



Authored by:
Madeline Laurano
Founder, Aptitude Research



REDEFINING SUCCESS:

TALENT ANALYTICS
FOR THE FUTURE

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1-in-3
companies are
using performance
data in their
recruitment decisions

1-in-2
companies do not
trust their
data sources.

INTRODUCTION:

Like many things, talent acquisition strategies have changed in response to the events of 2020. According to Aptitude Research, 62% of companies are still hiring even if their focus has shifted. While different regions and different sectors face new recruitment realities, this year's uncertainty has generated a collective experience - every organization is going through some transformation.

Talent acquisition and HR leaders are reevaluating processes, technology and analytics to prepare for the next year. What worked in 2019 will no longer work today, and companies must build a deeper understanding of what drives success and performance.

As companies look to the future of talent acquisition, they can no longer rely on reactionary decision-making. They need a more robust approach that harnesses the power of provable, scientific data. Currently, only one in three companies are using performance data in their recruitment decisions, and one in two companies do not trust their data sources. Talent analytics must be reexamined for the future. Companies should not have to guess if their recruitment efforts are working. They should have scientific validation that they are hiring the most qualified workforce.

This report is based on data collected in 2020 and looks at how companies redefine success, rethinking analytics, and preparing for the future. It will answer the following questions:

- 01 What is driving the demand for talent analytics?
- 02 Why should companies rethink their approach to talent analytics?
- 03 What is the role of AI in analytics?
- 04 How can companies shift their metrics to actionable insights and analytics?

aptitude research Methodology

Aptitude Research conducted the research cited in this report in September and October 2020.

Quantitative Research: 404 Global Responses of Talent Acquisition Leaders across all industries and with 1000 employees and above

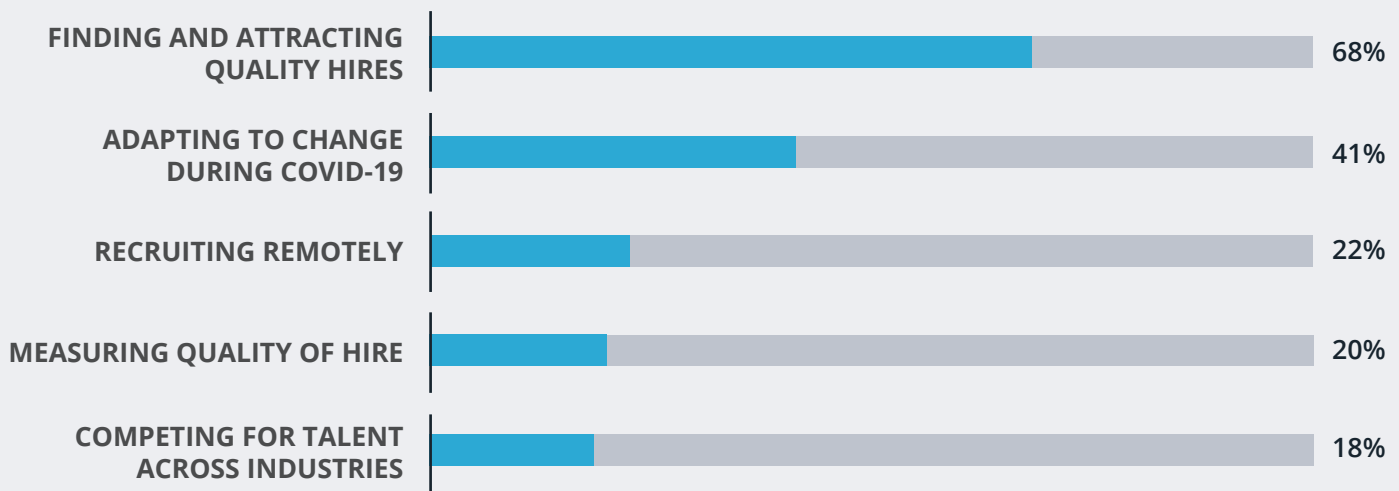
Qualitative Research: A series of interviews with companies to understand their strategies for automation



A CLOSER LOOK AT TALENT ANALYTICS

Organizations have adapted and adjusted their expectations in 2020. After years of building strategies and roadmaps, many talent acquisition leaders have been forced to reconsider these plans overnight. Talent acquisition has faced new challenges, including hiring in a pandemic, building remote recruiting strategies, and considering candidate safety (see Figure 1). And while 41% of companies state that adjusting to COVID-19 is a top challenge today, the number one challenge that companies still face is finding and attracting quality hires.

Despite the change and transformation over the past year, companies still struggle with one of the most fundamental recruitment areas - hiring the best talent. However, companies will not improve their quality of hire until they change the way they make decisions.

Figure 1: *The Top Challenges in Talent Acquisition*

Today, most decisions are made based on resumes or LinkedIn profiles. This approach is often biased and lacks deeper insight into what would make a candidate the right fit. As companies look to transform their talent acquisition efforts, leveraging provable, scientific data to help inform these decisions must be a key priority. Currently, 78% of companies believe that talent acquisition efforts would improve if they had a more strategic approach to talent analytics.

The demand for strategic talent analytics is influenced by several factors today:



Remote work:

The remote work environment has accelerated the need for deeper insights into talent and success. Companies should consider new ways to learn about candidates and how to measure success in this new environment.



Improved experience:

Ninety-three percent (93%) of companies want to reduce bias in their talent acquisition process, yet few companies take action to make this happen. Furthermore, candidates expect a better experience today. They want a fair and equitable process and consistent communication. Analytics can give candidates the transparency they are craving and help companies reduce bias.

THE BUSINESS IMPACT OF SCIENCE

Talent acquisition has long been considered a balance between art and science. Recruiters must build strategic relationships, strengthen the employer brand and be successful storytellers (the art). They must also collect, analyze, and interpret data to help drive decisions (the science). The modern talent acquisition professional must learn to embrace both roles simultaneously.

The

Art 

The art of talent acquisition is focused on building relationships, continuously stoking the talent pipeline, and increasing brand awareness of the organization.

Competencies:

- Relationship skills
- Influencer skills
- Networking skills

The

Science 

The science of talent acquisition focuses on using analytics to understand better how data can drive decision making and win business leaders' support.

Competencies:

- Analytical skills
- Negotiation skills
- Technology skills
- Communication skills

While the art of talent acquisition is widely practiced, companies see the greatest impact when they focus on the science and the ability to provide deeper insights into candidates. When companies leverage science to inform decisions, they report significant improvements in diversity, equity and inclusion (DEI), quality of hire, efficiency, and experience (see Figure 2).

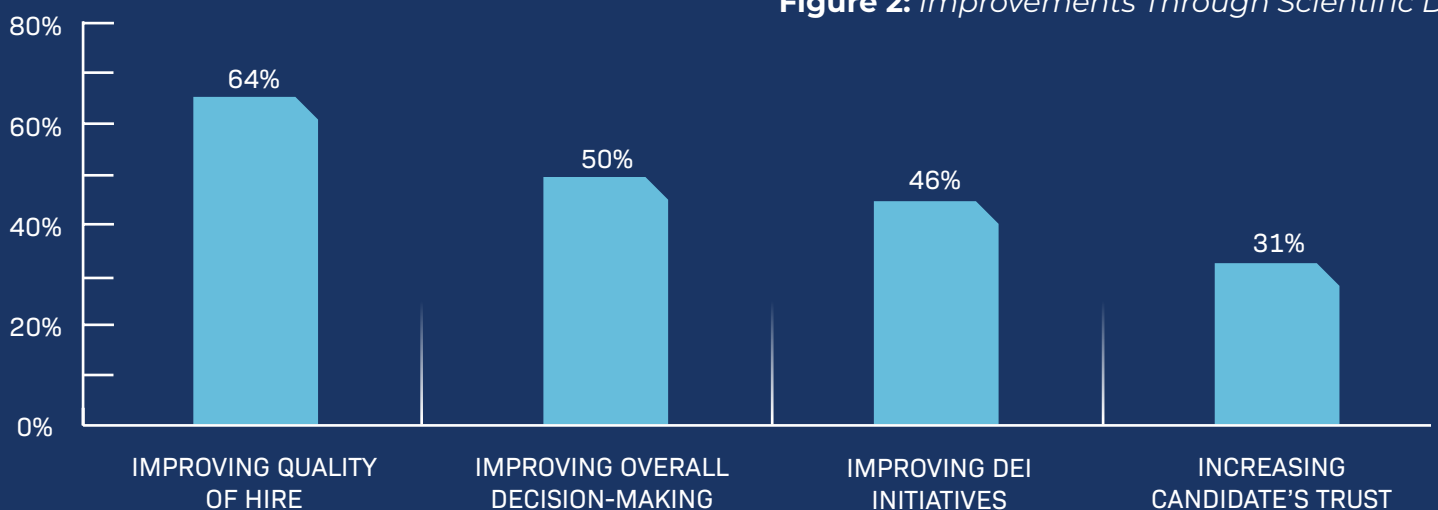


Figure 2: *Improvements Through Scientific Data*

THE

WHAT?

VS

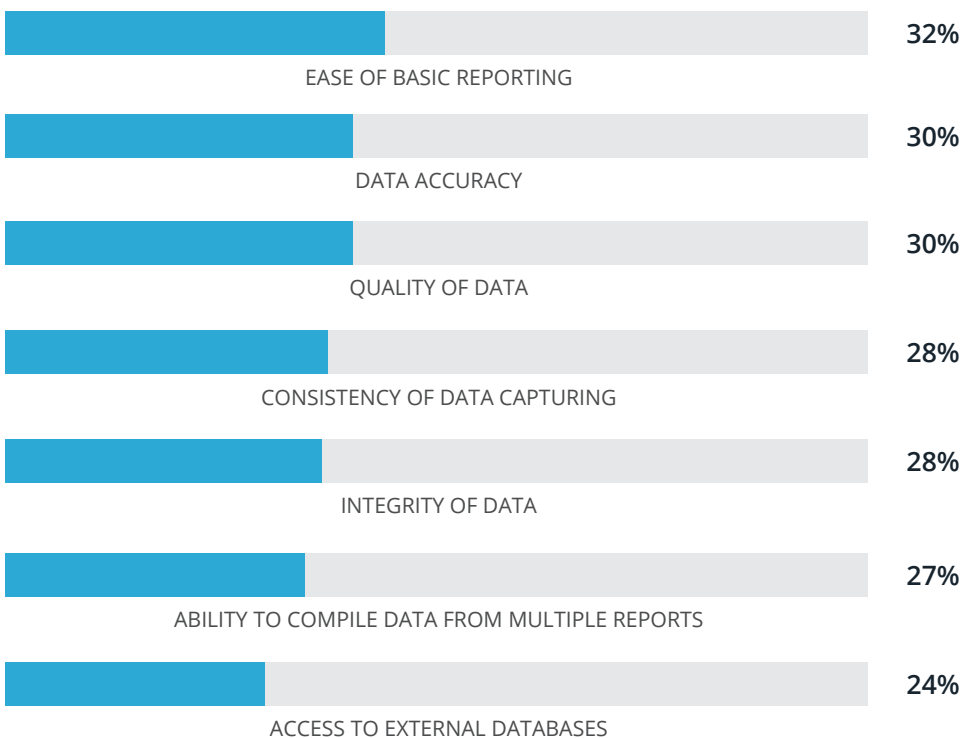
SO WHAT?

Talent acquisition managers are familiar with tracking metrics and key performance indicators (KPIs), but they often fail to turn those metrics into actionable insights. Analytics is the practice of using metrics to make better decisions. If metrics help answer the “what?” then analytics answers the “so what?” question.

To shift from a “what?” to a “so what?” talent acquisition strategy, companies must better understand the data they are using, the quality of that data, and how that data is sourced.

Over the past few years, many talent acquisition teams have struggled to manage disparate systems and an influx of data. The primary challenge companies face is not necessarily the quantity of data but rather the accuracy and consistency of that data. Aptitude Research found that less than one-third of companies are very satisfied with their data’s accuracy, quality and integrity (see Figure 3).

Figure 3: Satisfaction with Data Management



The primary challenge companies face is not necessarily the quantity of data but rather the accuracy and consistency of that data.

For many companies, data presents challenges when:



Data is not shared with hiring managers:

Sixty-seven percent (67%) of talent acquisition and HR professionals do not provide hiring managers with the right data to make decisions. Only 32% of senior leaders are confident in the data they have available to make decisions.



Companies do not maintain data:

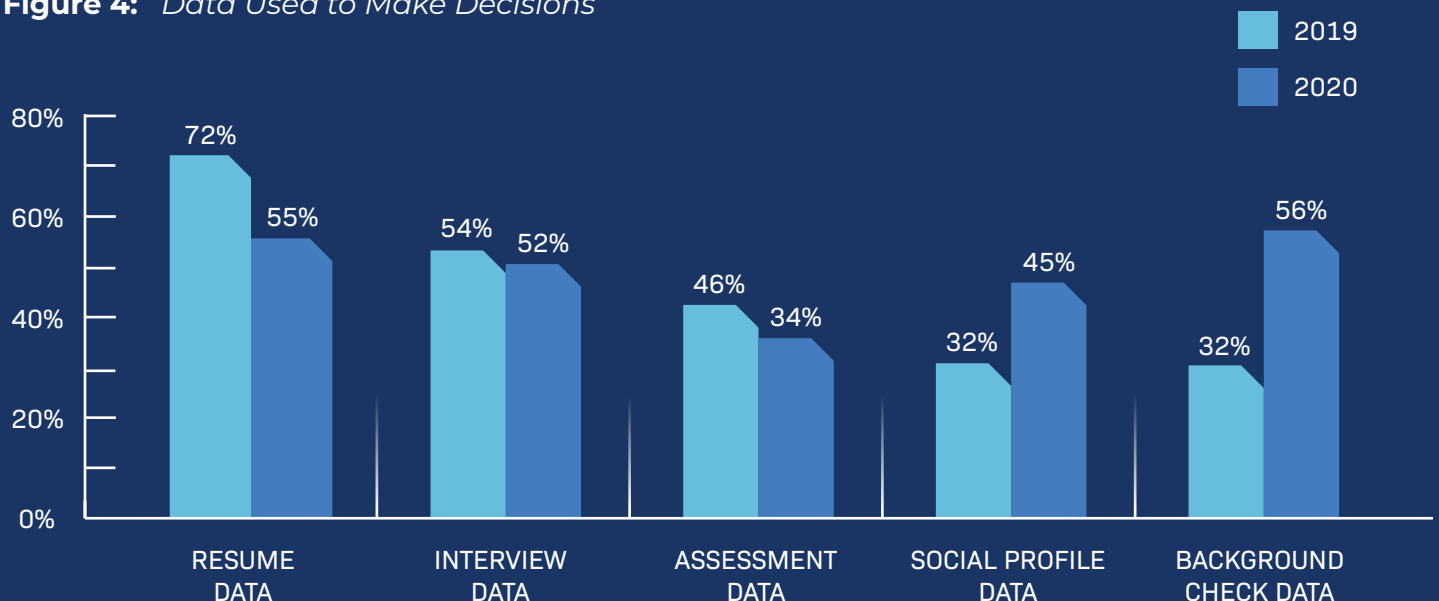
Without a clear vision or strategy for data management, companies do not clean-up their data or check for accuracy often enough. Only one in two companies is measuring data accuracy and quality once per year or longer. Many recruitment activities and systems are dynamic and change constantly, and companies need to ensure that they have a process to refresh and enrich this data.



Companies are not starting with the right data:

They often start with resume or social profile data, ignoring certain candidates and including biases (see Figure 4). This information is not necessarily an indicator of performance or quality of hire. By relying solely on the resume to make hiring decisions, companies can erode candidate trust and confidence in the hiring process.

Figure 4: *Data Used to Make Decisions*



Companies need to trust their data to draw insights from it and shift from answering the “what?” to the “so what?” question.

THE ROLE OF AI IN TALENT ANALYTICS

AI plays a role in analytics because unstructured data and algorithms expand the scope of analytics. Companies can leverage AI to gain greater insights into their data. One way that AI is becoming integrated into analytics is in natural language processing (NLP), which enables text analysis. Another is through transcription of text. AI can help enhance predictive modeling and a company's ability to use data to drive talent decisions. Predictive analytics helps to drive both business outcomes and a positive experience.

Companies must consider ethical AI when they evaluate providers today. Solutions should be transparent and backed by explanations, describe their methodology and frequently publish their data (see Figure 5). Considering the role of ethics in AI builds confidence with employers and candidates who want to understand how their data is being used.

Figure 5:

Considerations for Ethical AI

52%

AI PRODUCTS
MUST OPERATE
TRANSPARENTLY

48%

AI PRODUCTS
MUST BE BACKED
BY EXPLANATIONS

45%

AI SHOULD
DESCRIBE
METHODOLOGY

36%

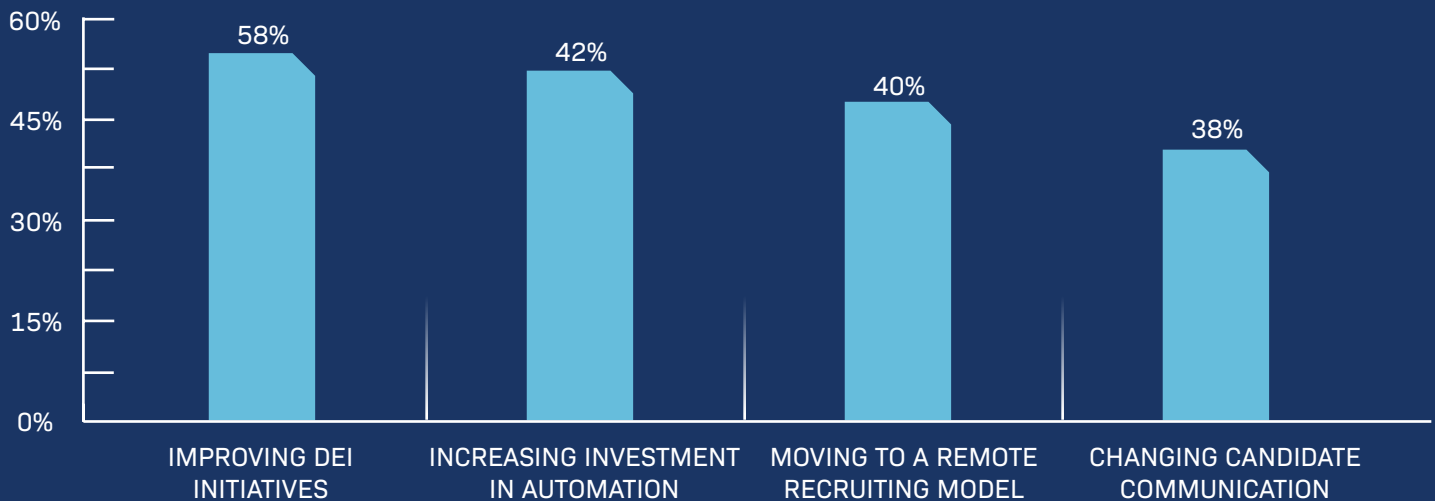
AI SHOULD
PUBLISH DATA



A NEW LOOK AT SUCCESS

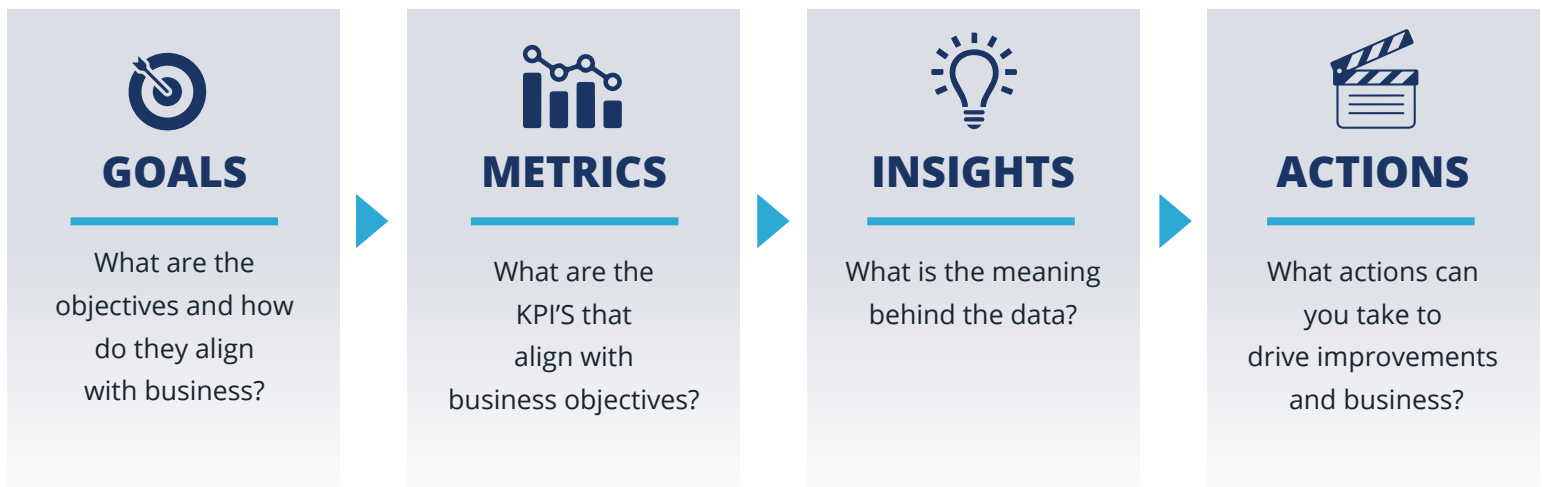
Future-forward organizations must focus on a more candidate-centric approach to talent acquisition while also aligning more closely with business objectives. The future of talent acquisition depends on the ability to balance efficiency with experience. Aptitude Research found that improving DEI, increasing use of automation, moving to a remote recruitment model and changing candidate communication are key priorities for 2021 (See Figure 6).

Figure 6: *Top Priorities in Talent Acquisition*



These priorities are paving the way for talent acquisition transformation. A new framework for talent analytics that looks at the insights needed to drive change is required (see Figure 7). Organizations must start with their goals and objectives, identify critical metrics, develop insights on those metrics and prioritize action items to move forward.

Figure 7: *Talent Analytics Framework*



DIVERSITY, EQUITY AND INCLUSION (DEI)

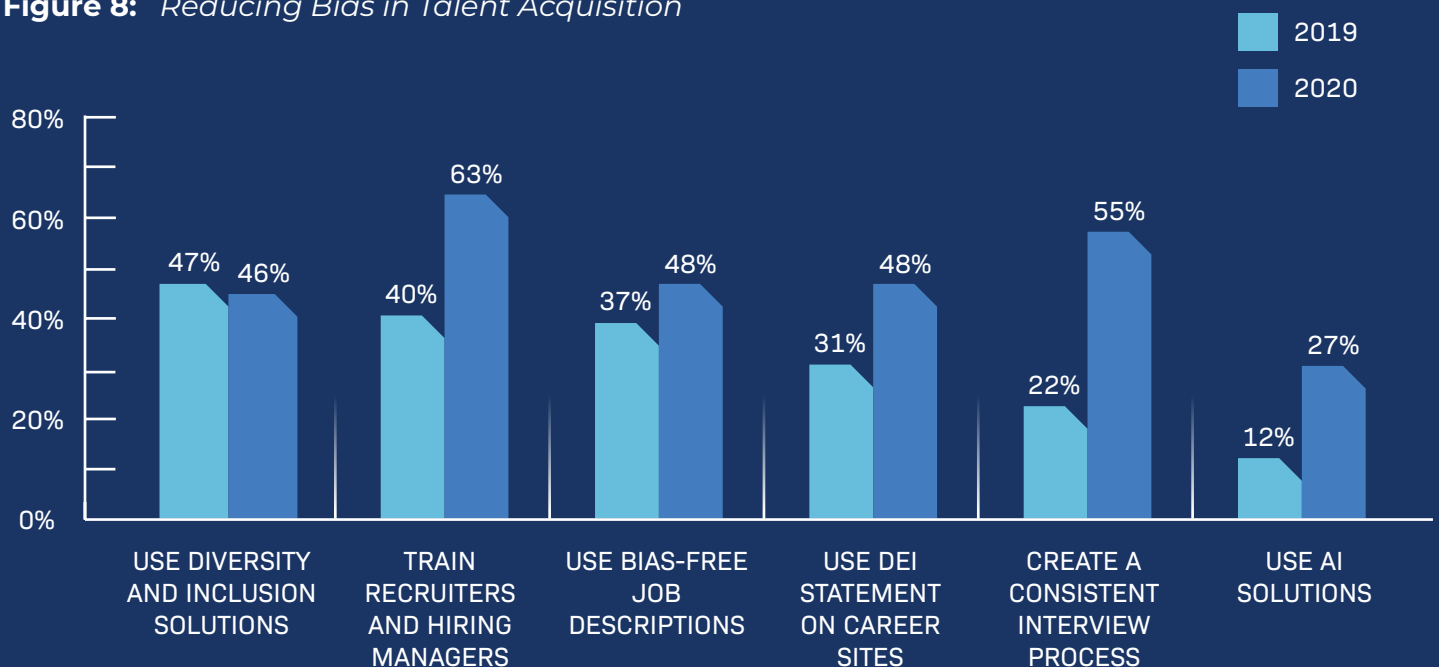
Diversity, equity, and inclusion is a strategic business initiative for every organization across every industry. Companies need to do more than invest in training programs as a check-the-box strategy or a one-time action. They need to understand their objectives and invest in the right expertise, resources and solutions to drive change.



GOALS

According to Aptitude Research, nearly 90% of companies are concerned with reducing their talent acquisition process bias. When talent acquisition leaders are asked what steps they take to reduce bias, most companies focus on training programs. Sixty-three percent (63%) of companies in this study are relying on training to improve DEI. While these programs can provide insight and education, they often just check a box to reduce bias and not fundamentally address the problem. Companies must create a culture where DEI is a strategic priority and measure and track their efforts to recruit diverse candidates and reduce bias at every stage in the hiring process.

Figure 8: *Reducing Bias in Talent Acquisition*





METRICS

DEI is a systemic challenge that is not solved by a one-time investment in training. Companies must carefully examine their realities and be open and transparent about their progress. Companies must identify diversity metrics from recruitment marketing to onboarding.

- **Recruitment marketing:** Are companies targeting diverse hires? What percentage of campaigns are directed to diverse hires?
- **Apply:** What percentage of candidates who applied for a job were diverse? What percentage of candidates that dropped off were diverse?
- **Assessments:** What percentage of candidates that completed an assessment were diverse? Is the assessment offering differential predictions?
- **Interviews:** What percentage of the candidates interviewed were diverse?
- **Offers:** Of all candidates that were given job offers, what percentage were diverse?
- **Hires:** Of all hires, what percentage were diverse?
- **Rejection:** What percentage of rejected candidates were diverse?
- **Turnover:** What was the turnover rate of diversity hires (within their year)? How did it compare to the turnover rate of all new hires?
- **Candidate satisfaction:** What was the average diverse applicant satisfaction rate (from a survey)? How did that satisfaction rate compare to the satisfaction rate of non-diverse hires?



INSIGHTS

DEI is an organization-wide endeavor where data and analytics should play a key role. Companies must use analytics and insights to identify gaps, prioritize areas for action and enable ongoing measurement of progress.

Companies should consider the following to gain better insights into DEI efforts at their organization:

- **Understand bias:** Companies must look closely at bias and understand where it impacts talent acquisition efforts. Companies should look at what can influence bias, including assessment or screening questions, or even interviews timing throughout the day.
- **Segment by job role or geography:** Companies should consider what job roles or locations are impacted by bias. If diverse candidates are not receiving interviews for executive positions, why is that happening? If certain locations are not hiring diverse candidates, what needs to change?
- **Look at communication and language:** Communication can include bias, and companies often do not understand the role that it can play in DEI efforts. Companies should analyze their job descriptions, interview questions, assessment questions and offer/rejection communication to look for bias.

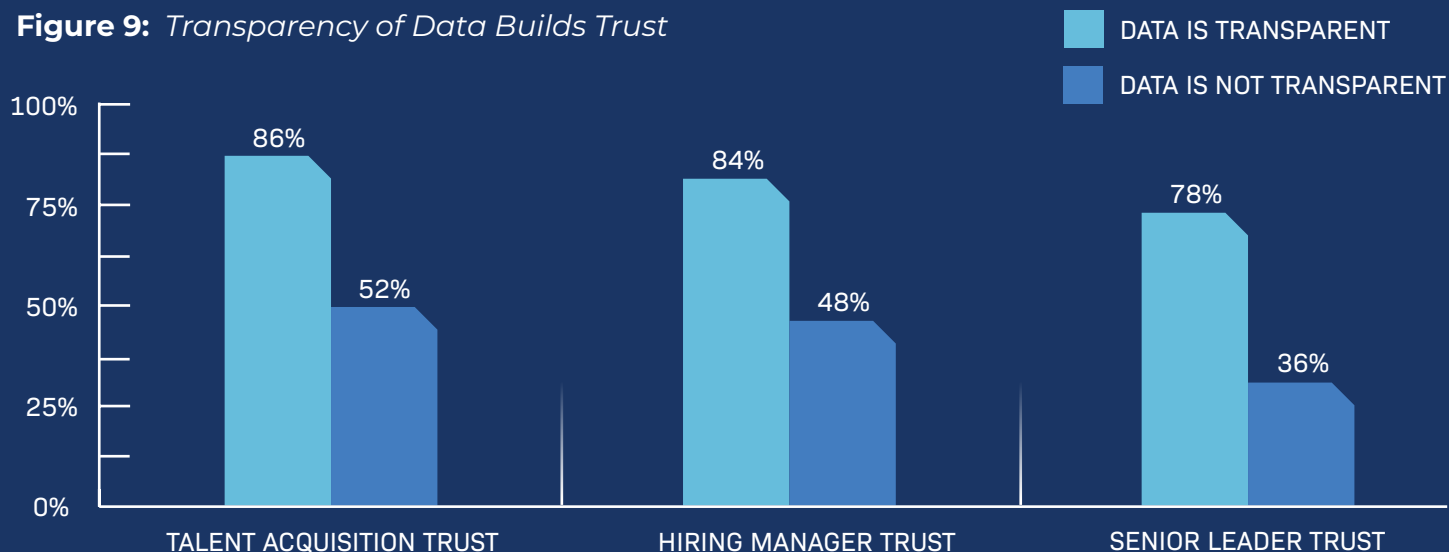


ACTIONS

Once companies gain insights from DEI, they must consider the action steps required to drive change. Below are a few considerations:

- **Leverage technology:** AI and technology solutions can help organizations reduce bias by identifying it in real-time. Companies can then remove any bias from job descriptions and resumes, identify interview scoring patterns, use assessments to inform decision-making, and bring visibility to what needs to change.
- **Provide a fair process:** Every candidate should have a consistent and fair hiring experience. Companies should identify where they are falling short and consider solutions that will enable consistency and build trust with candidates through an equitable process. Building trust with candidates means telling them to know how their data or AI is used – what it does and what it does not do.
- **Ensure transparency:** DEI requires transparency. Data transparency is the ability to easily access and work with data regardless of location and having confidence that the data is accurate. Data transparency is critical because it creates trust. Companies must consider ethical AI when evaluating solution providers. If a vendor cannot explain their AI, their methods may not be legally defensible. The right vendor should explain how their AI works and validate that their tool is not replicating human biases or otherwise having an adverse impact on protected groups. Aptitude Research found that when data is transparent, it increases the trust in talent acquisition leaders, hiring managers and executives (see Figure 9).

Figure 9: *Transparency of Data Builds Trust*





CASE STUDY

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 improve the candidate experience and DEI efforts.

Through a partnership with Modern Hire, P&G provided candidates with a “Virtual Job Tryout” that would measure key requirements, including problem-solving and the ability to integrate data, customer service, teamwork, and relationship-building. Candidates were presented with a series of cognitive questions, scenarios, and prioritization sequences. 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.

P&G was able to achieve the following results:



Expanded the funnel of diverse and highly qualified talent
by seven percent (7%)

80%

Reclaimed per assessment
in cost savings



Shortened the interview process
by approximately **two and a half months**



Enhanced candidate experience investment

QUALITY OF HIRE

While quality of hire is certainly not a new concern, the responsibility has shifted from hiring managers to HR and talent acquisition leaders. Over 80% of organizations believe that quality of hire is a recruitment metric rather than a hiring metric. As a result, talent acquisition leaders are being held accountable for what happens beyond an accepted offer.

Companies that focus on quality of hire were five times more likely to see an improvement in first-year retention and four times more likely to see an improvement in first-year performance. With a better strategy for defining, measuring and improving quality of hire, companies can drastically improve retention and performance.

GOALS

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METRICS

When companies were asked how quality of hire is currently being tracked, hiring manager satisfaction, first-year retention, organizational fit and performance data were top of the list (see Figure 10).

Companies that focus on quality of hire were five times more likely to see an improvement in first-year retention and four times more likely to see an improvement in first-year performance.

Figure 10: *Data Transparency Impacts Trust*



For companies to be successful at measuring quality of hire, they need to be consistent about KPIs and ensure that they will have access to that data. Companies need to consider more than just pre-hire metrics. They also need to leverage post-hire metrics.

Pre-Hire Metrics

- **Interview feedback data:** What data is collected during the interview process?
- **Assessment data:** What data is collected during the assessment process?
- **Candidate feedback data:** What data is collected from candidates on their experience?
- **Screening data:** What data is collected during the background screening process?

Post-Hire Metrics

- **First-year retention:** What is the retention of employees during the first year?
- **First-year performance:** What is the performance of employees in the first year?
- **Hiring manager satisfaction:** How satisfied are hiring managers with the quality of candidates?
- **360-degree feedback:** What feedback is collected from candidates as well as managers?



INSIGHTS

Companies should use the above metrics to guide what feedback is collected from hiring managers and recruitment teams. Once organizations are using post-hire indicators to measure quality of hire, they can begin to make adjustments to their recruitment (pre-hire) strategies. Companies should consider the following to gain more insights into quality of hire:

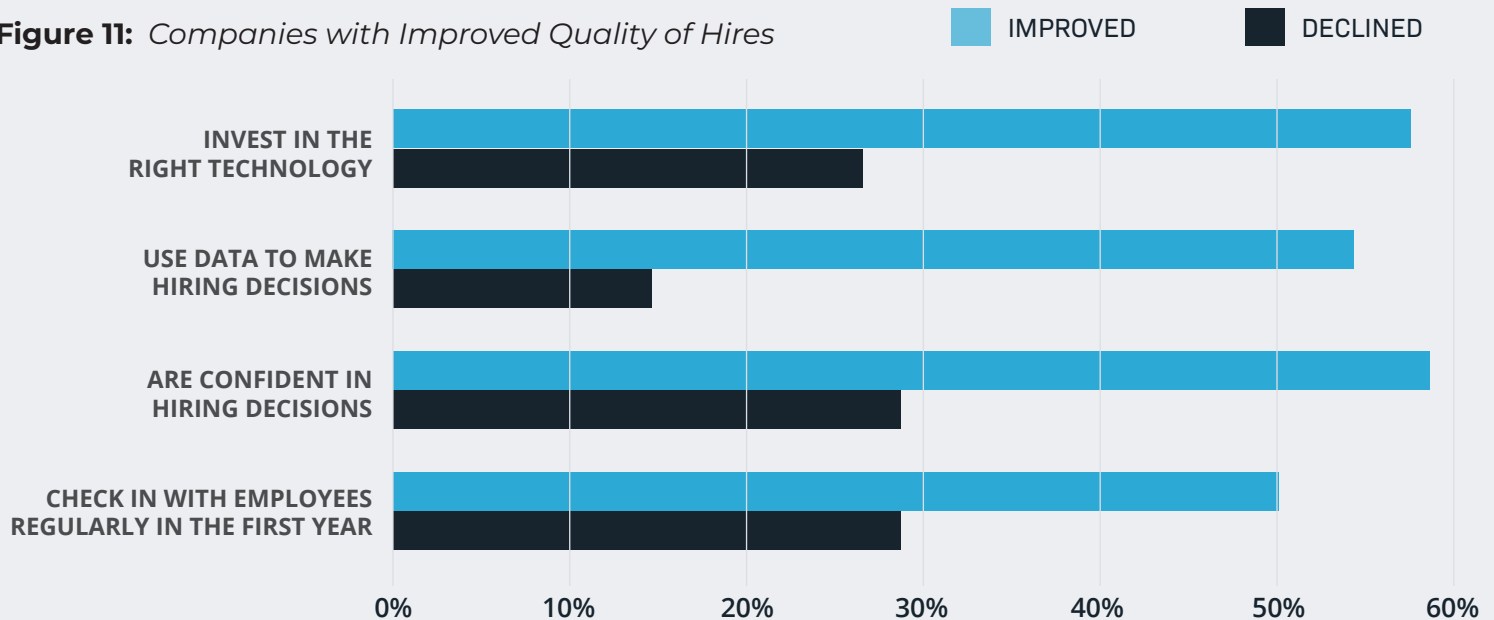
- **Define success:** Companies can look at what makes someone successful in a role and what data helps inform that success. Experience and education (i.e., information found on a resume) are not necessarily indicators of success.
- **Collaborate with key stakeholders:** Companies need to consider the collaboration between hiring managers and recruiters. Fifty-four percent (54%) of companies stated that they could better analyze quality of hire when hiring managers and talent acquisition professionals collaborate, yet 58% of hiring managers reported that they do not have the data they need to make hiring decisions.
- **Collect feedback:** What makes employees successful can depend on their satisfaction in the first year. Companies that improve quality of hire have a process for regularly checking in with employees in the first year.



ACTIONS

Companies that have successfully improved quality of hire shared key several strategies, including investing in the right technology, using the data collected to make decisions and checking in with new hires throughout the first year.

Figure 11: *Companies with Improved Quality of Hires*



Additionally, companies looking to turn insights into action should consider the following:

- **Create a standard approach for interviewing, tracking and collecting feedback:** Companies should consider a more standardized approach to interviewing and collecting insights on candidates beyond the application phase of talent acquisition.
- **Collect unbiased assessment data to inform decisions better:** Assessments provide the science and insights to inform decisions better. Companies that leverage assessment providers are three times more likely to improve quality of hire.
- **Collect post-hire data:** The data used to drive decisions must incorporate performance and post-hire data. Companies looking to define quality of hire must look at their existing employees. This data (which includes first-year retention, performance and productivity) should help inform talent acquisition processes.



EFFICIENCY

Talent acquisition teams are facing pressure to do more with less and to make better, faster decisions. Companies must think about efficiency not only as a benefit for recruiters but also for candidates.

GOALS

Sixty-two percent (62%) of companies state that they are facing pressure to fill positions quickly. Talent acquisition professionals are recruiting, but with limited resources and, in many cases, limited staff. Forty-six (46%) of companies are experiencing layoffs within their talent acquisition teams. Some companies have eliminated specialist roles that may include candidate experience managers and data scientists, while others have reduced the number of coordinators to help with administrative tasks. Talent acquisition professionals are under pressure to balance a heavy workload without support, and they must remain flexible. One in four companies stated that it still takes over three months to fill positions.

METRICS

Efficiency metrics are the most common and straightforward metrics that organizations track. Yet, they can vary greatly throughout the organization. Some metrics include:

- **Time to apply:** The time it takes from when candidates learn about an opportunity to when they apply for a job.
- **Time to interview:** The time it takes from when candidates apply to when they get interviewed.
- **Time to fill:** The time it takes from when a job is posted to when it is filled by a candidate.
- **Conversion rates:** The rate at which candidates convert from different stages in talent acquisition, from learning about a company to applying for a job, scheduling an interview and accepting an offer.
- **Recruiter Productivity:** The productivity of recruiting teams and time spent on administrative tasks, including finding candidates and scheduling calls and interviews.

INSIGHTS

Once companies collect metrics on efficiency, they must understand what impact this has on talent acquisition efforts and why efficiency is a challenge. Below are some considerations to gain better insights on efficiency gaps.

- **Identifying where talent acquisition slows down:** Companies should look closely at where inefficiencies occur and if hiring managers or other key stakeholders are involved. Are there delays with scheduling calls and interviews or with communication between recruiters and hiring managers? Understanding where and why talent acquisition is slowing down can help companies improve efficiency.
- **Understanding decision-making:** Talent decisions are made differently at every organization. Companies should look at the data they have on hiring decisions and determine how these decisions are made and based on intuition or accurate data.
- **Communicating with candidates more effectively:** Inefficiency is often the result of poor communication with candidates. By improving candidate engagement and outreach throughout the process, companies can shorten hiring times.



ACTIONS

Companies that gain insight into their efficiency gaps can take the following actions:

- **Invest in candidate-first solutions:** Candidates want simple and intuitive solutions that provide better engagement and efficiency. Companies that consider solutions designed with the candidate in mind will see overall improvements to efficiency gaps.
- **Create a seamless experience:** Companies must ensure that their hiring solutions are seamless, integrate with the ATS, and not make candidates go from place to place to click links, enter information or re-enter information to complete stages.
- **Invest in scheduling:** Interview scheduling takes recruiters, on average, sixteen hours a week to complete. Companies need a more strategic approach to scheduling and should consider solutions that automate the scheduling process to save time and improve recruiter productivity.

CANDIDATE EXPERIENCE

The candidate experience remains a strategic priority for talent acquisition leaders. As companies look ahead to the next year, candidate communication and feedback will help drive success in this area.



GOALS

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

Companies need to create a candidate-first approach to better engage candidates and ensure quality of hire.



METRICS

Even with increased unemployment, the candidate experience continues to be a priority for organizations, and the way that companies manage their workforce during this challenging period will impact how candidates view their brand. As a result, the candidate experience needs to focus on safety and communication. According to this study, 36% of companies state that safety and communication are their top priority during COVID-19, and 77% of talent acquisition leaders state that they are focused on candidate safety throughout this environment. Candidate safety needs to be a critical factor in the interview, screening and onboarding processes.

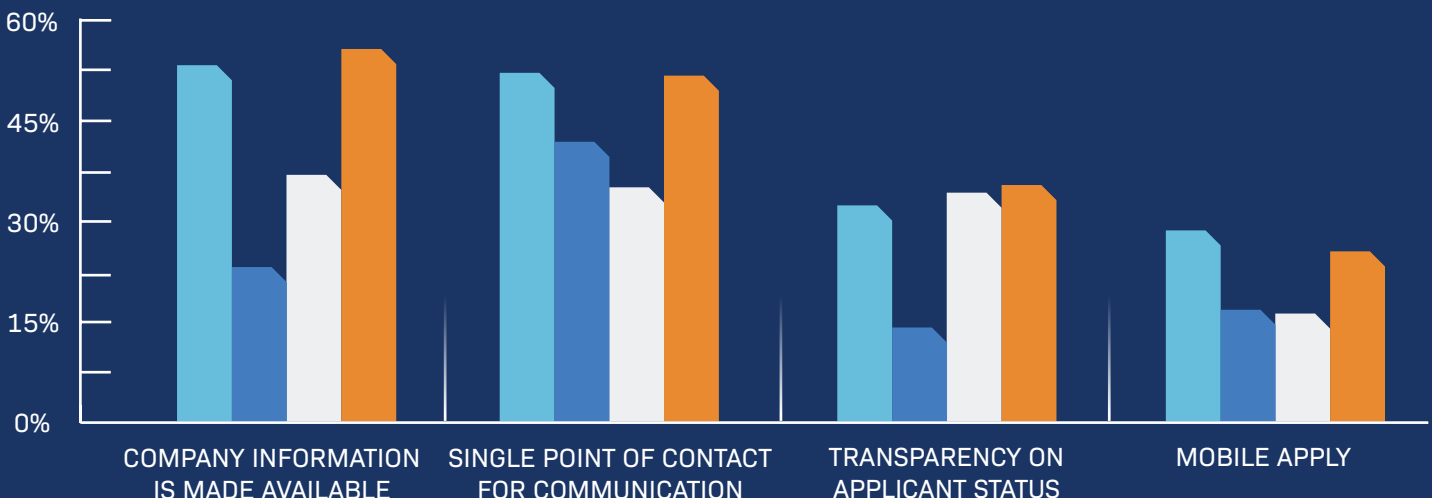
- **Candidate satisfaction:** How satisfied are candidates with various stages of the talent acquisition process?
- **Candidate safety:** Are candidates safe, and is their health and wellbeing considered during the screening, interviewing, and hiring phases?
- **Candidate engagement:** Are candidates engaged throughout the process?
- **Candidate feedback:** Are you collecting data on the candidate experience and asking for feedback through the process?

INSIGHTS

Companies can improve candidate experience when they enhance communication and collect feedback. Companies state that the candidate experience is a priority, yet communication with most candidates has remained unchanged. Companies had made small improvements in the past year by providing a point-of-contact and status on the application, yet one in two companies still used email as the primary form of communication with candidates.

Figure 7: *Changes in Candidate Communication*

2017 2018 2019 2020



Once companies collect metrics on experience, they must understand what needs to change. Below are some considerations to gain better insights into efficiency gaps:

- ◆ **Communicate throughout the entire candidate lifecycle:** Communication is not an isolated activity and needs to integrate with existing recruitment strategies so that it is frequent and consistent.
- ◆ **Interrupt bias early:** Certain attributes in a resume can introduce bias into the talent acquisition process early. Companies need to remove those attributes and stop bias early in the process. Blind screening and blind interviews can help companies an equal experience to all candidates.
- ◆ **Use objective data:** Companies tend to decide on candidates based on the resume or those attributes they recognize. Without objective data, not every candidate is going to get a fair opportunity.



ACTIONS

Companies that want to improve the candidate experience should:

- ◆ **Understand what candidates want:** Companies must consider the unique expectations and experiences of candidates. Collecting feedback and going through the candidate journey can help companies with a candidate-first approach to automation.
- ◆ **Use data to build trust:** Both employers and candidates need to trust the data and methodologies for the technology they are using. Companies looking at automation should consider providers that will partner with them and provide transparency.

CONCLUSION:

Talent acquisition has become more complex over the past few years. Companies face new pressures with attracting and engaging talent, and they need quality data to make the best decisions. Talent analytics requires a deeper understanding of what drives success for both employer and candidates. Companies need to consider a framework that will turn metrics into insights and actions. Companies will be able to transform their approach to analytics if they think more strategically about the quality of their data.

ABOUT US:



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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Modern Hire is a science-based hiring platform that improves hiring decisions with sophisticated candidate screening, predictive assessments and interviewing technology. Nearly half of the Fortune 100 use Modern Hire, a technology that combines AI, predictive analytics, workflow automation, assessment, and interviewing technology in a single solution that integrates with leading HCM systems. CognitiOn, the nucleus of Modern Hire's platform, merges expertise in industrial-organizational psychology, talent selection science, advanced analytics, candidate experience, employment law, data science and the practical application of ethical AI.

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