BIG DATA, BIG WIN

5 REASONS TALENT ANALYTICS IMPROVES HIRING

Business organizations are embracing talent analytics as never before. They are turning to big data for valuable insights into how to engage employees, and how to retain them. However, a key area of talent analytics—and arguably the one with the most potential—remains largely untapped. Few organizations are taking full advantage of big data to hire and promote top performers, particularly those who will help companies meet their rapidly changing business needs.

It is not because of a lack of information. Organizations are collecting enormous amounts of raw data on job candidates, from sources ranging from pre-employment assessments to background checks to social media profiles. At the same time, they are gathering extensive data on the characteristics of their most successful employees. Talent analytics has the power to bring these two areas of data together, enabling companies to identify—with far greater accuracy—the most promising job candidates. When big data is harnessed in this way, HR no longer needs to rely on the “gut instincts” of interviewers and hiring managers, or on overly general and potentially outdated hiring tools. With this approach, talent acquisition, following the path of many other areas of business, becomes truly objective and scientific.

There are several reasons why the talent analytics process has such a significant impact on hiring. It considers all the data, rather than limited samples, so that a full picture emerges. It searches for patterns in the data, discovering critical connections that might not otherwise be seen. It integrates the various hiring tools and keeps them up-to-the-moment.

Just as important, analytics enable talent acquisition departments to nimbly shift and refine the hiring process as business needs change. By using all the available data, HR can track the hiring process directly to the company’s strategic direction, giving it the ability to bring aboard high performers who can take the company into the future.

An increasing number of organizations are recognizing the importance of talent analytics in hiring, though they may be at various stages of the journey. Some use talent analytics solely to achieve better time-to-hire and cost-to-fill metrics. Others have taken the next step, and are substantially improving source-of-hire and quality-of-hire. A relative few are putting it all together—using big data to help talent acquisition play a key role in fulfilling business strategy.

Organizations face a number of challenges in making all of this work. Perhaps foremost among them is the difficulty HR often has in obtaining data about the characteristics of
current high-performing employees, so that they can be matched with prospective employees. Hiring managers and others may not always see the value in providing such information. Such obstacles can be overcome, however, particularly when HR makes a fact-based business case for talent analytics—demonstrating how this new approach can help the hiring manager, and the organization as a whole, achieve their workforce goals.

**IMPROVING QUALITY OF HIRE**

Organizations have relied for years on validity studies that tie their hiring tools, such as pre-employment assessments and behavioral interviews, to their most successful current employees. They examine the data that was collected on those high-performing incumbents when they were job candidates, and use it to ensure that the assessments, interviews, and other tools are looking for the right things. This practice, however, has long had limitations. Organizations have only had the ability to look at a handful of their most successful employees, and so have based their hiring tools on samples. HR could never be certain it was accurately capturing the characteristics of high performers in certain jobs, or overall.

Applying talent analytics revolutionizes the validity study. Now, instead of limited samples, the hiring data for every current employee is considered—every interview response, every assessment answer, every piece of data from résumés, applications, background checks, social network profiles, performance simulations. Tens of thousands of data points can now be examined to determine which are the most accurate predictors of success—and which might have very little bearing.

This data-driven approach can, for example, help make behavioral interviews far more effective. Currently, many interviewers rely heavily on unstructured questions such as “Why do you want to work here?” “What would your supervisor tell me about you?” or “What do you think are the most important qualities of a good hire?” Aided by innumerable Internet sites, job candidates have become adept at giving the answers that interviewers want to hear. Talent analytics helps weed out questions that are not relevant to workplace success, particularly ones that allow candidates to game the interview. Or even weed out interviewers that are incapable of distinguishing between great potential new hires and those that will fail to contribute.

A great strength of the talent analytics process is that it uses the whole of the data to discover such insights. Having access to all the data also makes it possible to search for previously unknown patterns in factors that can predict job success. When those patterns are found in the hiring data of high performers, the analytics can search for the same patterns in job candidates.

In addition, having access to all the data enables HR to make the validity studies ongoing—updating the results as new data comes in. With the conventional approach, talent acquisition departments might tweak their hiring tools from time to time. But with talent analytics, the validity studies are ongoing, enabling HR to constantly adjust, refine, and test all of the hiring tools.

Using talent analytics also makes it possible for HR to integrate the hiring tools to a far greater degree. It is a long-standing practice for interviewers to ask tailored questions based on a candidate’s pre-employment assessment. But which of the dozens of
assessment responses are most in need of follow-up questions? Because the analytics process ties the assessment so closely to high performance in the particular job, it pinpoints the areas requiring further exploration. Analytics can also help frame those questions to get the most insight.

MORE ACCURATE SOURCE OF HIRE
Currently, organizations typically source their hires based on highly subjective factors, such as anecdotal evidence and the personal preferences of hiring managers. If job candidates coming from a particular company tended to do well, for example, those were likely to get a hiring preference. But this approach has been mostly guesswork—and as any manager knows, it is often wrong.

Talent analytics searches for patterns in source of hire, identifying the common denominators in an entire group of successful employees. This process may discover that the hiring managers are attributing high performance to the wrong factors. It might find, for example, that what differentiates top sales people is not the organization they came from, but rather that they were trained in a certain selling style, or had a certain type of experience, or attended certain universities with superior programs—or perhaps some combination of these and other factors. Armed with such insights, HR can concentrate its efforts on sourcing in the most productive areas.

KEEPING PACE WITH CHANGING BUSINESS NEEDS
With conventional approaches to hiring, organizations may be looking for higher performers based on last month’s or last year’s requirements, not today’s. An electronics retailer experienced this problem when, based on customer surveys, it focused on hiring sales associates who were friendly. As customers became more tech-savvy, however, friendliness in associates was not as important as technical knowledge about the products. That phase was short-lived—soon, customers wanted associates who could actually solve their specific problems. Unfortunately, the company was always one step behind in hiring.

Talent analytics makes it possible for organizations to immediately begin hiring potential high performers that meet new qualifications. And that task can be accomplished without the need to rebuild the hiring tools. For example, a company may find that certain employees now need a high level of sales expertise—but the assessments for the particular job don’t focus on that skill.

Talent analytics enables HR to easily take the profiles of the current employees with the best sales numbers, and match those to the pre-employment assessments of job candidates. With current approaches, only a small percentage of top sales people may be considered, and so HR might not be confident it is getting the right profile. With talent analytics, all the employees in any area can be considered, and so what sets apart the top performers in sales—or any other qualification—can quickly be identified.

It is not enough to predict which job candidates are most likely to become the best employees. HR must also be able to determine whether the hiring tools are working—that is, whether they are helping the business. Talent analytics enables organizations to directly track changes in hiring tools to changes in business performance, giving HR a clear, constantly updated picture of what works and what doesn’t.
OVERCOMING THE OBSTACLES

Several key challenges face organizations as they move into talent analytics. Too often, talent acquisition departments are not clear about what questions they want answered from the data. They may focus primarily on looking to the data for answers on cost-to-hire and time-to-fill. But if they are to take advantage of the full potential of talent analytics—to improve quality of hire, source of hire, and business outcomes—they need to approach the data in an entirely new way.

The first step is clearly defining the questions that need to be answered. HR needs to ask, for example, why aren’t people achieving their revenue goals? What type of person will be most effective at serving customers? What role do our employees play in expanding the business?

The next level of questions connects pre-hire data with post-hire outcome. An assessment might predict whether the hiring manager will be satisfied—but that is not the same as predicting business success. HR must start with questions and rely on data, analysis, and reporting to discover answers that will ultimately enhance business performance.

A CULTURE OF COLLABORATION

Much depends on a successful collaboration with the hiring manager. While HR can collect all the information it needs from job candidates, it relies on the hiring managers for the other part of the equation—evaluating how well employees—including new hires—are performing. Without that information, HR cannot ensure that pre-employment assessments, interviews, and other hiring tools are identifying the best candidates.

Many hiring managers, however, are reluctant to spend the time and effort needed to fill out the employee surveys that HR sends them. They often do not see the value of talent analytics—they might see it as the HR “flavor of the month,” or as a personnel issue rather than a business issue. They may view talent analytics as an effort to replace their judgment with that of the computer, instead of seeing it as a valuable support tool in decision-making. Such concerns may also lead many hiring managers to reject analytics-based recommendations for hiring. Managers often simply do not believe the results of the analytics, and so override the recommendations and make the final decision on their own.

HIRING QUESTIONS THAT SHOULD BE ADDRESSED THROUGH TALENT ANALYTICS

> How effective is our selection process?
> What new hire capabilities are we hiring that lead to early leadership success?
> Will “new hire” be able to achieve “X” goals?
> What assessment tool is the most valid predictor for potential?
> What component of our selection process is reducing early career turnover?
> What is the time to productivity?
> Does performance on the assessment predict employee engagement?
> What assessment results can we use in onboarding to ensure new hire success?
HR can overcome such cultural barriers only if it makes the hiring manager—along with the operations manager—an integral part of the process. This begins by presenting managers with a fact-based business case that talent analytics can lead to better hires and stronger business performance. When HR recommends a particular candidate, it needs to clearly present to the hiring manager the data that supports that choice.

Feedback to the hiring managers is critical. Often, managers never learn what happens to the information they provide in surveys—it seems to disappear into a black hole. If HR is to expect managers to provide information on employees, it must show how such information is being used to identify and bring forth better candidates. That is a critical part of making the business case.

An educational component is also important. Even when hiring managers fill out the evaluation surveys, they often do not provide useful information. They may be concerned that their answers will affect employees’ careers and compensation, and so may give everyone an acceptable or better-than-average rating. As hiring managers better understand the importance of their input into the talent analytics process, their contributions will become increasingly valuable.

At many companies, big data and talent analytics are now transforming the hiring process. HR is more confident than ever that it is bringing aboard future high performers who will directly contribute to business growth. The obstacles, though sometimes formidable, are being overcome. In a sense, HR is merely catching up with other functions—including sales, marketing, and operations—that are already well along in using analytics to achieve their goals. By applying talent analytics to the hiring process, HR is helping to fulfill its critical role as a strategic partner in the business.