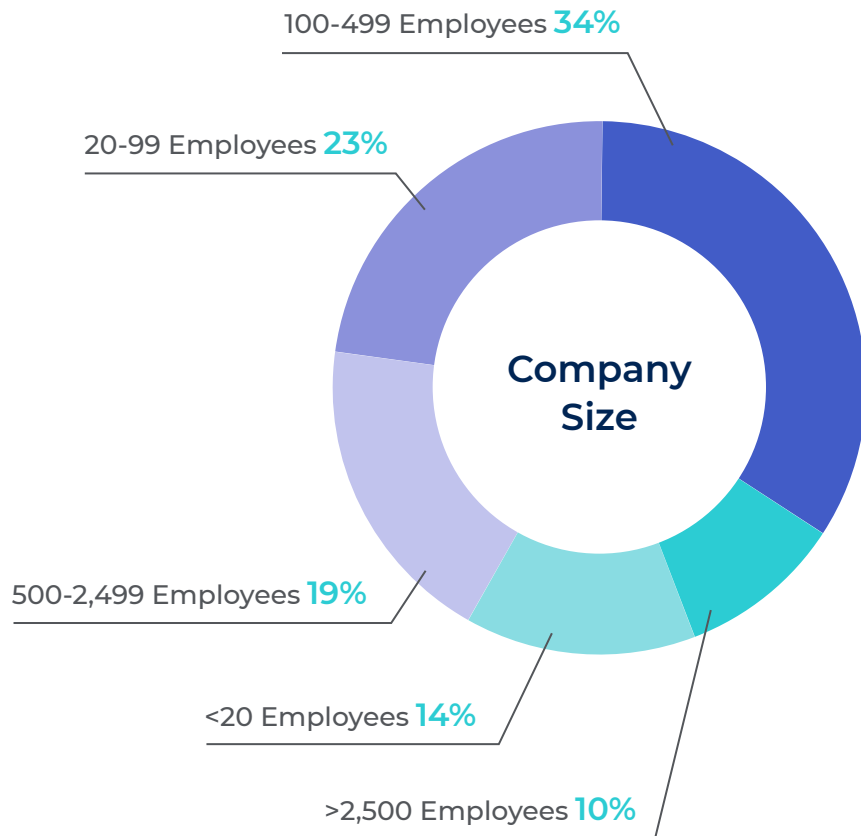
Survey Respondents



The survey respondents represent a wide range of industries.



They also hold many different types of roles and come from companies of all sizes.



Make Better Talent Decisions with Criteria

Criteria's testing platform empowers companies to make more informed hiring decisions through a comprehensive suite of scientifically-validated aptitude, personality, emotional intelligence, and skills assessments.

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