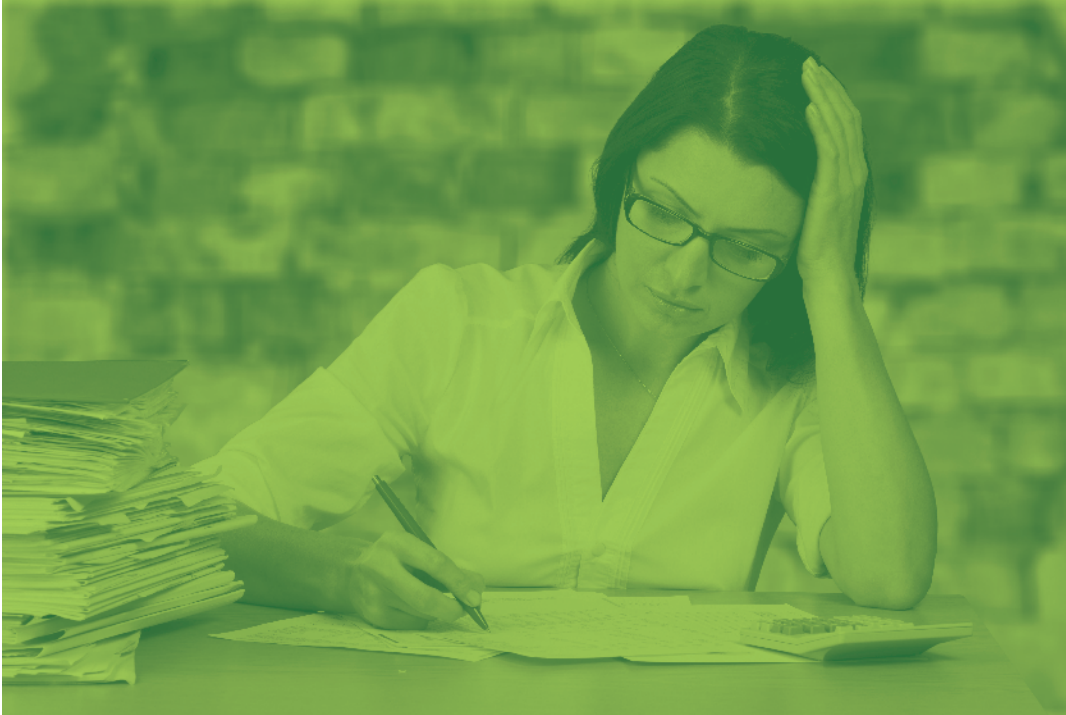


Candidate Selection Without Compromises

CEB Precise Fit

 **CEB**
WHAT THE BEST COMPANIES DO

Candidate Selection Without Compromises



Introduction

Organizations need to find top talent efficiently and effectively—now more than ever. In fact, our research reveals that 85% of the factors that influence an organization’s growth either entirely or partially concern talent. In addition, business leaders need employee performance to improve by 20%—with little to no increase in funding—to achieve demanding business objectives.¹ And as new hire performance stagnates, goals go unmet, work streams slow down and priorities are deferred.

Executives understand the implications of having the wrong people in seat, and finding the right talent is one of their highest priorities. But increasing numbers of applicants overwhelm recruiters—who struggle to select, hire, and retain the right talent—resulting in costly vacancies. Our

analysis reveals that for each day a single vacancy is open, the average organization loses roughly US\$407.¹ Rushing to fill an empty seat, however, can increase the potential of creating a negative candidate experience, which can harm the company’s brand, decrease the discretionary effort of hired candidates, and increase new-hire turnover. Companies of all sizes must prevent negative candidate experience because those candidates often take negative action against the employer.

In this paper, we will examine why organizations struggle to improve hiring outcomes and recommend best practices from successful companies to enhance the recruiting approach.

¹ Source: CEB analysis.

The Recruiting Dilemma

Successful organizations realize that the recruiting process itself plays a critical role in both acquiring candidates and their increasing likelihood to perform once in role. Unfortunately, organizations continue to face issues related to performance, attrition, and the negative effects of the recruiting process.

How can I find people who will be successful in their job?



1 in 5

new hires is considered a **“regretted decision”**

Source: CEB analysis.

How can we reduce our turnover?



1 in 4

new hires **leaves** within one year

How is the recruiting process affecting our candidates?



1 in 5

applicants will take **negative action** after a poor candidate experience.

Where Organizations Struggle

01 Recruiters struggle to identify and hire quality candidates.

02 The recruiting process is not built with the candidate in mind.

03 Typical recruiting programs fall short and do not improve business outcomes.

Recruiters Struggle to Identify and Hire Quality Candidates

Large volumes of applications overwhelm the recruiters who have to sift through them. Within recent years, application volumes increased 33%, and most applicants (65%) do not meet basic qualifications.¹ Despite this overwhelming number of unqualified applicants, recruiters traditionally minimize candidate dropout from the recruiting funnel. Unfortunately, this approach only increases the time to hire without significantly improving the quality. It also increases the potential for negative brand impact.

To overcome these challenges, organizations strive to inform their talent decisions with insights, increasing their likelihood of success. However, few business leaders have objective insight into the suitability of their candidates, and fewer than half use objective data to make talent decisions, resulting in regretted hires.

75% 

of HR professionals say their organization wants to improve the way it measures talent.

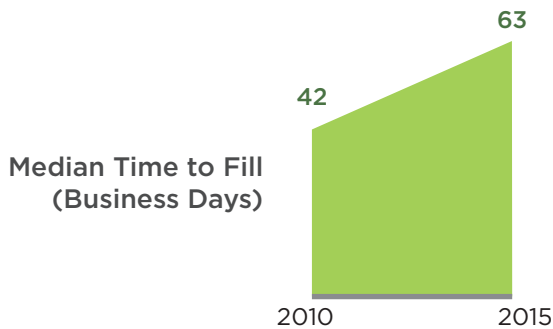
33% 

of HR professionals say their organization uses objective assessments.

43% of HR professionals say their organization uses information about talent to make business decisions.

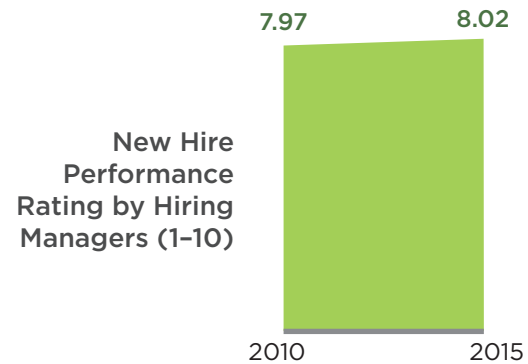
Source: CEB analysis.

Average Time to Fill Has Increased...



n = 1,071 recruiters (2010); 1,125 recruiters (2015).
Source: CEB 2010 Recruiter Effectiveness Survey; CEB 2015 Recruiter Efficiency Audit.

...But Hire Quality Shows No Improvement



n = 28,473 hiring managers (2010); 4,516 hiring managers (2015).
Source: CEB 2010-2015 Recruiting Effectiveness Dashboard.

¹ Source: CEB analysis.

Recommendation: Utilize an Objective Assessment Process

The best companies improve hiring outcomes by utilizing predictive tools, such as psychometric and algorithmic assessments. These tools provide companies with data-driven insights recruiters can use to make better decisions, faster.

In addition to aiding in predictive hiring decisions, well-developed and validated tools are more objective than tools commonly used in the hiring process that tend to be based on hiring managers' gut reactions (e.g., unstructured interviews). Increased objectivity is a benefit to organizations concerned about potential litigious complaints about their process. While some organizations may be reluctant to use any formal hiring assessments due to (often unfounded) legal concerns, the use of a relatively subjective hiring process can actually increase the risk of legal exposure.

Inserting objectivity enhances candidates' feelings of being treated fairly during the hiring process.¹ In turn, this decreases the likelihood that candidates will file complaints regarding the process. Organizations that proactively implement assessments complying with relevant legal and regulatory guidelines and that monitor, evaluate, and update their processes as necessary are better prepared should their hiring processes be challenged. Further, effective use of assessments can help organizations objectively compare candidates on competencies important for job performance rather than relying on initial impressions or other factors that may not be related to success in the job.

“Applicants who scored higher on assessments received higher performance ratings.”

Director of Talent Acquisition Programs
Financial Services Company

Psychometric Assessment

Psychometric assessments help companies understand a prospective employee's competencies, behaviors, and attitudes as well as future aptitude. Predicting success for different profiles usually requires using different tools or inputs. So the assessment strategy must include three complementary elements:

- **Robustly defined attributes of high performance—** Whether in the form of a competency framework, a leadership model, or job descriptions, this definition must be up to date and aligned with the company's strategy and objectives. All stakeholders should acknowledge these attributes as necessary for individual and group success.
- **A comprehensive process to measure the attributes—** Assessment tools and processes must measure all the skills, behaviors, and characteristics in the definition of high performance. At minimum, the assessment process should look at the candidate's potential (e.g., personality and cognitive ability), knowledge (e.g., skills



“[The solution] helps us objectively screen out 50% of applicants earlier in the selection process, saving us a considerable amount of time and money.”

David Reay
Nissan

¹ Source: John Hausknecht, David Day, and Scott Thomas, “Applicant Reactions to Selection Procedures: An Updated Model and Meta-Analysis,” *Personnel Psychology* 57(3), <http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1126&context=articles>

and judgment), and expected on-the-job behavior. Further assessments can cover broader factors such as values and fit to the organizational culture; these indicate potential employee engagement as job responsibilities change in the future.

- **Continuous validation and evaluation**—A world-class assessment strategy should be constantly under scrutiny—continuously validated to ensure that the process is driving the desired business outcomes and that assessment tools and methods are adapting to changes in the organization.

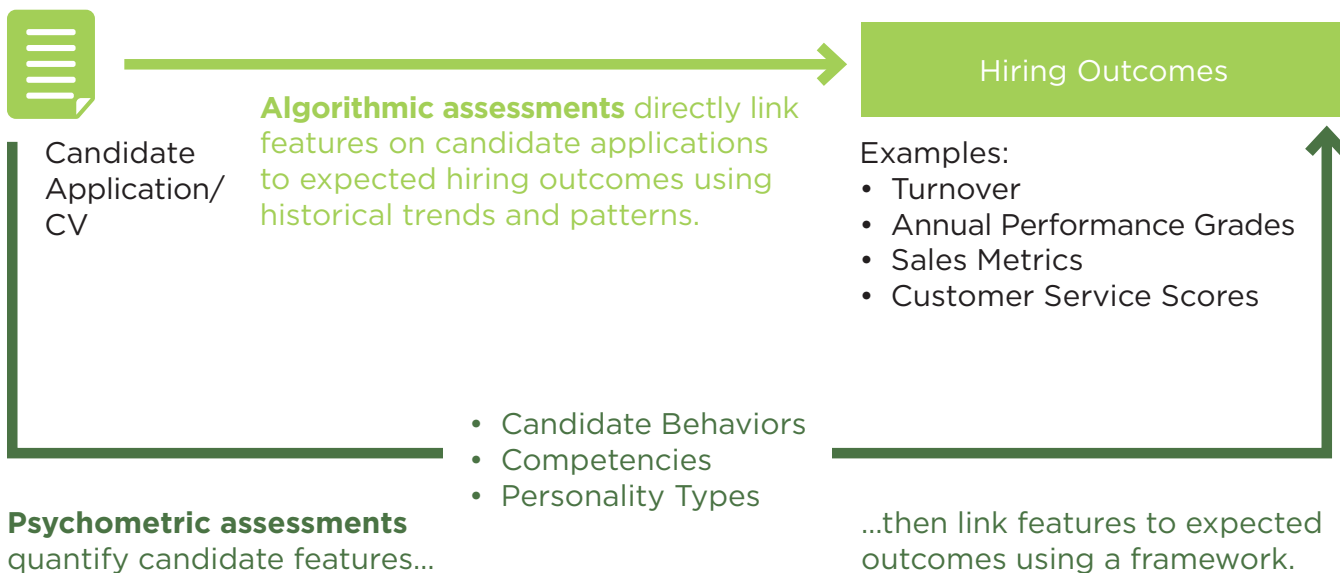
World-class assessment approaches will combine proven assessment tools and benchmarks with an understanding of the organizational context and requirements. This approach ensures selected individuals exceed expectations internally and in comparison with their peers in the wider market.

Algorithmic Assessment

Unlike psychometric assessments, an algorithmic assessment only requires application data, which is analyzed by advanced machine learning and semantic tools. When both assessments are combined, organizations experience superior efficiency and versatility in improving post-hire outcomes.

Other fields have adopted big data analytics to predict human behavior (e.g., consumer behavior, stock buying or selling behavior, IT risk behavior), but HR—and in particular Talent Acquisition—is just realizing the opportunity to leverage such predictive tools. Machine-learning capabilities vet millions of features within structured and unstructured data formats to find those that truly matter. Predictive features are then identified as those that disproportionately appear in the applications of high- versus low-performing hires. This unique insight enables recruiters to make data-driven decisions and identify the best-quality hires.

Dual-Pronged Approach to Assessment



Source: CEB analysis.

The Recruiting Process Is Not Built with the Candidate in Mind

Reducing Brand Damage

Many application processes require candidates to invest a lot of time and effort very early in the recruiting process. Although candidate effort is necessary for organizations to properly assess the candidate's qualifications, this effort is typically required up front, before the candidate can determine whether the outcome will be worth the investment. Furthermore, the application process provides little or no feedback on the candidate's progress or their likelihood to advance through selection; the process lacks transparency, self-direction, and inclusion. Consequently, candidates find the application process burdensome and frustrating, resulting in brand damage. This significantly affects organizations competing for roles where many candidates are also their consumers. In fact, one in five applicants will take negative action after a poor candidate experience, resulting in damage to the brand and lost revenue.

“Every candidate who comes into contact with your organization is a prospective customer. A poor experience with the company on any level could linger with the candidate and influence their decision the next time they [make a] purchase.”

Direct of Talent Acquisition
Consumer Goods Industry

Conversely, a positive candidate experience leads to significant post-hire benefits; organizations might experience an up to 15% increase in new hires' discretionary effort and an up to 38% increase in new hires' intent to stay.²

Activities After a Negative Recruiting Experience...

Percentage of Candidates Very Likely to Do the Following Activities After a Negative Recruiting Experience

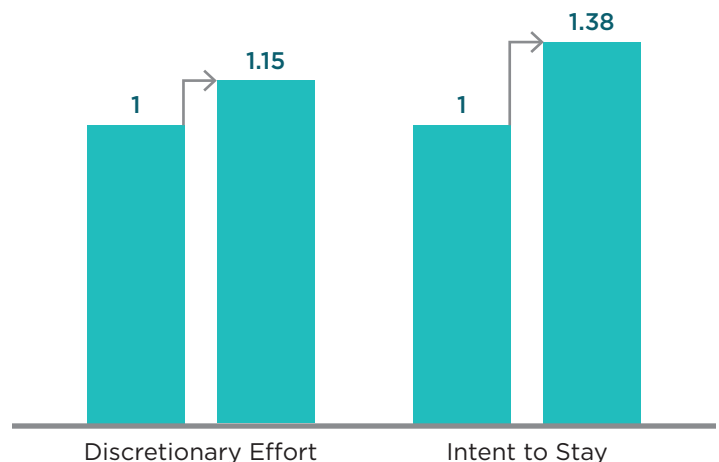
Employment Brand	
Tell Your Friends About Your Negative Experience with the Organization	33%
Use Social Media to Share the Negative Experience	12%
Product Brand	
Stop Using or Purchasing a Product or Service from That Organization	18%

n = 20,005.

Source: CEB, Q4 2011 Global Labor Market Survey; Stevens, Leslie, "Improve the Candidate Experience," ERE Media, 15 July 2008, <http://www.ere.net/2008/07/15/3322/>.

...And After a Positive Candidate Experience

Positive Candidate Experience^a Increases in New Hire Effort and Intent to Stay



n = 10,006.

Source: CEB 2014 Global Labor Market Survey.

^a On a 10-point scale, those with a positive candidate experience rated their experience as 9 or 10, and those with a negative candidate experience rated their experience as 4 or lower.

² Source: CEB 2011 Global Labor Market Survey.

Reaching Native Tech Generations

As organizations recruit for openings and consider the candidate experience, they struggle with the complex and changing candidate profile and mind-set. Users today expect applications and assessments to be accessible through mobile devices, reacting to the standard set by consumer-grade usability. However, enterprise technology significantly lags behind consumer-grade technology in user interface quality, which dissatisfies users. This lag dramatically affects recruiting for Millennials and other native tech generations.

Millennials—the fastest-growing employee segment—are now a key candidate population. In fact, by 2020, the entire workforce will be 50% millennials.³ Millennials expect consumer-grade mobile availability because mobile Internet and smartphones have always been ubiquitous; they see products delivered exclusively through desktop and laptop computers as constraining and unintuitive. Furthermore, millennials are more likely than other generations to primarily use a mobile device to learn about employers; however, only one-third of organizations have their career sites mobile optimized.³

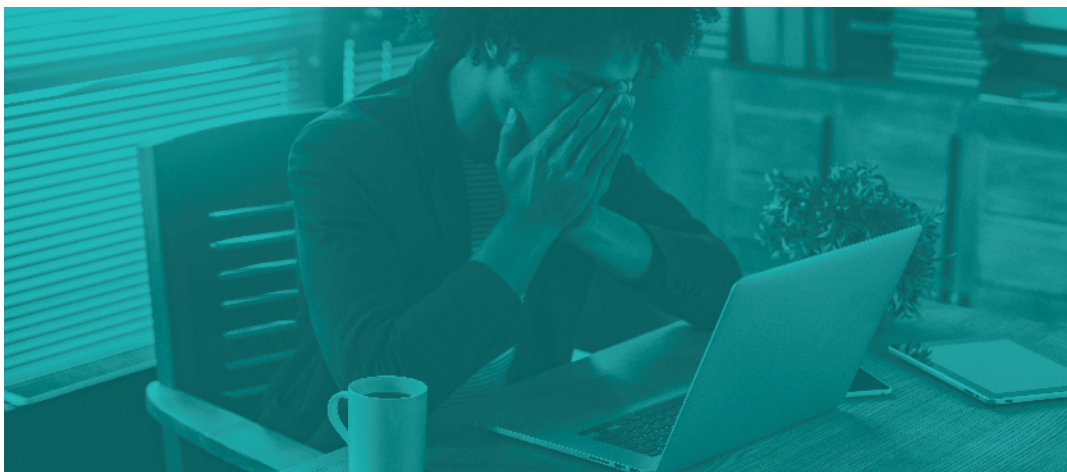
Recommendation: Deliver a Modern, Rewarding Candidate Experience

Many recruitment processes are built on an antiquated module of what organizations want and need and don't consider candidates' changing responses to the process. This employer-centric methodology often results in a negative candidate experience. Instead, the best companies design their process for the candidate. A candidate-centric approach delivers value to the candidate regardless of hiring outcomes.

Using algorithmic assessments in the recruiting process improves recruiting outcomes by scoring candidates based on their probability of success without any incremental candidate effort. Combined with psychometric assessments, this approach provides superior accuracy while enhancing the candidate experience.

Creating a Candidate-Centric Experience

In a candidate-centric experience, organizations offer relevant, actionable communication throughout the process. They deliver value to every candidate, regardless of hiring outcomes, and allow candidates to scale their time investment accordingly. Organizations provide candidates with details on the application process and a preview of the job requirements and day-to-day activities, and they deliver immediate feedback on how the candidate compares to role qualifications. This visibility empowers candidates to make informed decisions about each subsequent step and to choose for themselves whether to continue. Self-selecting results in fewer unqualified candidates in the recruiting funnel, which allows recruiters to focus on the



“If I knew the types of activities I’d have to do, I never would have applied. Because of this, I only stayed in the job for two months.”

Former retail sales associate

³ Source: CEB 2014 Employment Branding Effectiveness Survey.



Traditional Model

Employer-centric:

- Results in cumbersome and frustrating candidate experiences.
- Requires high effort for all candidates regardless of fit
- Is limited to a one-way conversation



Best Practice Models

Candidate-centric:

- Informs, engages, and attracts the best candidates
- Maximizes prediction
- Promotes your brand
- Drives efficiency and quality of hire

Effortless:

- Requires zero effort by the candidates
- No assessment ever offered to or seen by candidate
- Drives efficiency and quality of hire

Source: CEB analysis.

best-fit, highest-potential candidates. This simplification improves decision making, cuts time to hire, and decreases the potential for negative brand impact.

Minimizing Candidate Effort

Companies interested in reducing candidate effort should consider an effortless experience where algorithmic assessments that are applied to application data in a process unseen by the candidates, resulting in an effortless experience. Algorithmic assessment requires no incremental effort from the candidate—or the recruiter—and it can stand alone or be included with a psychometric assessment.

Using algorithmic assessments (alone or combined) improves critical KPIs such as retention rates, performance, and customer satisfaction (which ties back to better selection decisions). Algorithmic assessments also allow companies to target highly specific post-hire outcomes (e.g., 90-day attrition versus one-year attrition) in a way never before possible.

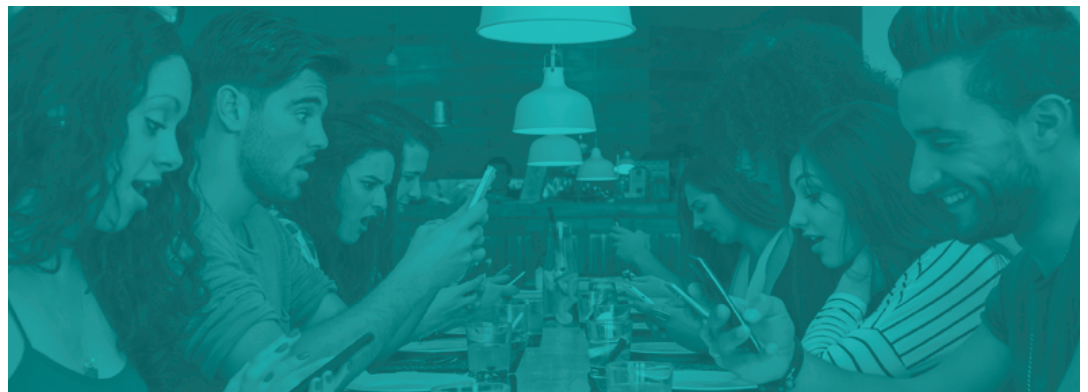
Reaching the Candidate Anytime, Anywhere

As the millennial workforce grows, processes and technology that appeal to a native tech generation become more important. Mobile capabilities fulfill native tech expectations and reach millennial applicants who primarily use mobile devices to learn about employers. Mobile capabilities also allow companies to expand their reach to candidates who may not have access to desktop or laptop computers.

Instead of delivering an application process exclusively through desktop and laptop computers, offer a streamlined experience across multiple devices. An easy and intuitive user experience and interface designed to function on mobile devices allows hiring organizations to reach candidates anytime, anywhere—enhancing the candidate experience.

“I do everything on my phone. This ability just keeps up with the times.”

Millennial applicant



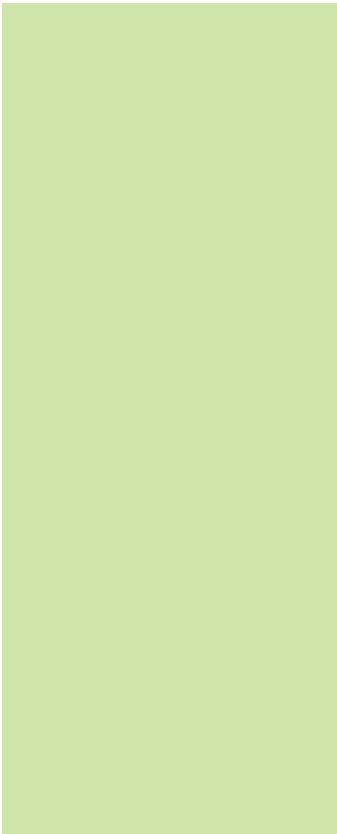
Typical Recruiting Programs Fall Short and Do Not Improve Business Outcomes

Talent management programs often underperform due to imprecise identification of talent needs and incorrect mapping to candidates' current capabilities. And identifying talent needs consumes more time and resources than ever without delivering commensurate increases in business results. Traditionally, assessment programs focus on the competencies required to fill a role rather than those that achieve business results.

Recommendation: Adopt a Comprehensive Approach to Recruiting

A well-governed, sustainable process ensures assessment programs remain effective over time and reflect the changing roles across global organizations. When implementing an assessment program, many organizations focus on providing exhaustive inputs—more data sources, tests, and diagnostics. However, inputs are only as valuable as the business outcomes achieved and the degree to which the talent assessment process works for all participants.

The best companies implement an assessment approach that can quickly connect tools and processes to roles and easily adapt the assessment content when business requirements change. Furthermore, they use an assessment strategy to support data collection and use, so analytic insights can be built into the process rather than obtained when needed.



Summary and Conclusion

Hiring procedures have a direct impact on productivity, staff turnover, and brand impact. Advancements in technology have eliminated the need for cumbersome recruiting processes. Instead, recruiting functions can optimize their selection process, empowering candidates to make informed decisions and providing recruiters with the insight they need to identify the right applicants faster and more easily.

By building a comprehensive, candidate-centric recruiting experience, organizations increase their quality of hire while simplifying their recruiting process. Efficiently identifying and hiring high-quality candidates has never been more important, and with the right approach, recruiting executives can equip themselves to overcome talent challenges.

How We Can Help

CEB Precise Fit provides a comprehensive, omnichannel candidate selection approach with unmatched precision and results with ease. Our solution embeds our best practices and world-class assessments in innovative technology to optimize the candidate experience and improve post-hire outcomes. Our approach creates a highly efficient and effective selection process that benefits both the company and the candidate by allowing you to hire the best without sacrificing the recruiter or candidate experience.

Enhancing the candidate experience is more than just delivering a pleasant user interface. Our mobile-first approach consistently offers feedback to provide the candidate with transparency on the recruiting process and enhance engagement. Candidates are notified of job requirements, time commitments, and next steps early in

the process, empowering them to make well-informed decisions throughout the assessment process.

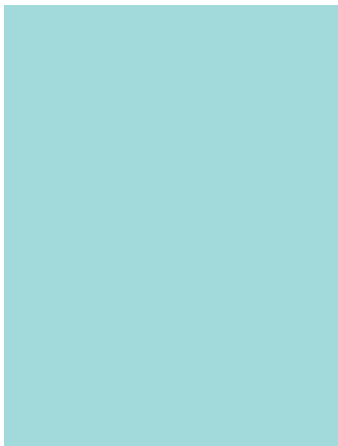
To improve quality of hire, our pre-employment tests combine psychometric and algorithmic assessments to identify the best candidates. Our predictive tools not only measure candidates on their characteristics against role requirements but also use machine learning to optimize for the highest-value outcomes without any incremental candidate effort. This unique insight enables recruiters to make data-driven decisions and identify the best-quality hires.

For more information visit:
cebglobal.com/precise-fit

CEB Sunstone Analytics offers résumé-based predictive analytics to provide HR and business leaders with company-specific recruiting insights and superior selection decision criteria. Our résumé analytics technology instantly identifies top candidates based on key features associated with high performers within a specific company and role.

As a result, time-to-hire drops, quality of hire rises, and candidates perform better, with lower attrition.

For more information visit:
cebglobal.com/sunstone-analytics



About Us

CEB is a best practice insight and technology company. In partnership with leading organizations around the globe, we develop innovative solutions to drive corporate performance. CEB equips leaders at more than 10,000 companies with the intelligence to effectively manage talent, customers, and operations. CEB is a trusted partner to nearly 90% of the Fortune 500 and FTSE 100, and more than 70% of the Dow Jones Asian Titans. More at cebglobal.com.