# THE FUTURE OF PRE-HIRE ASSESSMENTS:
BUSINESS OUTCOMES, CANDIDATE EXPERIENCE, AND PREDICTIVE ANALYTICS

OCTOBER 2019 | BY: MADELINE LAURANO, APTITUDE RESEARCH

The demand for pre-assessments has never been greater. According to research from Aptitude Research, companies have steadily increased their investment in assessments over the past three years (see Figure 1). As organizations face mounting pressure to compete for talent across industries and improve quality of hire, assessments enable organizations to make better decisions around talent and improve business outcomes. **In fact, companies that invest in assessment are four times more likely to improve quality of hire and three times more likely to improve retention.**

Figure 1: Investment in Assessment Providers
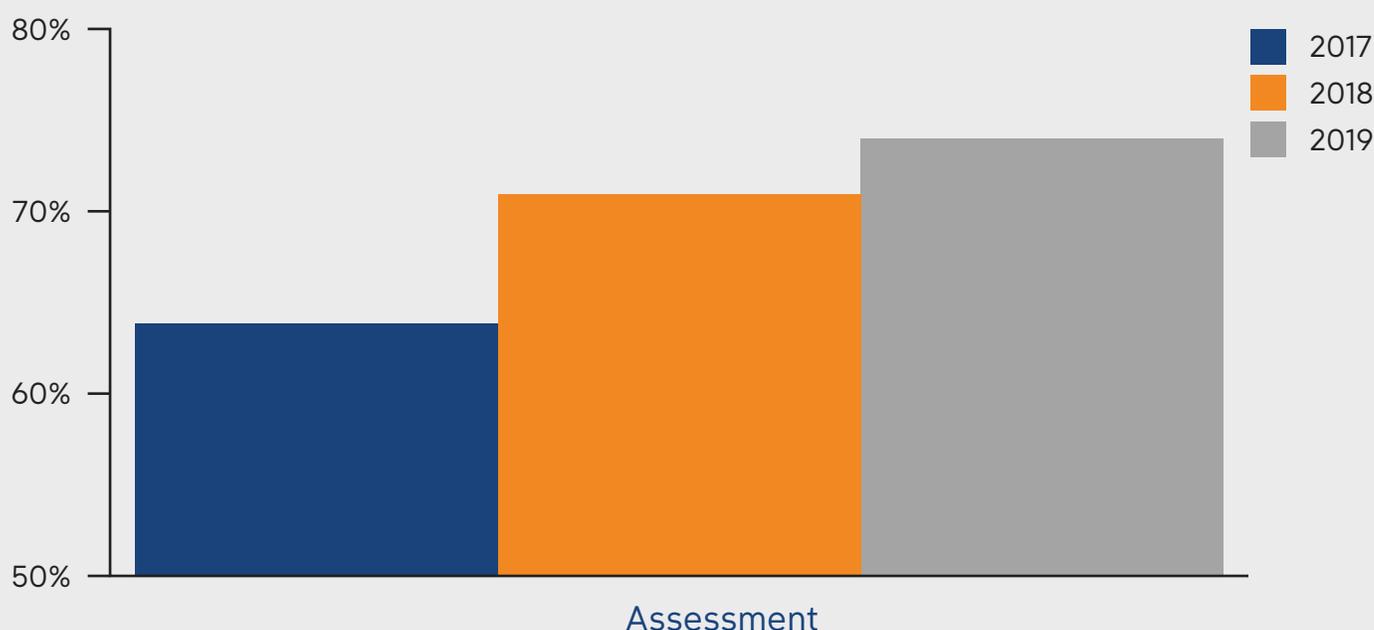
Yet, as demand for assessments increases, innovation in this market has remained stagnant. Companies still face many of the same challenges with providers, products, and pricing. Assessments are not always used to help inform decision-making and the data is not always shared consistently with hiring managers. Most companies believe that assessments are not short enough, not predictive enough, and not candidate-friendly enough.

The assessment landscape has dramatically changed over the past few years. In order to keep up, companies need to start shifting the way they think about assessments and invest in partners that will ensure validity, improve the candidate experience, and drive business outcomes. This report based on data collected in 2019 will examine key trends impacting assessments today and highlight how two Fortune 500 companies are leveraging assessments to improve talent acquisition efforts.

CURRENT STATE OF ASSESSMENTS

According to the Aptitude Research 2019 Talent Acquisition survey, 1 in 3 companies plan to replace their assessment provider this year. Too often, companies rely on antiquated solutions to help them determine if a candidate is the right fit. While traditional assessments are based on science and offer validity, they can negatively impact the candidate experience. In a world where talent is scarce and the candidate experience has become the top priority, traditional assessments can negatively impact talent acquisition efforts. Shortening assessments is one way companies are looking to improve the candidate experience, but in many cases, candidates will stay with an assessment if it is engaging. Rethinking the candidate experience is a critical part of the future of assessments as 36% of companies believe the assessment market needs more innovation.

Another challenge with assessments is that data is not always used to drive decisions. Assessments need to use predictive modeling to deliver value. They need to be able to bring together assessment responses and performance metrics to help companies determine if a candidate would be the right fit for the organization. When asked what companies would like to see most in an assessment provider, more than 60% of companies state that they want assessments that are predictive. **Using data to enable better decision-making and predict performance is one of the greatest opportunities for the future of both assessments and talent acquisition.**

Today, best-practice companies of every size are rethinking assessment strategy and investing in providers that can drive outcomes and improve the candidate experience. This balance between science and experience is the future of the assessment market.

Figure 2: Evolution of Assessments

OUTDATED	MODERN
Time consuming, manual tests that feel punitive	Offering multifaceted insights for skill, fit and potential
Managers resisting the assessment process	Guiding hiring managers on questions to ask and areas to explore based on assessment insights
Negative experience for candidates that resembles standardized testing	Engaging candidate experience using digital technology
One size fits all model	Using job-specific assessment for different roles based on the needs of the organization
One-and-done "disposable" test scores	Carrying over pre-hire assessments into onboarding to guide training and teambuilding

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 they first evaluated ten — 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 buy-in from 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.

Traditional assessments face the following challenges:

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 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 the 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/or 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.

Buyer:

Assessments are often owned by talent acquisition and, less frequently, by an individual who is dedicated to managing assessments. The buying process can vary by organization and can involve internal I/O psychologists, IT, legal professionals, and business leaders. In order to gain internal buy-in from these multiple stakeholders, talent acquisition leaders need to consider the value and benefits throughout the organization.

Figure 3: Categories of Assessment Providers
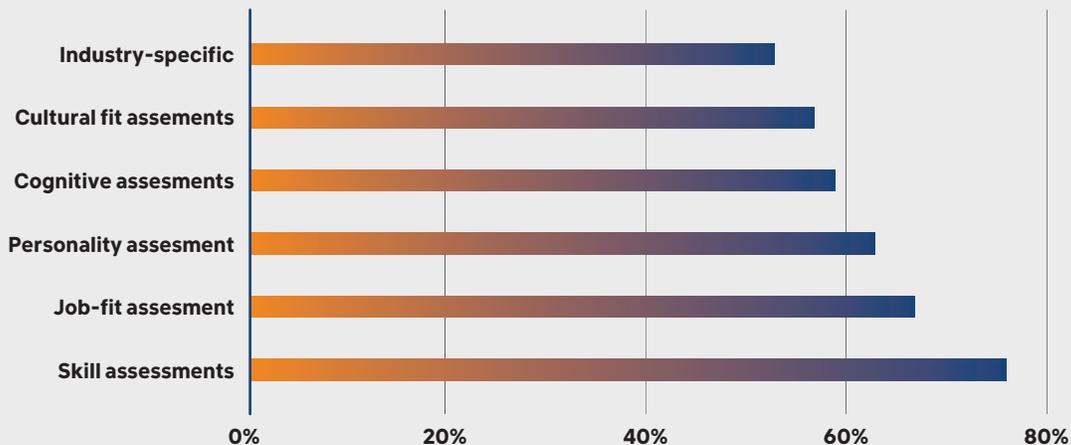
Source: Aptitude Research Partners 2017 Hire, Engage, and Retain study, n=330

Some of the new roles influencing buying decisions today include the following:

CANDIDATE EXPERIENCE MANAGER:

The Candidate Experience Manager role is influencing decisions around modern assessments. This role helps companies create a candidate-centric talent acquisition strategy. Aptitude research found that 30% of companies in APAC have a Candidate Experience Manager role compared to 21% of companies in EMEA and 18% of companies in North America.

DIGITAL SPECIALISTS:

Some companies are hiring digital specialists to support their talent acquisition digital transformation. This role can help with evaluating and adopting digital solutions that can improve efficiencies and the overall experience such as mobile solutions, AI, automation and video. Aptitude research found that 6% of companies in APAC have a Digital Specialist role compared to 12% in EMEA and 8% in North America.

DATA SCIENTISTS:

Industries such as financial services are employing data scientists to join their talent acquisition teams and help them leverage analytics. Data scientists can help to evaluate AI solutions and predictive analytics solutions. These roles at companies like Warner Brothers and Morgan Stanley can help talent acquisition use data to drive decisions and create more consistency between disparate solutions. Aptitude research found that 10% of companies in APAC have data scientists on their talent acquisition team compared to 13% in EMEA and 12% in North America.

KEY TRENDS IN ASSESSMENTS

As companies start to evaluate assessment options, they should look beyond traditional providers and consider next generation providers. One common theme that emerged from the interviews Aptitude conducted included the need for flexibility around the changing nature of jobs. As work evolves, leaders are learning how jobs should shift to meet new customer and employee experience expectations.

The future of assessments is not in a test, but rather in an experience that benefits both employers and candidates. It should be designed as a mutual evaluation where candidates get visibility into the job/role. With the increased demand for assessments, let's take a look at a few trends that organizations should consider.

OUTCOMES

Assessments need to be tied to business results. Talent acquisition is being held more accountable to outcomes and assessments need to show value. **Unfortunately, only 1 in 2 companies are measuring the ROI of their assessment investments, according to Aptitude Research.** In order for companies to see results in their assessments, they need to collaborate with internal stakeholders on defining success and collaborating throughout the process. According to Aptitude Research, only 48% of talent acquisition professionals are providing hiring managers with assessment data to make decisions.

As many organizations face increasing demand for assessments, being able to show the value of this investment and impact on business results is a critical step. 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.

According to Aptitude Research, companies that invest in assessments are:

4X

more likely to improve quality of hire

3X

more likely to improve retention

42%

more likely to improve the candidate experience

P&G

CASE STUDY: PROCTER & GAMBLE

Procter & Gamble (P&G) is an American multinational consumer goods company headquartered in downtown Cincinnati, Ohio, founded in 1837 by English-American William Procter and Irish-American James Gamble. P&G specializes in a wide range of consumer products in six core categories: Beauty; Grooming; Health Care; Fabric & Home Care; Baby & Feminine Care, and Family Care.

As a Fortune 500 company with roughly 95,000 employees, P&G wanted to improve its talent acquisition process to reduce the number of steps and expand the use of assessments beyond campus recruiting. The organization embarked on a journey to improve selection with a more engaging assessment experience and improved reporting and scoring.

THE GOALS:

Procter & Gamble's objectives were to deploy a new assessment for sales to reduce time-to-fill while providing an assessment that would enable quality hires. P&G also wanted to provide candidates with a "Day in the Life" experience.

THE STRATEGY:

Through a partnership with Modern Hire, P&G was able to provide candidates with a Realistic Job Preview that would measure problem-solving, the ability to integrate information, customer service, teamwork, and relationship-building. Candidates were presented with a series of cognitive questions, scenarios, and prioritization sequences. Beginning in July 2017, P&G began job analysis that included focus group interviews and questionnaires, a pilot program to validate the assessment, and ongoing monitoring and refinement.

THE RESULTS:

P&G was able to achieve the following results:

Expanded the funnel of diverse and highly qualified talent by 7%

Shortened the interview process by ~2.5 months

Reclaimed 80% per assessment in cost savings

Enhanced candidate experience by reducing time investment

CANDIDATE EXPERIENCE

The candidate experience is a priority for companies looking to compete for talent, enhance their brand, and strengthen customer retention. Despite increased focus on the candidate experience, companies still struggle with understanding what steps they need to take to improve it. According to research by The Talent Board, 41% of companies do not even collect candidate experience data.

Traditional assessments do little to improve the candidate experience. Candidates take a multiple choice test with little communication about how that data will be used and little opportunity to showcase their skills and experience. Additionally, many of these assessments would take over an hour to complete even for entry level jobs. **According to Aptitude Research's 2019 survey, assessments on average take 1 hour to complete.** Candidates want to be able to move through with ease of use and for assessments to be bi-directional in nature. Fortunately, some companies are taking a more strategic approach to assessments and partnering with providers that can improve the candidate experience. Length is one aspect of a positive candidate experience but companies must consider additional factors including: ease of use, communication, and engagement.
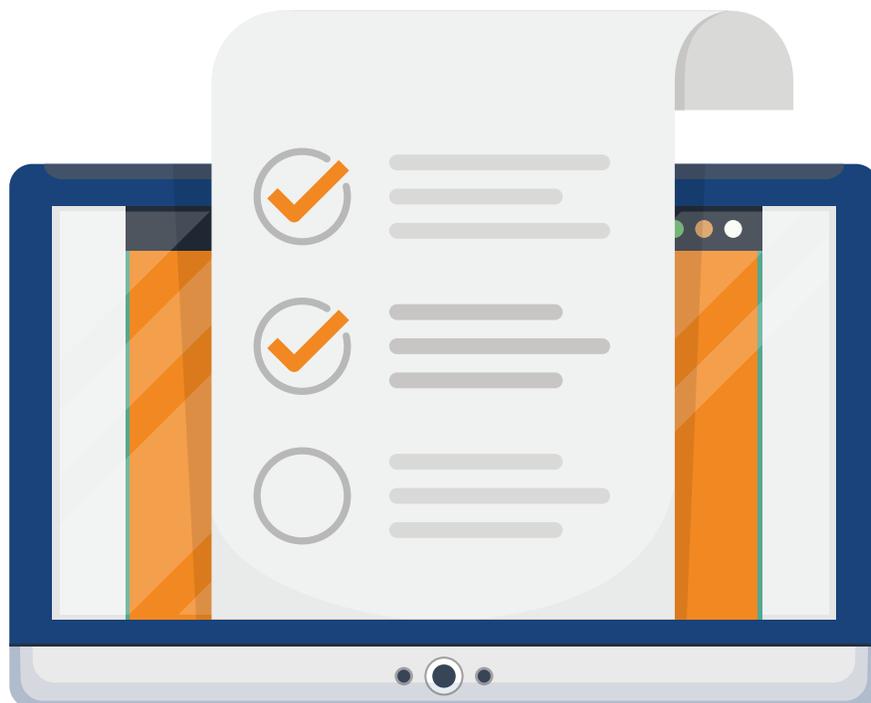
COMCAST

CASE STUDY: CANDIDATE EXPERIENCE

Headquartered in Philadelphia, Comcast Cable is one of the United States' largest providers of high-speed internet, video, and phone providers to residential customers under the Xfinity brand and provides these services to businesses. It also provides wireless and security and automation services to residential customers under the Xfinity brand. In a competitive industry, talent acquisition is a strategic initiative. In order to compete for talent and improve the quality of hires, assessments have become a critical priority at Comcast.

THE GOALS:

Several years ago, Comcast was using an antiquated assessment provider. Assessments were not validated regularly and not optimized for mobile. Comcast decided that it would need a more validated and candidate-friendly assessment.

Through a partnership with Modern Hire, Comcast now uses multi-method assessments that are mobile enabled and look across all job roles. Modern Hire's Virtual Job Tryout (VJT) provided a more continuous process that is client-focused and based on predictive analytics.

THE PROCESS:

Comcast worked with Modern Hire to create a Virtual Job Tryout that would help to predict performance. It followed a process that included the following steps:

Create chat simulations

Gather candidate responses

Apply machine learning and deep learning to account for expert judgements

Predict performance on the job

Chat simulations measured how candidates were able to split their attention between multiple tasks and how effective they were at responding to clients. Through the simulation, candidates would interact with two customers at the same time, respond to customers via open-ended text, and search information among multiple tables in order to respond to clients.

THE RESULTS:

Candidates that went through the VJT received **28% higher ratings**, were **32% more likely to be top performers**, and **34% more likely to be promoted.** Additional results included:

MOBILE: 32.4% of candidates completed the assessment via mobile device.

CANDIDATE EXPERIENCE: 98% of candidates agreed that the VJT provided them with a better understanding of the role.

EFFICIENCY: The assessment has **saved more than 60 days** of candidates' time when applying for multiple positions.

PREDICTIVE ANALYTIC

The future of assessments depends on predictive modeling and a companies' ability to use data to drive decisions around talent. Predictive analytics helps to drive both business outcomes and a positive experience. One way companies can predict performance, retention and fit is through the use of machine learning and deep learning. While most companies are still confused by the role of AI in talent acquisition, assessments offer the most promising use case.

Predictive analytics relies on the combination of assessment results and performance metrics. Machine learning allows companies to use structured data from traditional multiple choice responses and likert responses to predict outcomes related to retention and performance. Deep learning, on the other hand, allows companies to use unstructured data and responses from free form text and speech to provide a more accurate prediction. The ability to use deep learning to use unstructured data to drive decisions gives organizations a competitive advantage and is a key differentiator when evaluating providers.

ARTIFICIAL INTELLIGENCE:
COMPUTERS MIMIC HUMAN BEHAVIOR

MACHINE LEARNING:
COMPUTER SELF-IMPROVES

DEEP LEARNING:
NEURAL NETWORKS

FUTURE OF TALENT ACQUISITION

Companies embracing predictive analytics are seeing an impact to both business results and talent acquisition outcomes. According to Aptitude Research's 2019 Talent Acquisition survey, companies using predictive analytics:

3X

more likely to improve retention

2X

more likely to improve performance

KEY TAKEAWAYS

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. While many recruitment solutions overcomplicate the task of identifying and attracting talent, the fundamental use of assessments remains steadfast. Assessments 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 validated solutions to predict performance and improve the overall experience. Science does not need to come at the sacrifice of a positive experience. Companies can have both. When looking to improve the candidate experience, companies should consider better communication around the job and a shorter assessment.

Modern Hire

ABOUT MODERN HIRE

Modern Hire is the new name for Montage and Modern Hire. We've created an all-in-one enterprise hiring platform that improves hiring results through more personalized, data-driven experiences for candidates, recruiters, and hiring managers.

The Modern Hire platform combines trusted science and technology to predict performance, ensure fairness, and automate workflow—enterprise-wide.

Discover how we're helping 47 of the Fortune 100 continuously improve hiring experiences and results at www.modernhire.com.

aptitude research

ABOUT APTITUDE RESEARCH

Aptitude Research Partners is a research-based analyst and advisory firm focused on HCM technology.We conduct quantitative and qualitative research on all aspects of Human Capital Management to better understand the skills, capabilities, technology, and underlying strategies required to deliver business results in today's complex work environment.

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