



Pre-Hire Assessments: You Have Better Options



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Companies are increasing their investment in pre-hire assessments this year. In fact, according to Aptitude Research Partners' 2018 Assessment study, 71% of companies are leveraging at least one assessment provider and 57% of these companies are using two or more providers. This uptick in assessments is driven by the need for more science and less bias in the talent acquisition process. With the shortage of talent and the need to better align talent and business objectives, organizations want solutions that will offer accurate and timely data on candidates. When used correctly, assessments can provide tremendous value in helping organizations use data to make better decisions around talent. According to Aptitude Research Partners' 2018 Hire, Engage, Retain study, 30% of companies believe that assessments have the greatest impact on quality of hire.

Yet, as the demand for assessments increases, the innovation in this market has remained

stagnant. In fact, only 25% of companies in Aptitude's 2018 Hire, Engage, Retain study are considering a mobile assessment solution. Companies still face many of the same challenges with providers, products, and pricing. Assessments continue to frustrate recruiters, hiring managers, and candidates. In recent interviews Aptitude conducted this year, most companies believe that assessments are not short enough, not predictive enough, and not candidate-friendly enough. Unfortunately, many of these companies do not recognize that they have better options.

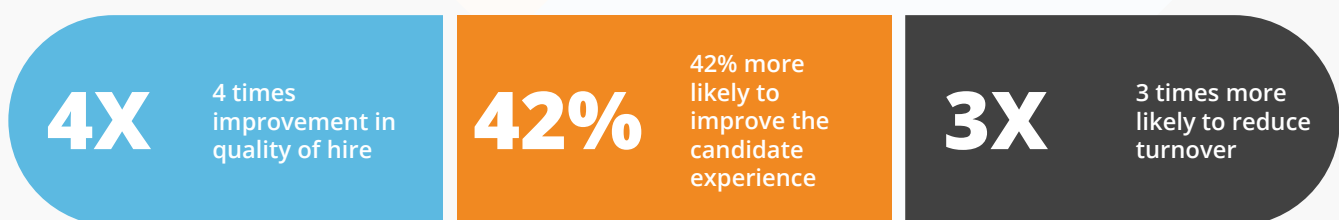
This report based on data collected in 2018, will look specifically at how the next generation of assessment providers are aiming to disrupt this market with solutions that are more effective, predictive, and candidate-centric.

A DEFINITION OF SOCIAL RECOGNITION

Assessments provide significant value in the talent acquisition process. They help organizations make better hiring decisions through validated solutions and trusted data. According to Aptitude Research Partners, companies using assessments saw improvements in overall business results including retention, experience, and quality.

FIGURE 1

The Business Impact of Pre-Hire Assessments

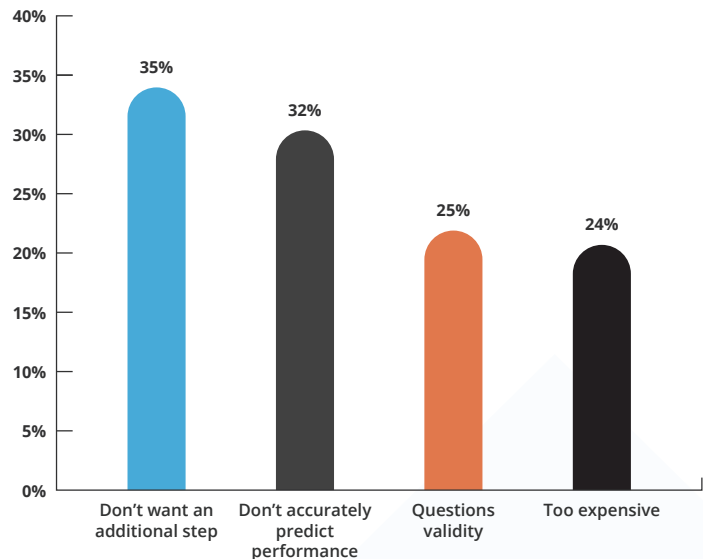


Source: Aptitude Research Partners 2017 Hire, Engage, and Retain, n=330

But, the value of assessments can go unnoticed when companies leverage traditional solutions in very traditional ways. Some companies include a lengthy assessment during the application stage to help narrow down the talent pool while other companies use assessments only for leadership positions. By viewing assessments as just another step in the hiring process, companies are missing the full potential of what these solutions can offer. **In fact, only 12% of companies view their assessment provider as a true partner according to Aptitude Research Partners' 2018 Assessment study.** In a world where talent is scarce and the candidate experience has become the top priority, lengthy assessments can negatively impact talent acquisition efforts. Companies that are not planning to leverage assessments this year, believe that they are not strategic enough (see Figure 2). These companies cited not wanting to add another step in the process, an inability to predict performance, and concerns over validity as the top reasons for not investing in these solutions.

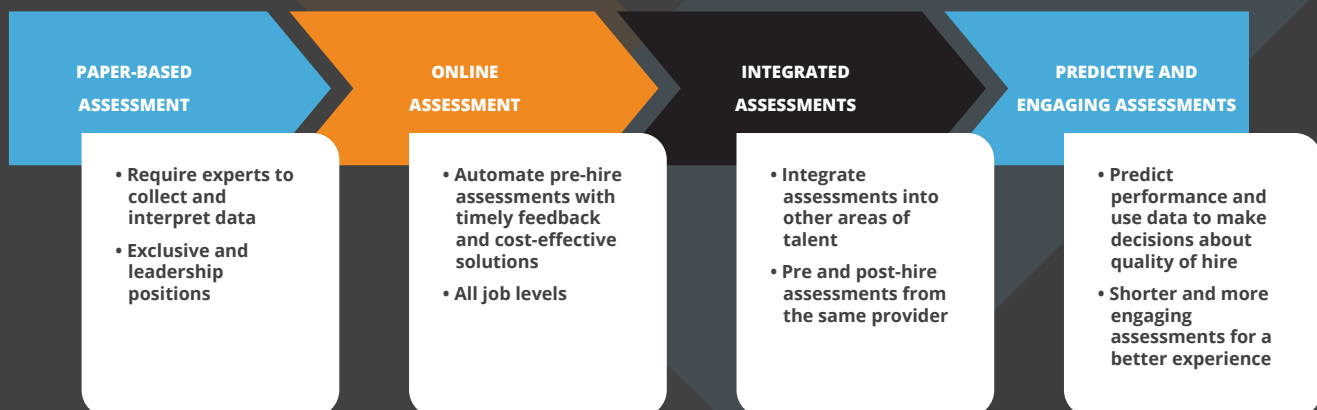
FIGURE 2
Reasons Companies Do Not Invest in Assessments

Source: Aptitude Research Partners, 2018 Assessment study, n=324



EVOLUTION OF PRE-HIRE ASSESSMENTS

Assessments have evolved with the advancement of technology. Once considered highly- specialized tools that would need to be created and interpreted by experts, next generation assessments provide a simpler experience for both recruiters/managers and candidates. Below is an overview of this evolution:

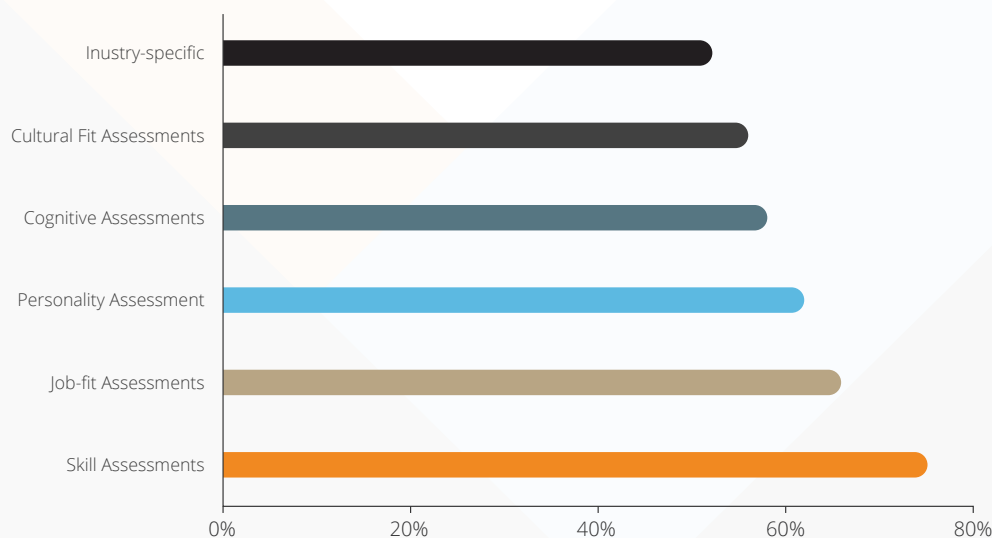


So, why has the assessment market not progressed at the same speed as the rest of talent acquisition? Why are organizations still using the same providers that they first evaluated ten and even twenty years ago? For starters, the assessment market is deeply rooted in tradition. Unlike other areas of talent acquisition that have become overrun with startups, assessment providers have had to establish themselves with credibility, highly-specialized solutions, and the buy-in of the Industrial Organizational (I/O) Psychologist community. Becoming an assessment provider is a rite of passage and requires a certain amount of staying power and scientific prowess. While this tradition brings validity to assessments, it has also created a market that struggles with change. ***Below are some of the obstacles organizations face with traditional assessments:***

- **LENGTH OF ASSESSMENTS:** For many companies, assessments fall under two buckets. Assessments used broadly across the entire organization during the application stage and assessments used for leadership positions. In both categories, assessments are time-consuming and require a commitment from candidates as well as from recruiters and managers interpreting the results. Assessments used during the application stage can take anywhere from forty-five minutes to two hours and leadership assessments can take up to four hours or longer. This cumbersome process puts companies at risk for losing quality talent.
- **TYPE OF ASSESSMENTS:** Companies are twice as likely to use custom assessments than off-the-shelf assessments according to Aptitude Research Partners' 2018 Assessment study. Custom assessments are costly and do not translate to every job level. Additionally, most companies invest in skill-based, job fit, and personality assessments. These types of assessments require dedicated time and resources from both employers and candidates. While advancements have been made in personality assessments, traditional skill-based assessments typically provide a poor candidate experience and can be difficult for employers to interpret.

Figure 3:

Categories of Assessment Providers

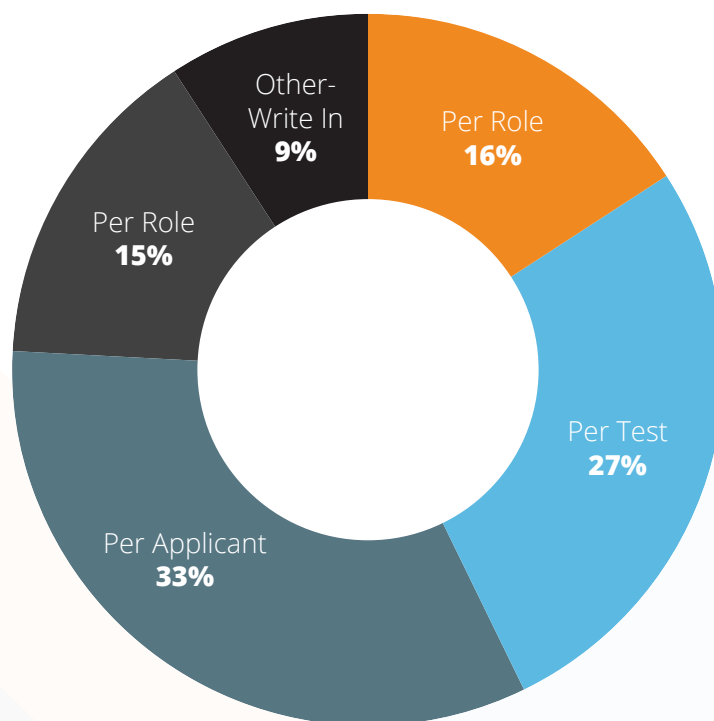


Source: Aptitude Research Partners' 2017 Hire, Engage, and Retain study, n=330

- **BUYER:** Assessments at most companies are owned by talent acquisition or for some companies, an individual dedicated to assessments. The buying process can vary from organization to organization and can sometimes involve internal I/O psychologists, IT, and business leaders. In order to gain internal buy-in from these multiple stakeholders, talent acquisition leaders tend to stick with traditional providers during the buying process.
- **PRICING:** Assessment pricing is not standardized. Providers can change pricing to win a deal or to gain traction in a certain industry. Volume of hires, multi-year contracts, and job-level can all play a role in pricing. For most companies, assessments are priced per applicant or per test (see Figure 4). Although most companies would prefer to pay per hire, only 15% of companies are investing in this model.

Figure 4:

Pre-Hire Assessment Pricing Models

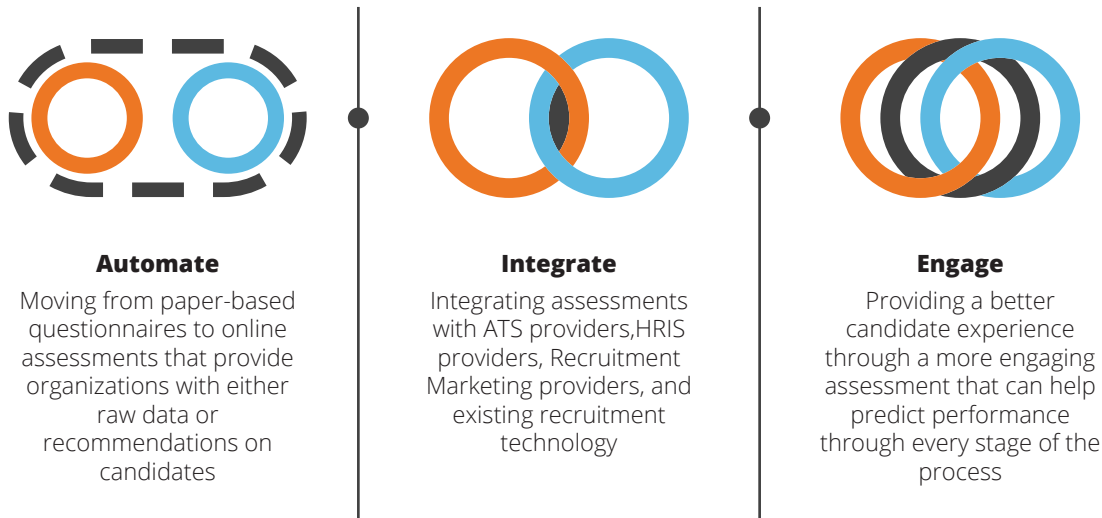


Source: Aptitude Research Partners, 2018 Assessment study, n=324

The assessment model of the past does not always meet today's complex hiring challenges. Companies need to be more strategic in how they are using these solutions and consider what providers will drive results. New assessment providers are beginning to enter the market yet, most companies do not know what options are available. When evaluating providers, companies must move beyond just automating and integrating assessments to using them to better engage talent (see Figure 5).

Figure 5:

Maturity of Pre-Hire Assessments



The good news is that the next generation of assessment providers are helping companies engage talent by providing both validation and a better experience. The following pages of this report will address the key trends to consider when evaluating providers.

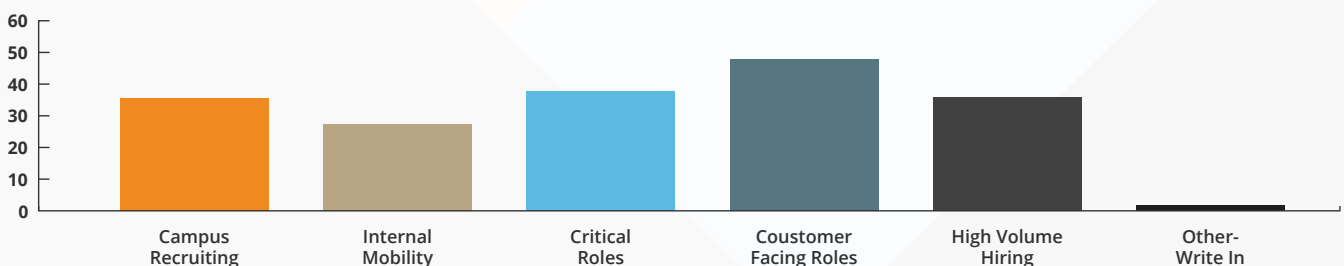
KEY TRENDS

As companies start to evaluate assessment options, they should look beyond the traditional providers and consider next generation providers. With the increased demand for assessments, below are a few trends that organizations should consider:

- **USE CASES:** The use cases for assessments have shifted. No longer focused solely on executive and leadership positions, the next generation of assessment providers are targeting customer-facing roles, critical roles, and high-volume roles (see Figure 6). They recognized that these are typically the jobs that directly impact retention, productivity and overall customer satisfaction. When we asked companies how they would like to use game-based assessments during our qualitative interviews, they identified the following: tellers, cosmetics, sales, custom service, and engineering.

Figure 6:

Use Cases for Assessments

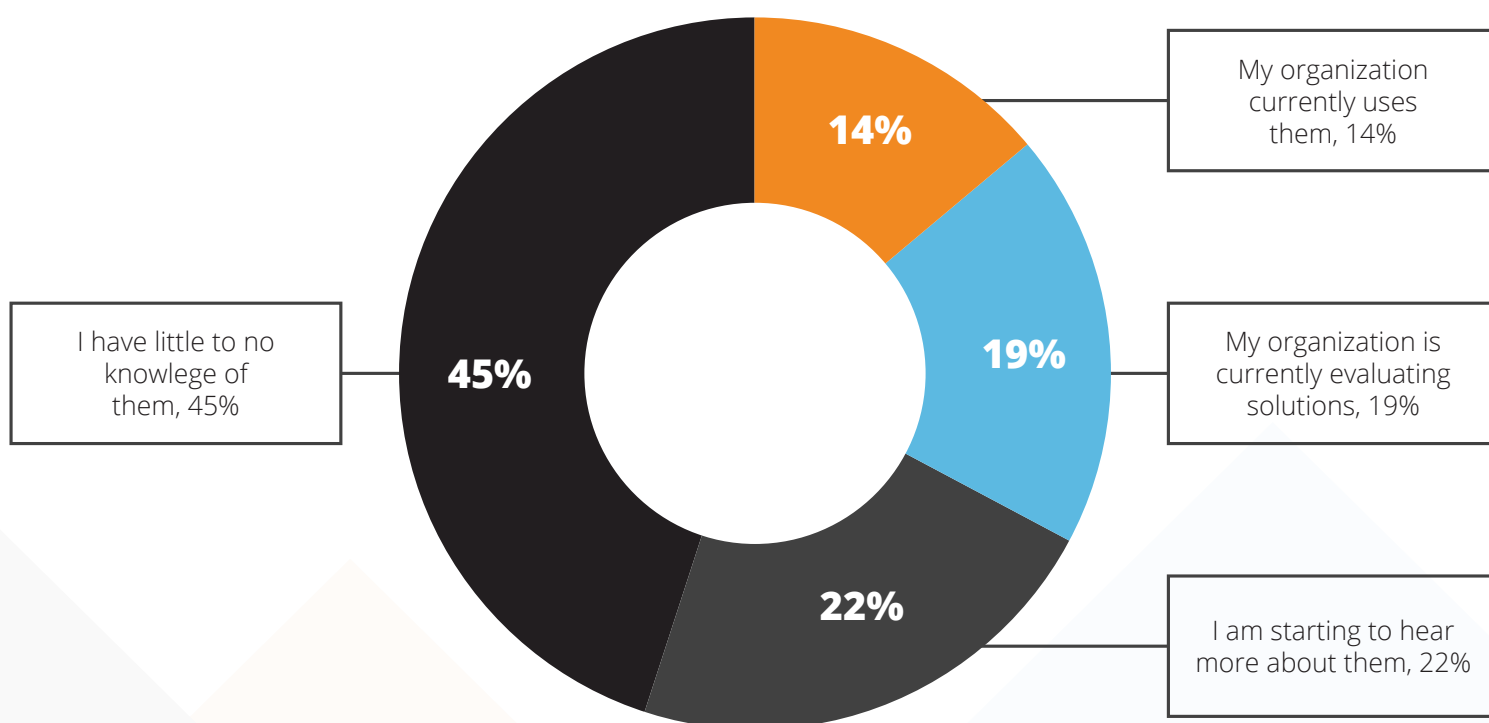


Source: Aptitude Research Partners, 2018 Assessment study, n=324

- **GAME-BASED ASSESSMENTS:** The shift from executive positions to high volume and customer facing roles has increased interest in game-based assessments. When asked about the perception of game-based assessments, one in four companies were interested in game-based assessments but could not find a provider. Many companies described game-based assessments as “virtual realities” (an assessment trend from 2008-2012) rather than solutions that offer candidates more of an experience and less of a questionnaire.

Figure 7:

The Role of Game-Based Assessments



Source: Aptitude Research Partners, 2018 Assessment study, n=324

- **INTEGRATION:** In the past, assessments were delivered by best-of-breed providers that had an impressive pedigree of Industrial/Organizational Psychologists and won favor with organizations such as the Society for Industrial and Organizational Psychologists (SIOP). Today, many broader talent acquisition providers and talent acquisition platform providers are entering this market by offering validated assessments that are integrated with their existing product suite and embedded in their products. ***In fact, 48% of companies said that this integration is a key criterion in selection according to Aptitude Research Partners' 2017 Hire, Engage, and Retain study.*** Organizations now have multiple options for the type of assessment they want to use and the type of provider they want to partner with on that investment. Some companies are starting to use assessments upfront in the assessment process and integrating their solutions with recruitment marketing platforms so that they can assess talent even before an individual applies for a job.

- **PREDICTIVE ASSESSMENTS:** It is difficult to discuss assessments without talking about the role of predictive analytics. In fact, some providers are even abandoning the term “assessment” and marketing their solution as “predictive selection”. The reason that predictive analytics play a role in assessments is that organizations want the ability to make better decisions about the talent they are bringing into the company and also, to ensure that individuals will be likely to perform and contribute to overall business success. The challenge is that many providers are using the term predictive when they are passively collecting data from just a single data source.
- **PSYCHOMETRICS AND AI-BASED ASSESSMENTS:** It is hard to talk about any HR technology trend without addressing the role AI plays in decision-making. For assessments, companies interviewed for this study said that they were interested in how assessment providers could provide more intelligent data for predicting performance and quality. Several companies were also interested in the idea of integrating chatbots to communicate with candidates and schedule assessments or interviews.
- **JOB PREVIEW:** A realistic job preview can give companies an understanding of how someone will perform on the job. It can also give candidates an idea of what the job will entail. Job previews can be an extremely powerful tool for high-volume jobs and positions prone to turnover.

EVALUATING PROVIDERS

Despite the increased focus on assessments, talent acquisition teams can still struggle to gain support from the business when investing in next generation providers. According to Aptitude Research Partners, organizations typically measure the effectiveness of their assessment by quality of hire, hiring manager satisfaction and efficiency. (See Figure 8).

Figure 8:

Measuring the Effectiveness of Assessments



Source: Aptitude Research Partners, 2018 Assessment study, n=324

Below are a few questions that talent acquisition should consider before making an investment.

INTERNAL QUESTIONS TO CONSIDER:

What is the formal process for evaluating business cases and who is involved?

Are we looking to replace our existing assessment solutions?

Who will be using assessments at our company?

What are we satisfied with in our current assessment strategy? What needs to change?

Do stakeholders look at projects individually or as a portfolio?

What is the budget cycle at our organization?

What resources do we need and what do we have available?

Who will own this selection process?

Who will be a change champion for the project?

EXTERNAL QUESTIONS TO CONSIDER:

How financial secure is this provider?

How many customers and in what industries does this provider support?

What services does this provider offer?

What do customers think about this provider?

What is the experience like for the recruiter, manager, and candidate?

Will the technology provider be able to grow with your needs next year?

Does the provide have a transparent product roadmap?

NEXT STEPS

The demand for pre-hire assessments has never been greater. Companies face intense pressure in talent acquisition and they need proven solutions that will help them find the best fit. As many recruitment solutions overcomplicate the task of identifying and attracting talent, the fundamental use of assessments remains steadfast. They offer companies what most solutions cannot: objectivity in the hiring process and improvement in quality of hire. Companies that want to see the most value from their assessment investments will consider providers that offer both validated solutions and a better overall experience.