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TALENT MEASUREMENT:

DATA-DRIVEN HIRING DECISIONS

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TALVIEW

DATA-DRIVEN HIRING



Talent acquisition is in a state of transformation. Companies are facing intense pressure to fill positions in a short period of time and they are shifting priorities. The labor shortage, global pandemic, and Great Resignation have forced companies to rethink processes and evaluate new technology. According to Aptitude Research, hiring technology (interview, screening, and assessment) is a key area of focus, with one in three companies planning to increase their investment.

Hiring is one of the most critical and most neglected areas of talent acquisition. Over the past few years, companies have invested significantly in recruitment marketing, sourcing, and ATS solutions to attract talent but ignored the decision-making that begins after a candidate applies for a position. As a result:

1/2
→

One-In-Two Companies
are reevaluating their
hiring process

1/4
→

One-In-Four Companies
will not reach their hiring
goals this year

57%
→

Fifty-seven percent (57%)
do not have the data they need
to make decisions on talent

Companies today need meaningful insights throughout the talent lifecycle to make smarter decisions around talent. They need a consistent process and quality data to gain deeper insights on candidates and make smarter, confident, and bias-free talent decisions. Companies can achieve these goals through a data-driven approach to hiring with a focus on measurement.

This study based on data collected in 2021 and 2022 will look at the state of hiring and the role of technology in enabling data-driven decisions. This report will cover the following:


Current State of Hiring

 **Top Challenges**

 **Key Priorities**

 **Technology**

Future of Hiring

 **Defining a Framework**

 **Reducing the Number of Solutions**

 **Understanding Candidate Insights**



Methodology

Quantitative Research: 386 responses of talent acquisition and HR director level and above. North America only.

Qualitative Research: Qualitative Research: Series of interviews in 2021 on the challenges, strategies, and technology influencing decisions around AI matching.



TOP FINDINGS

1 Hiring is not enough of a priority:

With the pressure to fill positions quickly, companies identified recruitment marketing as a top priority. As a result, companies are investing in talent attraction and often neglecting talent after they apply for a job. *Companies with a strong hiring process are two times more likely to improve the candidate experience and see impacts to quality of hire and overall efficiency.*

2 One in four candidates drop off at the interview stage:

Companies that made improvements to candidate engagement and the application process will still see candidates drop off if hiring is a negative experience. Companies must provide consistency, transparency, and fairness throughout the hiring process to ensure that candidates are not dropping off at this stage. Delays and poor communication can result in companies losing quality talent. *Aptitude Research found that 52% of companies have an interview process that lasts four to six weeks.*

3 Companies do not trust the data to inform hiring:

Companies have low satisfaction with the quality, accuracy, and integrity of their data. Only 14% of companies are satisfied with data quality. One reason is that companies are not starting with the right data and rely solely on resumes or candidate profiles to inform decisions. *Companies looking at a data-driven approach to hiring must have confidence in the data they are using.*

4 The ATS is not enough:

Companies are looking outside of their ATS for hiring support. Traditional recruitment technology focuses on compliance and applicant workflow. It does not always support hiring activities. As a result, companies invest in several different solutions to support hiring or they rely on a manual process to make hiring and selection decisions. *Companies identified lack of integration, issues with data quality, and lack of candidate insights as the top frustrations with technology that supports hiring.*

5 Companies are relying on interview and assessment data more this year:

Companies are using interview and assessment data to inform decisions more in 2022 than they were in 2020. Unfortunately, this data is often inconsistent or only available for some candidates. *Companies are relying less on the resume as the primary data source, but need to continue to draw deeper insights and more consistent data.*

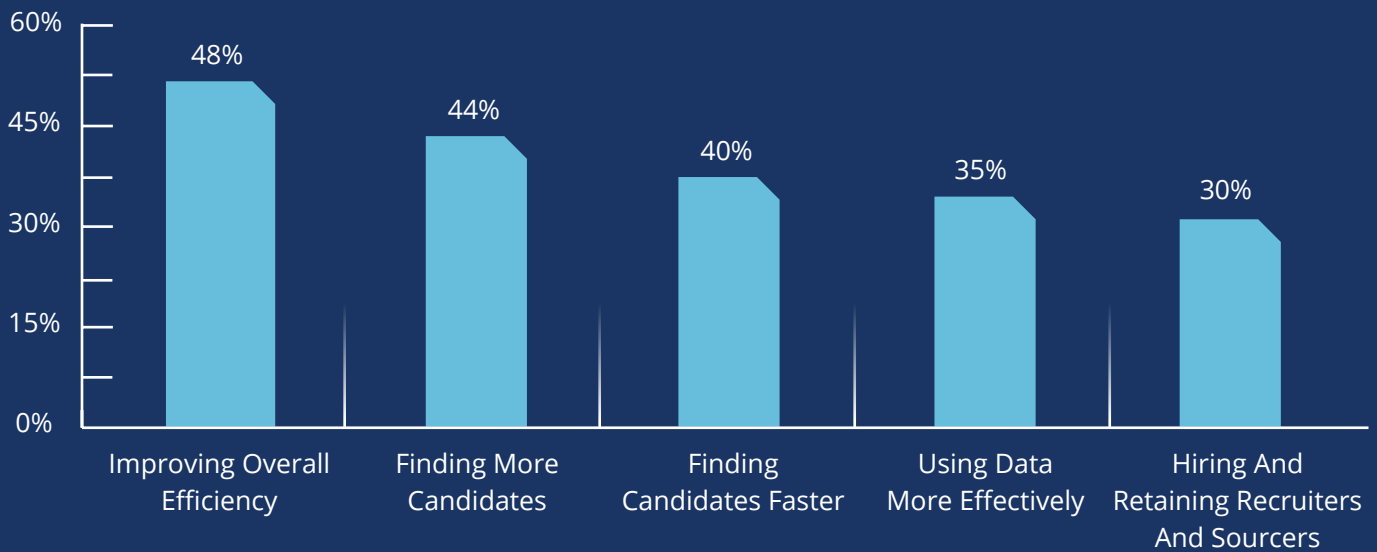
6 Candidate insights improve quality of hire:

Candidate insights give companies a complete 360-degree view of the candidate beyond what is included on a resume or profile. Candidate insights provide the full picture of a candidate including potential, performance, and learnability. *Companies that include candidate insights see improvements in quality of hire and decision making.*

THE CURRENT STATE OF HIRING

According to Aptitude Research, 41% of companies are increasing the number of hires in 2022 and 65% of companies have high-volume needs. Talent acquisition has never been more challenging or complex. Companies must balance speed with quality in a world where candidates' needs come first. And, for many companies, speed and quantity are the currency for success. When asked about the top priorities for 2022, companies identified efficiency, finding more candidates, and finding candidates faster as the top priorities (see Figure 1).

Figure 1: *Top Talent Acquisition Priorities*



Companies are prioritizing attraction (employer branding, recruitment marketing, and sourcing) to achieve these goals. By focusing on the early stages of talent acquisition, companies often run out of steam later in the process during hiring (screening, interviewing, and assessment). A negative hiring process can be devastating to the employer brand, candidate experience, and quality of hire. According to Aptitude Research, 25% of candidates are dropping off at the interview process (see Figure 2). As companies reevaluate the future of talent acquisition, hiring needs to be more of a priority.

Figure 2: Candidates Dropping Off in the Talent Acquisition Journey



The next section of this report will address the following:

- What is hiring and where does it fit into talent acquisition?
- What are the top hiring challenges that companies face today?
- What role does technology play in hiring today?

WHAT IS HIRING?

At the most basic level, talent acquisition is categorized in three main categories: Attract, Recruit, and Hire (see Figure 3). These areas are the trifecta of any talent acquisition function and without one or several, it is incredibly difficult for an organization to execute on business results or a strategic vision.

Figure 3: Core Areas of Talent Acquisition



Attract: Attract, engage, and communicate with future candidates through a variety of channels

Recruit: Identify, recruit, and move candidates through the process

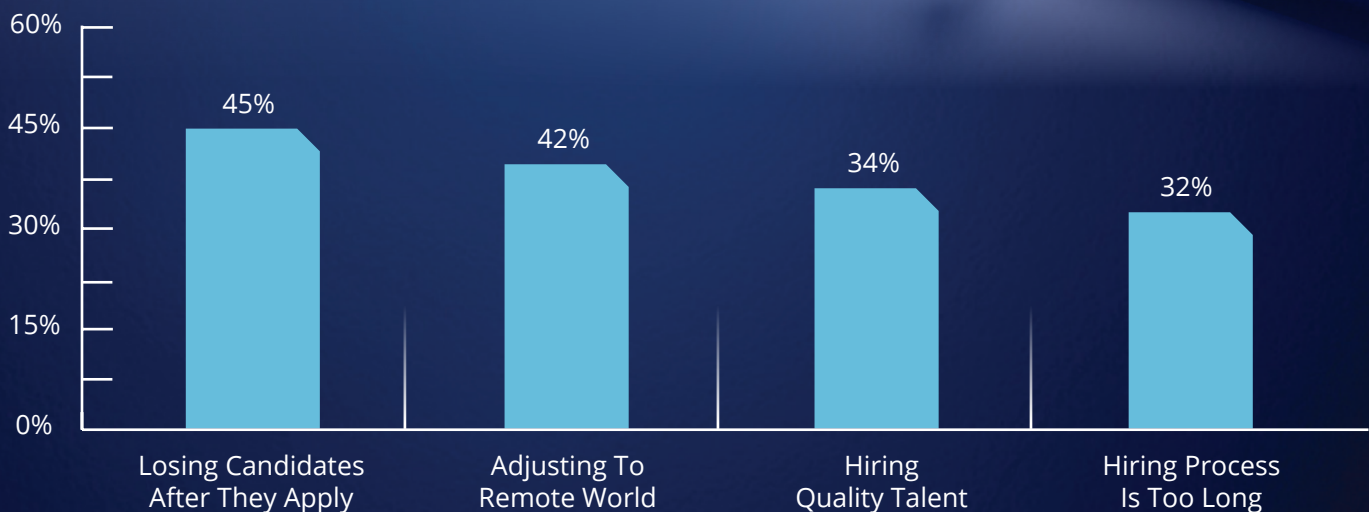
Hire: Screen, interview, assess, and onboard candidates into new hires

When used together, these categories represent a holistic approach to strategic talent acquisition that includes specific processes, technology, and metrics under each of these larger buckets.

WHAT ARE THE CHALLENGES THAT COMPANIES FACE?

For most companies, the hiring function is not set up for success. Organizations feel pressure to act quickly and may make decisions based on gut (which can be inherently biased). Companies are not relying on data and insights to drive these decisions because they either do not have access to data or lack quality data. When asked what the top hiring challenges are today, companies identified losing candidates, remote recruitment challenges, quality talent, and delays in the hiring process as primary concerns. Companies must look closely at what is not working in the hiring process before they can make changes.

Figure 4: *Top Hiring Challenges*



When hiring talent, companies have relied on the same processes and strategies that they were implementing pre-pandemic. The result is that hiring is inconsistent, bias is included in the process, and quality is impacted.



Consistency: Companies must provide a consistent process to every candidate. Consistency gives companies a framework to make decisions based on insights and intelligence, and allows candidates to have a fair and equitable experience.



Bias: Bias in talent acquisition is not a new phenomenon. Although some companies have made efforts to remove bias from resumes, companies still need more inclusive help. Companies must offer a fair chance to every candidate regardless of background or experience. Companies that invest in removing bias early in the talent acquisition process often face bias during the screening and interview process when hiring managers are left making decisions based on gut.

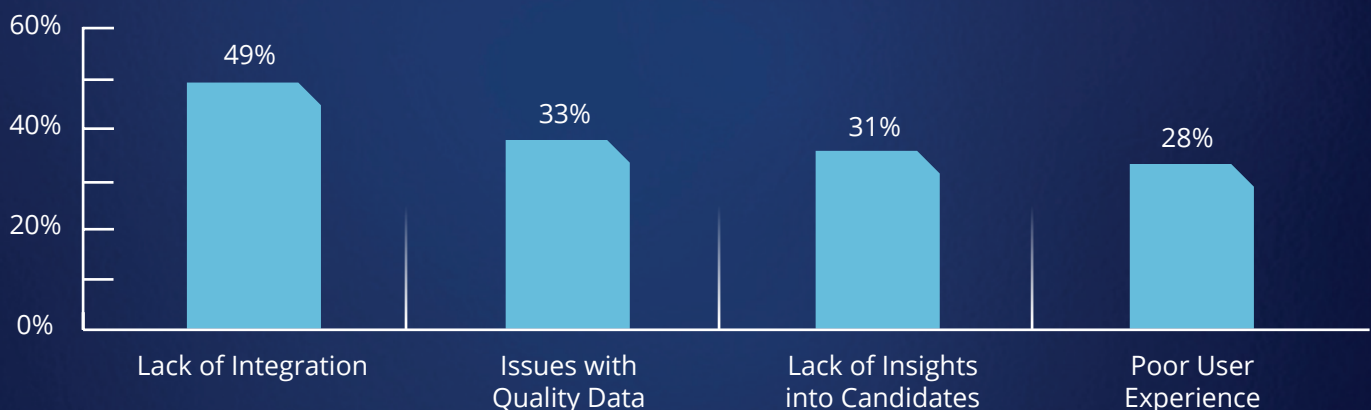


Quality: Companies are looking to improve quality of hire and often lack an approach to accurately measure quality. When companies take a data-driven approach to hiring and have a clear picture of the candidate, they can better define, track, and improve quality.

WHAT ROLE DOES **TECHNOLOGY** PLAY

Traditional recruitment technology has exacerbated many of these challenges and does not always support hiring activities. As a result, companies invest in several different solutions to support hiring, or they rely on a manual process to make hiring and selection decisions. Companies identified the lack of integration, issues with data quality, and lack of candidate insights as the top frustrations with technology that supports hiring (see Figure 5).

Figure 5: *Top Frustrations with Hiring Technology*



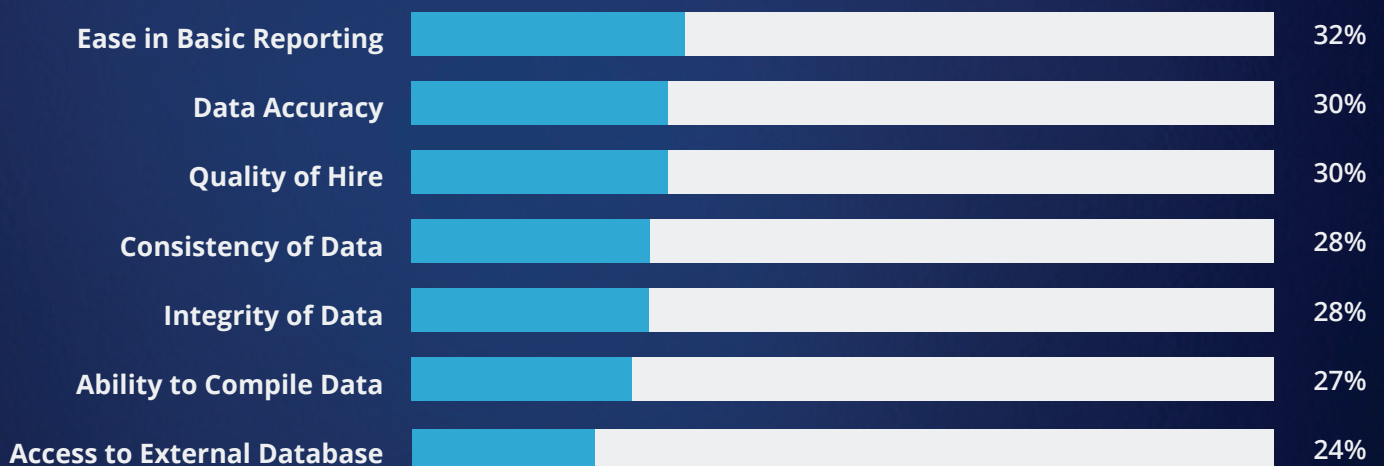


Integration: According to this study, companies are using four different hiring solutions on average, and 62% of companies are using two or more assessment providers. “Too many solutions” is a common problem in talent acquisition technology. When companies face a roadblock, they invest in new technology and often do not consider integration or user experience. Aptitude Research found that one in three companies only consider integration when they are evaluating technology. Integrating talent acquisition and HR systems has significant benefits in providing consistent data, enabling a better experience, and eliminating manual processes. Yet, integration has long been a point of frustration for many talent acquisition professionals investing in new technology. Many companies lack the dedicated resources and underestimate the needs and expectations of IT to build integrations. Reducing the number of hiring solutions will help with integration and consistency challenges.



Data Quality: The right data can help inform more efficient processes and help organizations understand their candidates better. Creating and maintaining data in other systems often takes time and is prone to error, especially in fast-moving businesses. Companies must manage this data from multiple systems, including internal data (data from its own systems) and external data (data from publicly available sources such as social media, job boards, and economic data). Managing this data and ensuring accuracy, integrity, and quality are critical parts of an effective talent acquisition technology strategy. Companies must also ensure that they are starting with the right data. Most companies are not satisfied with data quality, data integrity, and data accuracy (see Figure 6).

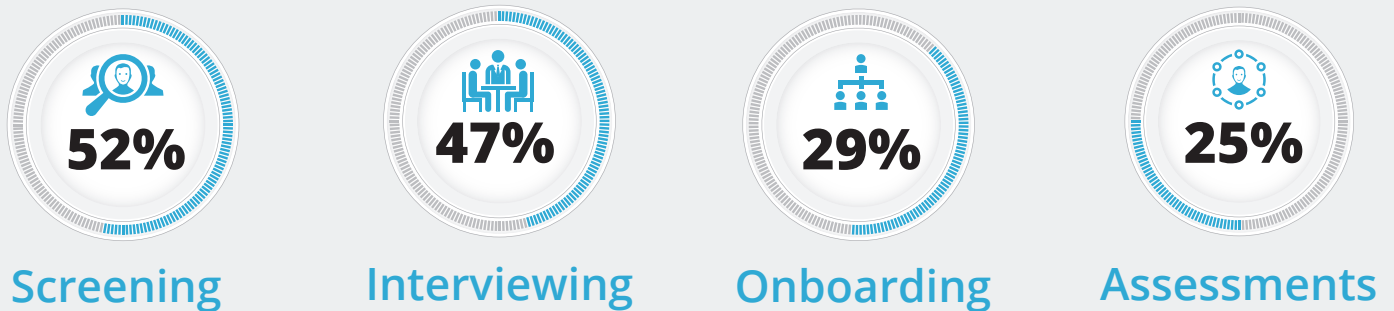
Figure 6: Satisfaction with Data





Candidate Insights: Companies need a better understanding of the candidate to make hiring decisions. Unfortunately, ATS systems are not designed to take a 360-degree view of the candidate. They provide a workflow, but do not enable smarter hiring decisions by providing a deeper look at the candidate. Instead, companies rely on a candidate's profile or resume. According to Aptitude Research, companies are looking outside of these systems to support hiring.

Figure 7: Companies Using their ATS for Hiring Activities



FUTURE STATE OF HIRING: TALENT MEASUREMENT

As the competition for talent increases, hiring will need to be a priority in 2022. One in two companies are rethinking their hiring technology this year. When asked why, companies stated improving quality of hire, making better decisions, and gaining internal support.

Figure 8: Reasons for Rethinking Hiring Technology



Companies that want to achieve these goals will need a data-driven approach to hiring. This approach will enable companies to make better decisions around talent, provide a fair and equitable experience, and ensure consistency throughout the hiring process. A data-driven approach requires companies to reexamine the hiring process and think more holistically about screening, interviewing, and assessing, based on talent measurement. If talent engagement defines how companies attract and recruit talent, then talent measurement defines how companies hire and select talent.

Talent Engagement: The strategies used to attract talent and engage talent from the time they learn about an organization through the recruitment stages.

Talent Measurement: The strategies used to enable data-driven decisions around selecting and hiring talent that incorporates candidate insights.

Figure 9: Talent Acquisition Framework



AI can play a critical role in helping companies use data to inform decision making and even humanize the process. One way that 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.

The following pages of this report will look at key strategies that companies need to embrace for the future of hiring:

-  **One System:** In this strategy, companies have an integrated approach to hiring that use fewer solutions and can create more consistency in the data and experience.
-  **Data to Drive Action:** In this strategy, companies take data and turn it into action – improving the hiring process and aligning more closely with business goals.
-  **Candidate Insights:** In this strategy, companies gain deeper insights on candidates beyond experience, including performance and learnability.

ONE SYSTEM



Most companies are leveraging multiple solutions to support hiring activities, and 62% are using two or more assessment providers. These systems provide different experiences and data management. Companies cannot make decisions on talent when they do not have consistent data to support those decisions.

The future of hiring includes an integrated approach to screening, interviewing, and assessing candidates. By reducing the number of systems, companies can simplify the process and provide more efficiency without sacrificing depth in functionality.

What sets successful companies apart from their competitors is their ability to provide consistency to screening, assessment, and interviewing.



Screening: Although it's considered a tactical area of recruitment, screening can have a dramatic impact on a company's overall recruitment strategy. Organizations that make a strategic investment in integrated solutions are able to improve the candidate experience and strengthen the quality of hires.

<i>Outdated</i>	<i>Modern</i>
Only screening for certain positions.	AI can help companies effectively screen every candidate and provide data-driven decisions for every job role.
Screening that does not engage candidates.	Using pre-recorded videos to replace phone screens. Using chatbots and conversational AI can help to reach every candidate.
Candidates must wait to hear back if they can move forward in the process.	Sending an assessment invite immediate to candidates. Candidates receive automated communication.



Assessment: Pre-hire assessments encompass the tools and technology that enable organizations to evaluate if a candidate has the right skills and behaviors to perform a job. These assessments are typically a combination of subjective and objective tests used to determine the accuracy of hire. Today, best-practice companies of every size are providing objectivity to the hiring process by leveraging a variety of pre-hire assessments throughout their organizations, from executive-level positions to front-line workers.

<i>Outdated</i>	<i>Modern</i>
Time consuming, manual tests that feel punitive.	Multifaceted insights looking at skill, fit, and potential.
Managers resisting the assessment process.	Guiding hiring managers on questions to ask and areas to explore based on assessment insights.
One size fits all.	Using different assessments at different points in the hiring process, and for different roles, based on the needs of the organization.
One and done "disposable" test scores.	Carrying over pre-hire assessments into the interview process to help guide training and interview questions.



Interviewing: Interviewing is a staple of any talent acquisition process and often the deciding factor for hiring a candidate. Surprisingly, few recruiters and managers are trained on how to conduct a good interview. Additionally, few organizations have a standard approach for how interviewing is conducted. When recruiters and managers have the right tools and best practices, interviewing can be a powerful process that determines the best fit for the organization.

<i>Outdated</i>	<i>Modern</i>
Ad hoc interviews.	Interviews that are standardized and consistent across the organizations.
Going with a "gut feeling".	Including assessments in the interview process.
Multiple one-on-one interviews.	Leveraging digital interviewing platforms where multiple interviewers can participate.



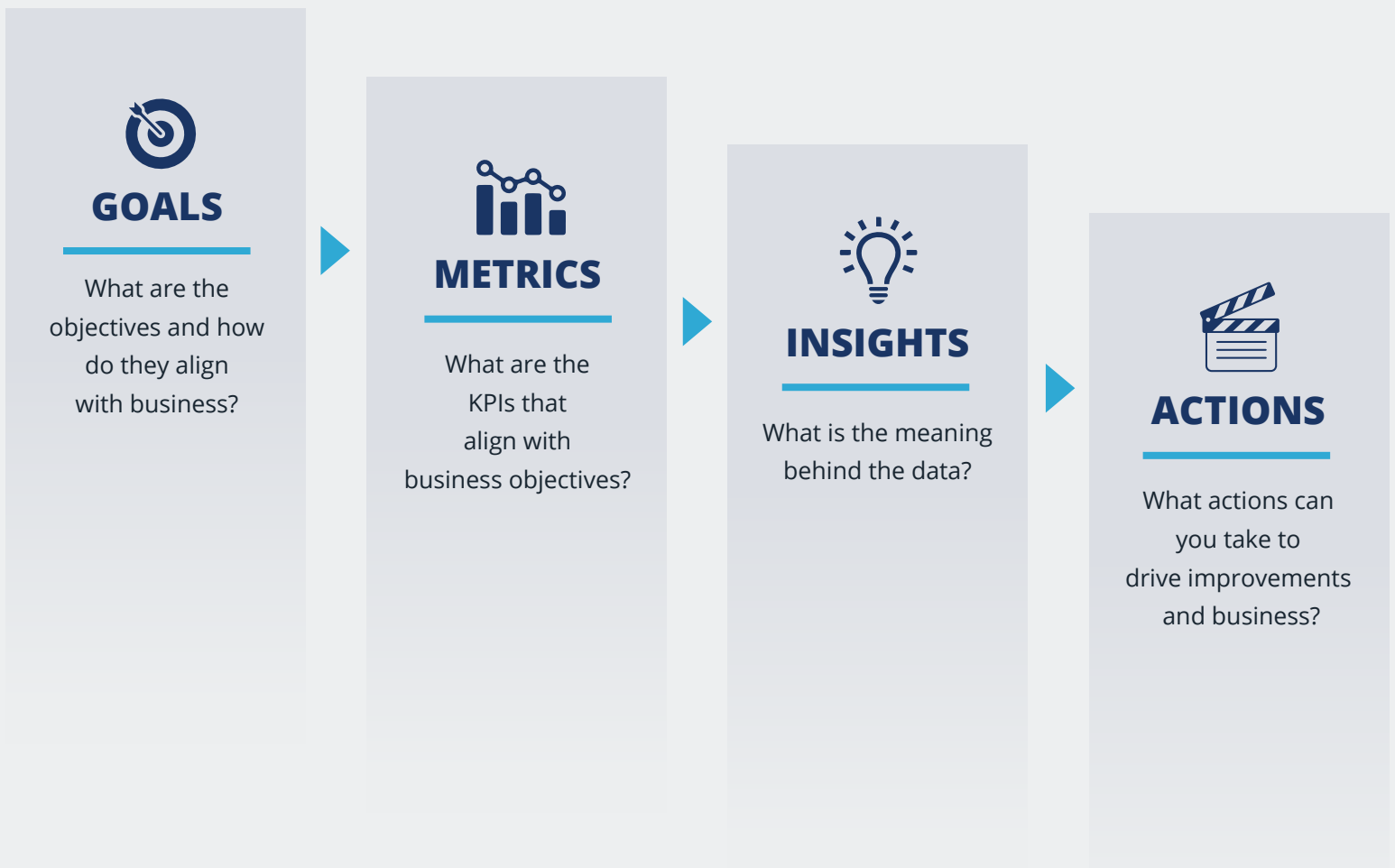


DATA TO DRIVE ACTION



Talent measurement requires companies to turn data into action. Companies must start with their goals and objectives, identify critical metrics, develop insights on the candidate, and prioritize action items to move forward.

Figure 10: *Talent Analytics Framework*





Goals: Companies must define their goals and objectives in the hiring process, including reducing bias, providing more consistency, and improving quality of hire.



Metrics: Companies must consider the metrics to achieve those goals, including time to interview, diverse number of hires, quality of hire, candidate experience, time to fill, and candidate response rates. Metrics may include:

- What percentage of candidates that completed an assessment were diverse?
- Is the assessment offering differential predictions?
- What percentage of the candidates interviewed were diverse?
- Of all hires, what percentage were diverse?



Insights: Insights allow companies to get curious about the data they are using to make decisions and ask questions to help inform actions. For example, 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 the timing of interviews throughout the day.



Action: A few ways that companies can turn insights into action include:

- **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.
- **Leverage AI:** 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.



CANDIDATE INSIGHTS

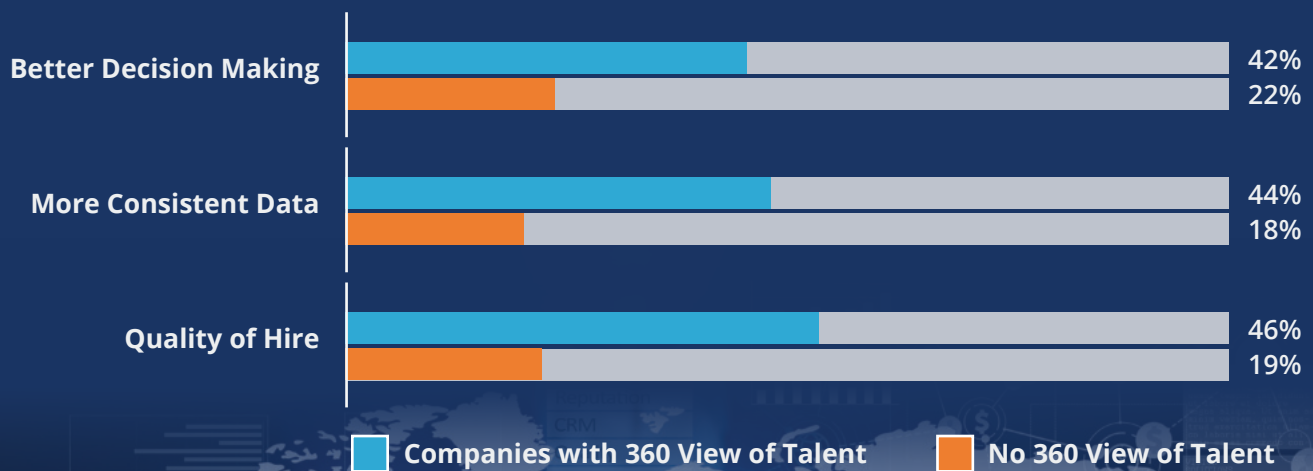
Companies often start with resume or social profile data, ignoring certain candidates and including biases (see Figure 11). This information is not necessarily an indicator of performance or quality of hire. By relying solely on the resume to make hiring decisions, companies can erode candidate trust and confidence in the hiring process.

Figure 11: *Data Used To Make Decisions*



Companies have shifted in the past year from resume data to interview and assessment data for making decisions on talent. While this is a positive step, companies must also consider candidate insights into the behavioral and performance qualities of candidates. Sixty-one percent (61%) of companies define candidate insights by experience and do not consider potential. Candidate insights give companies a complete 360-degree view of the candidate beyond what is included on a resume or profile. Companies that include candidate insights see improvements in quality of hire and decision making.

Figure 12: *The Impact of Candidate Insights*



CONCLUSION:

Hiring is a critical part of talent acquisition today. Companies that want to achieve these goals will need a data-driven approach to hiring. This approach will enable companies to make better decisions around talent, provide a fair and equitable experience, and ensure consistency through the hiring process. A data-driven approach requires companies to reexamine the hiring process, focus on measurement, and think more holistically about screening, interviewing, and assessing.



Aptitude Research is a leading human capital management (HCM) research and advisory firm. Our in-depth research and vendor assessments help HR leaders develop a deep understanding of the HCM technology landscape, including talent acquisition and engagement, to ultimately make better purchase decisions.

Our flagship research, The Aptitude Index Report: Talent Acquisition Systems (2021), delivers a comprehensive look at talent acquisition trends and technology. This knowledge, combined with our consulting and advisory services, enables companies to save time, money and improve the recruiting, hiring and workforce management experience.

Founded by leading analyst Madeline Laurano and based in the Boston area, Aptitude Research provides a wealth of HCM expertise to companies, vendors and investors. View our recent and upcoming research at [AptitudeResearch.com](https://www.AptitudeResearch.com) or connect with us on [Twitter](#) or [LinkedIn](#).



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