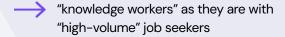
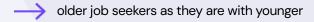


Artificial intelligence is transforming every aspect of talent acquisition and talent management. The evaluation, assessment, and selection of employees is no exception.

The research shows that Al interviews are just as popular among...





people with master's or bachelor's degrees as they are with job-seekers without them Employers in every industry are turning to AI to help speed up the hiring process, save money, make fairer decisions, and improve the candidate experience.

We've created a guide for employers that are considering using AI to evaluate job candidates. It challenges the conventional wisdom that avatars will be most embraced by young people and people seeking high-volume jobs. It also touches on the use of AI in other aspects of talent management, beyond recruiting.

Report Contents



The Challenges Facing Hiring Teams



Prior Options for Interviewing at Scale



A New Generation of Interview Technology: Avatar Al



The Costs of Inaction



Communicating With Job Candidates About an Avatar Interview



How Job Candidates Feel About Avatar Interviews



Avatar Interviews as a Component of Skills-Based Hiring



What Recruiters Find of Value in Al Avatar Assessment



Al Avatars: Are They Just for High-volume Jobs?



Measuring the Impact of the Use of Al to Conduct Interviews



The Future of the Avatar in Talent Management

Why So Many Organizations Are Selecting Al Interviews

Multiple factors are converging on businesses and their talent acquisition departments. These include:

- A "white-collar recession" in some areas, causing a large number of applications for many positions sometimes in the thousands, hours after a job is posted.
- Tight budgets in human resources departments
- Increased job openings without any increase in headcount in the human resources departments.
- Employees using artificial intelligence to mass-apply to jobs
- Ongoing efforts to improve the job candidate experience
- Burnout from excessive interviews.
- A movement to reduce the reliance on degrees, and to hire based on skills and potential

The New York Times says that "the number of applications submitted on LinkedIn has surged more than 45 percent in the past year. The platform is clocking an average of 11,000 applications per minute, and generative artificial intelligence tools are contributing to the deluge."

"All of these open regs are getting a crazy amount of applications and making it hard for recruiting teams," says Phil Strazzulla, Founder of SelectSoftware Reviews.

All told, we are in the middle of a perfect storm of a deluge of job applicants, lean budgets and staff, and a strong desire to improve the way people are selected.

This has led to the use of AI to assess job candidates, particularly using the avatar interview as an initial screen before a human handles the next round, whether recruiter or hiring manager. It can help talent departments manage the flow of applicants in an era of tight staff and tight budgets. It can, if done right, improve the candidate experience. And it can be a component of the "skills-based hiring" movement, reducing the reliance on just a resume. Lastly, it can help provide a sense of fairness to job candidates who otherwise would have felt they were "rejected by the applicant tracking system" without a chance to showcase their potential.

Prior Options for Interviewing at Scale

There are a variety of ways organizations have responded in the past to the deluge of job applications. These included:

Audio or chat interviews.

Phone interviews were not a bad solution 5-10 years ago. They helped large, high-volume employers such as department stores winnow down thousands of job applicants to a more manageable number. Then, chats came along. Marilyn Pearson Hendricks, CEO & Managing Partner at WorkTech Advisory, notes that when McDonald's added chatbots to the job application process a few years ago, that technology — which seems dated now — was seen as leading edge. "It wasn't a 'thing' at the time, but it went mainstream," Hendricks says.

Top talent now demands a more modern candidate experience than a chatbot. High performers associate the kind of candidate experience they have, and how advanced the tech stack is, with the type of experience they'll have on the job.

Video interviews.

Many companies have tried interviewing job candidates, either live or asynchronously, on video, using platforms such as Zoom or through HR-technology companies. Unfortunately, these have not solved the problem of a lack of time, lack of budget, bias, burnout, and more, that have led to the use of artificial intelligence in interviewing.

A New Generation of Interview Technology: Al Avatars

Phone and chatbot interviews have given way to a more advanced, modern technology. Avatar interviews are virtual interviews, powered by artificial intelligence.

Interviews using avatars offer benefits to talent-acquisition departments by allowing them to learn about hundreds or even thousands of applicants at scale, gaining much deeper insights than a cursory glance at a resume. HR leaders can get valuable insights and analytics from these interviews, to help them as they make decisions on which candidates to send to a hiring manager for a live interview.

Virtual interviews with avatars also benefit job seekers, which we will explore more below. Summing up job-seekers' experiences, here are some of the comments from job seekers we talked to about the modern, moving, avatar interview.

"It felt like you were talking to a real person."

"The avatar made the view feel more natural and engaging, like I was speaking to a real person instead of just a screen."

"It makes it feel more like an actual interview and not like you're just talking to a computer."

"It helps bridge the gap between traditional video interviews and Aldriven formats."



The Costs of Inaction

Turning to artificial intelligence for job interviews may seem like a "nice to have" more than a "must have." But, the costs of not doing so can be substantial in many companies. These include:

Mishires.

When you screen haphazardly, it often involves some combination of ignoring some job applicants or spending a very limited amount of time evaluating each person. This makes an organization very vulnerable to bias and mishires. Every bad hire costs about 30 percent of an employee's first-year earnings.

Burnout bias.

Excessive interviews can cause burnout and bias. For example, interviewers may turn to such well-known subconscious shortcuts as "recency bias" (favoring the more recent people they have interviewed) or "primacy bias" (favoring the initial round). This can greatly and negatively affect quality of hire.

Burnout can also lead to turnover in the talent acquisition department among recruiters, recruiting coordinators, and others stretched too thin.

Interview creep.

Initial interviews are prone to inconsistency. Even experienced members of the hiring team may engage in "small talk" with a job candidate about the weather, the city where the candidate lives, people they know in common, or other topics, and find themselves favorably or unfavorably disposed to the candidate for reasons largely unrelated to the job.

Long implementation cycles for alternatives.

Many alternatives to avatar interviews involve major transformations in an organization, and very lengthy implementation time.

Competition.

Companies that miss out on considering some applicants for a job not only lose out on a potentially great employee; their competitors that can handle a greater interview load gain one. Similarly, high-quality candidates who experience a lengthy or poor application process can be lost to competitors quickly. You need speed to get quality.

Loss of untapped talent.

Nontraditional candidates can be overlooked by resume filters, but found by Al interviews. Many tools don't actually solve the screening problem; they just filter out nonconformity. Hiring teams often default to people from highly ranked colleges they are familiar with, or prestigious former employers.

Missing red flags.

Busy interviewers doing a massive initial round of interviews can miss "soft skill red flags" by putting so much emphasis on the resume, application, and a person's work and education history. Again, this can impact quality of hire, and lead to short employee tenures due to people quitting quickly or being terminated during their initial months on the job.

The wrong people making decisions.

Hiring teams are often put in the position of quickly evaluating and selecting a small number of people to interview among thousands. Understanding a human being based on 5, 10, or 30 seconds of attention to a resume — which is essentially a marketing piece about themselves — is a nearly impossible task.

A leading expert in sourcing and recruiting, <u>Carmen Hudson</u>, described the decision to maintain the status quo or to massevaluate people this way: "Aren't tools that assess every candidate with the same set of criteria better than not using tools at all? In my experience, of the candidates that apply, only a teeny-tiny percentage are assessed at all, if an automated tool isn't used. So what's better? A documented approach to assessing all candidates, or a haphazard assessment of a few folks? Don't get me wrong. I think we have to remain vigilant when using AI to assess skills and behaviors. That's likely ongoing, never-ending work. But let's not sit around pretending that we currently do a great job of candidate assessment at scale."

Communicating With Job Candidates About an Avatar Interview

Part of the success of an interview with an avatar lies in communication. Job interviews aren't new, and no one needs to explain to a job candidate what they are and why they're conducted. Jobs interviews with a fictitious person, on the other hand, may feel unusual to some people before they become ubiquitous.

Companies may want to explain this new feature. Why is this avatar interview going on? How long will it be? Will an actual person be part of the interview process later on?

A company contacting a candidate could send a note that reads something like this:

We received more than 1,000 resumes for the customer–service manager job within minutes. It's not fair to ignore any of you or to not give you the time you deserve as we find our next great employee.

We'd love for you to answer a few questions with our Al assistant Daniel, who can help make sure you get a chance to explain your accomplishments.

Daniel won't make decisions for us. We will make all decisions. And if you move on to the next interview, it will be an interview with a member of our hiring team.

The interview can be found at www....

It should take about 15 minutes, and only requires a computer in a quiet location with video turned on.

Note that the communication emphasizes that the interview is a benefit to the job seeker, not just a way for a hiring organization to save time.

We are in the middle of a perfect storm of a deluge of job applicants, lean budgets and staff, and a strong desire to improve the way people are selected.



How Job Candidates Feel About Avatar Interviews

When it comes to the candidate experience, there are multiple ways to think about avatar interviews. These include:

Willingness: Is having a conversation with an avatar awkward, or are they comfortable with it and prefer a recorded conversation with a static image? Would they bow out of the hiring process?

Fairness: Do candidates see the avatar interview, for a first round, as an improvement over one with humans?

Roles: Does interest in an avatar interview depend on whether this is for a "high-volume" job, or for a "knowledge worker"?



Candidates told us this wasn't just bearable — it was better. More thoughtful, less biased, and surprisingly human."

-<u>Michael Palys</u>, Colleva Co-founder Colleva addressed these questions in an April–June 2025 study of 667 people. Colleva's research analyzed feedback across seven job roles: Account Manager, Customer Support Representative, Executive Assistant, Financial Advisor, Project Manager, Operations Specialist, and Sales Development Representative. Rather than just asking people how they felt about the possibility of being interviewed by an avatar, the study involved people who had experienced an avatar interview, for a more accurate reading of their experience.

The upshot of what <u>the study</u> found: "Candidates told us this wasn't just bearable — it was better," says Colleva Co-founder Michael Palys. "More thoughtful, less biased, and surprisingly human."

Interestingly, the results upended the conventional wisdom that avatars are for young people, or not for knowledge workers. Strong majorities of people find it fair, regardless of gender, race, the nature of the job, or educational level.

Here's a breakdown of some of the data from that research.

Willingness to be interviewed by an Al avatar.

Steven Hunt, an employee selection expert, former global vice president at SAP, and author of the books *Talent Tectonics* and *Hiring Success*, says that there are multiple ingredients to successful technology. Not only does it need to achieve goals such regarding efficiency and costs, but it has to be culturally acceptable. With regard to culture acceptance, he

notes that there were communication and other behaviors that were less culturally acceptable before the global pandemic but are commonplace now.

This acceptability is something Colleva sought to measure. According to Colleva's findings:

- 90 percent of job candidates would participate in this form of interview; results varied very little by gender, race, and educational levels
- 78 percent of respondents preferred this format over a resume and cover letter alone

"I felt like I could open up more. I wasn't as nervous as I would be with an actual human."

"The format gave me time to think through my responses without the usual interview nerves."

"I didn't feel like I needed to 'perform."

How an avatar interview compares to alternatives.

As mentioned above, an avatar is not the only type of virtual interview. According to this new research:

- 69 percent prefer Al avatar interviews to just voice (of those with a preference)
- 78 percent say they are more likely to apply for jobs that include this as an option

"Simply seeing a face adds a dimension to the communication, humanizing it almost, versus just responding to verbal questions."

"The avatar made me feel more at ease than humans, I guess, because I knew it wasn't real but it also was very engaging." Al interviews give job seekers a chance to be hired based on their skills and potential in ways that are often lost by people reading a resume.



Job-seeker perceptions of fairness in Al avatar interviews.

<u>Jeffrey Pole</u> is the CEO and Co-Founder of Warden Al, which helps companies comply with Al regulations. His company recently released a report on the state of Al bias when it comes to Al hiring tools. The expansive study examined more than 150 audits of Warden's own customers, more than 100 public documents from vendors sharing audits and related information, and academic and industry bias studies.

The upshot: "On average, AI is generally more fair than humans in selection processes," Pole says. "In some cases, AI is up to 45 percent fairer for women and racial minorities."

Job seekers addressed the critical issue of fairness in the Colleva research study as well. The findings:

- People applying for "knowledge work" positions found it as fair as people for high-volume jobs; the sense of fairness did not vary by educational level or demographic group like age and race
- 83 percent felt recruiters would understand them better than without the interview
- 80 percent felt more confident in their application
- Does it provide a fair chance to present qualifications? Ninety-seven percent of financial advisors said yes; 86 percent of executive assistants said yes; and 91 percent of customer support representatives said yes

The presence of the avatar apparently removed a lot of the concerns about unfairness that accompany traditional human job interviews.

"Simply seeing a face adds a dimension to the communication, humanizing it almost, versus just responding to verbal questions." "The avatar made the view feel more natural and engaging, like I was speaking to a real person instead of just a screen." "The avatar made me feel more at ease than humans, I guess, because I knew it wasn't real but it also was very engaging."

In Colleva's research, people of color reported higher satisfaction and comfort than other participants. Seven percent more people of color, for example, preferred an AI interview over a resume/cover letter alone, when compared to other participants.

Non-native English speakers, older candidates, and people with disabilities all found the format accessible and fair. Of people over 60 years old, for example, 84 percent were comfortable completing the interview format; of those under 30, 83 percent were. Satisfaction didn't vary significantly based on the education levels of the respondent.

What the Compliance Experts Say About Bias

What advice do the auditors have about Al assessments? How do they separate the biased tools from the fair tools?

We spoke with Jeffrey Pole, CEO and Co-Founder of compliance/auditing firm Warden AI, and Guru Sethupathy, Founder and CEO of FairNow, which helps companies like Johnson & Johnson stay in compliance when using AI technology.

Pole says that Warden looks for two things: disparate impact and counterfactual consistency. Disparate impact is about whether a technology has a negative impact on a demographic group, even if it's unintended. Counterfactual consistency measures specific items, such as whether a technology could discriminate based on someone's name. All in all, he has found that "Al can be fairer than the human processes they replace. Al systems can deliver up to 45 percent fairer outcomes for women and racial minorities than human-led decisions."

Sethupathy says that any vendor should be able to answer certain questions about their technology and data. These include areas such as:

- What role and steps humans play in the governance of the development and deployment of the Al
- What support they will provide if one of their customers is audited
- How long they store their customers' data, how it is used, and if it can be deleted upon request
- Information about the underlying scores behind recommendations.
 For example, if the product ranks candidates on a 1-5 star scale, the company, if asked, should be able to show more granular information that went into that ranking.

"If a vendor is not responding to these, that's a red flag to me," Sethupathy says.

Avatar Interviews as a Component of Skills-Based Hiring

Earlier in this guide, we alluded to the movement to hire people based on their skills. This is not an effort to downgrade or diminish the importance of a college degree, an MBA, a master's degree, or other credential. It is simply a growing recognition that people can build their skills through traditional schooling, or they can build them by other means such as on-the-job training, apprenticeships, the military, online master classes, boot camps, work for non-profits and other volunteer work (such as serving on boards), and so on.

Resumes have traditionally done a poor job at capturing these skills. Most of us have talents we don't spell out in a resume, though they have great value to employers. A teacher may be fantastic at explaining complex concepts simply, which is a skill that can be valuable in many corporate positions such as training, customer service, and sales. But that teacher may not have described that skill on their resume, as it may be second



On average, Al is generally more fair than humans in selection processes. In some cases, Al is up to 45 percent fairer for women and racial minorities.

 Jeffrey Pole,
 CEO and Co-Founder of compliance/ auditing firm Warden Al nature to them. A military veteran may have had a title in the military that means very little to a hiring manager or corporation. Al can be used to uncover how the skills that person developed in the military are similar to skills needed by a private–sector company, non–profit, or government employer.

Artificial-intelligencebased interviews give job seekers a chance to be hired based on their skills and potential in ways that are often lost by people reading a resume. These AI technologies are particularly powerful for

people with untraditional backgrounds, who should not be screened out because they could not afford college or because they did not work for a "brand-name" employer. The interviewers ask people about their skills, rather than the myriad of unrelated-to-work questions job candidates have for years experienced in job interviews.

Al interviews can help capture the "soft skills" often missed by a simple glance at a resume. (We prefer alternative names like "durable skills" and/or "power skills" to emphasize how important these skills are.)

Companies have for years talked about the importance of soft skills but defaulted to rejecting people based on the limited information that's on resumes. Al interviews provide a powerful opportunity to move great talent on to the next round of interviews, likely with a human, because of their talents such as adaptability, innovation, kindness, empathy, creativity, grit, leadership, teamwork, ethics, and more.

What Recruiters Find of Value in Al Avatar Assessment

Jeffrey Pole, CEO and Co-Founder of compliance/auditing firm Warden AI, believes AI assessments are "going to be huge, replacing what people are doing with resumes." He sees resumes decreasing sharply in importance over the coming years, with less effort spent by job seekers on matching keywords to job postings, and far less reliance on resumes by recruiters. AI "is more fair, more meritocratic," he says.

Colleva conducted a spring 2025 survey of U.S.-based HR professionals, recruiters, and hiring managers actively involved in candidate screening and selection. Their views and experience with using artificial intelligence was as follows.

Their Al appetite is strong.

Ninety-three percent plan to use AI tools in the next 12 months. And 75 percent already are using AI tools in hiring.

Benefits vary.

The talent professionals who are seeking new hiring tools are doing so for multiple reasons:

- Saving time for recruiters (81 percent)
- Getting better candidates (70 percent)
- Saving money (35 percent)
- Beating competitors for talent (32 percent)

Integration, as always, is on their minds.

More than half of the respondents indicated a concern with integration with existing systems. Similarly, almost half, 49 percent, said they were worried about the complexity of implementation. (Along those lines, one said that "compared to my current tools, what stands out as new or different about Colleva is its emphasis on real-time Al support that integrates directly into the recruiter's workflow, rather than functioning as a separate, isolated platform.")

Al Avatars: Are They Just for High-volume Jobs?

The conventional wisdom, at least among some recruiters, about the use of Al interviews is that they are best suited for high-volume positions such as sales-representative jobs making cold calls for call centers or other companies. Turnover can run very high, even at rates of 100 percent, in some of these high-turnover jobs. At some organizations, hundreds and even thousands of people are applying, screened, interviewed, assessed, and selected in any given week.

Some people's assumption is that employees in more of a "knowledge work" role prefer a higher touch experience that involves more human-to-human interaction.

Colleva's interview study does not support this conventional wisdom. The satisfaction rates among financial advisors were the highest of the jobs we tested. Financial advisors, accustomed to building client relationships through conversation, found the Al interview format natural and highly effective for demonstrating their interpersonal skills.

Ninety-seven percent of advisors were comfortable with the format. This was the highest comfort rate of all the roles we examined. Financial advisors' satisfaction rates, at 86 percent, were also the highest among all the roles. "The Al-powered interview is a valuable tool for practicing communication skills," said one participant, "especially for those preparing for roles like financial advisor where clarity and confidence are key."

Said another advisor: "I appreciated the AI interview format for its efficiency, clarity, and structured conversation, allowing me to showcase my skills and experience in a concise manner."

Finance is an area where our customers have indeed found AI interviews to be particularly effective. It is also a sector that does a tremendous amount of due diligence when picking a vendor, only considers technologies with SOC 2 Type II certifications, and is determined to reduce risk.

Al interviews can help capture the "soft skills" often missed by a simple glance at a resume.



Measuring the Impact of the Use of AI to Conduct Interviews

Here are some of the ways that our customers are measuring the impact of their use of AI to interview potential employees.

Compliance.

Your risk should diminish as you rely less on biased methods of selection, from haphazard interview methods, to potentially biased resume selection. Of course, this is dependent on the AI technology you use. Colleva's AI is governed by FairNow. That means the FairNow AI Governance Platform is used to conduct continuous testing and third-party audits of its AI resume screening and interviewing solution. FairNow completed a bias audit of Colleva's AI and no bias was found.

Steven Hunt, an employee selection expert, former global vice president at SAP, and author of the books Talent Tectonics and Hiring Success, notes that if a person wanted to find out if a technology is favoring or prejudiced against certain populations, it isn't easy but can be done. You can compare profiles of people selected by the technology with those not selected, determine what in the algorithm caused the decision, and hopefully fix any flaws. This, he says is not the case with human decision–making; it is virtually impossible to determine at scale what went into the decision–making of recruiters, HR professionals, or hiring managers.

Money saved.

This includes resume-review tools that can be eliminated; pay that's no longer necessary for people such as contract recruiters who review resumes.

Time savings.

This includes time not spent reviewing resumes and not spent scheduling a huge number of interviews, as well as time not spent actually conducting the interviews with candidates who ultimately would not have moved to a further point in the hiring process. It also includes the higher-value work that your hiring team will be able to do with the time it has freed up. Time savings involves both recruiters and hiring managers.

Speed of hire.

Great candidates move faster through the hiring process.

They are less likely to put up with excessive rounds of interviews. Al interviews can reduce the time it takes to get top talent in front of the hiring manager for their first "human" interview.

Quality of hire.

This has multiple components. By capturing untapped talent that would have been screened out by simple, static resume reviews, better hires are made (and those employees are unavailable to competitors). Turnover should also go down as fewer mishires are made.

Satisfaction.

Candidate satisfaction can be measured by CSAT scores, NPS scores, and other means. Recruiter and hiring manager satisfaction measures can also be taken.

Let us know if you would like a template to help you measure the ROI of your AI interviews mentioned above.

The Future of the Avatar in Talent Management

The use of Al-based avatars to do at least an initial round of job candidate interviews is still fairly new; some of the early attempts at avatar interviews were uneven. Now, however, strong majorities of job candidates — regardless of their demographics such as age, race, or educational level — find the format to be more fair and more comfortable than alternative forms of assessment. And recruiters are finding they are both saving time as well as improving quality of hire.

Given these successes, avatar usage will likely only expand. Its use will be more common in other areas of talent acquisition and talent management, including:

- To communicate with candidates during the onboarding process and answer their questions and concerns
- As part of performance management; for example, to gather an employee's thoughts, concerns, and accomplishments through an avatar interview that can improve participation rates and accuracy
- For managers to practice coaching, conflict resolution, and difficult conversations
- For salespeople and others to hone skills such as overcoming objections

Pete Tiliakos, a leading talent technology analyst, says that as AI interviews expand in frequency, one of the best benefits they will provide will be increased feedback to candidates. "That would be really cool if it could coach you," he says. "It would be lovely to give people that information. As managers, you can't always do that."

Meanwhile, I/O Psychologist <u>Charles Handler</u>, one of the leading experts on employee assessments, sees avatar interviews as a "gateway" to the future of hiring, where simulations will take place. An interview might lead, for example, to a job candidate having to work through a business challenge. "Interactive things you can't do as much when you're staring at a blank screen," Handler says.

Colleva is working with companies in multiple industries on all of these ways to use avatars. <u>Let us know</u> if you would like to talk more about the research on job seekers, or about what we are learning from our customers about how avatars can benefit companies, job seekers, and employees.

Calculating the ROI of Your Al Interviews

Colleva offers a free interactive template for you to measure the impact of your avatar interviews. <u>Let us</u> know if you would like a copy.

A much-abbreviated formula is shown below. These costs are calculated with the use of Al interviews, and without, and the cost savings is shown.

(Cost of recruiter resume reviews X recruiter hourly rate)

(Cost of recruiter initial phone screens X recruiter hourly rate)

(Cost of hiring manager candidate reviews X manager hourly rate)

Total costs hourly rate)

When AI interviews are used, far more candidates can be screened up front, widening the pool of potential talent. But only those who fit well are passed along to hiring managers, saving valuable time and money.