GLIDER.ai

The Future of Candidate Evaluation: A New Paradigm

Automated Skill Validation & Fraud Prevention in Hiring

Custom Research Powered by:

SIA
STAFFING INDUSTRY ANALYSTS

What is Talent Quality? In the big picture, Talent Quality (TQ) is having the depth and breadth of skillsets required to drive organizational agility, innovation, and flexibility to succeed in highly competitive markets. It is the renewed emphasis on the criticality of human capital in the pursuit of operational excellence.

In theory, the concept is simple and obvious. Still, inherent biases and the many other intangibles that make us who we are and drive our psyche make Talent Quality challenging to put into practice.

The focus on Talent Quality is personal for me and, in part, my motivation for this report. I grew up in India; my family struggled to survive financially, worked hard, moved to the US, and built and sold companies.

Now through Glider AI, I want to change the way the world hires and makes "hiring fair and opportunity accessible" to everyone. My idea is that opportunity should be based on competency over credentials—that the most deserving and objectively qualified person gets the job.

For years, we've known the impact of talent on the organization, from employee engagement to overall happiness and productivity. It's safe to assume that there's general agreement that your people are your competitive advantage, especially now that we have quantifiable data to show. Yet, methods to measure and assure Talent Quality weren't broadly addressed until now, especially in contingent hiring.

At Glider AI, we see Talent Quality as the cornerstone for contemporary conversations about DE&I, employee happiness and engagement, company productivity, the customer's perception of your brand, and more.

The problem with Talent Quality persists because, at most organizations, it continues to be a lagging indicator measured through a job performance framework rather than as a leading indicator measured during the hiring process. But why is this when we have the technology and understanding to address it? Talent Quality levels the playing field and addresses a multitude of organizational issues that are often systemic:

- No Consistent definition
- No clarity on the criteria for Talent Quality
- Misaligned interests due to a multi-party ecosystem (Enterprise/MSP/Suppliers)

Our customers and partners are fulfilling the promise of Talent Quality in the hiring process, in addition to the performance management and upskilling process. They see the impact on their bottom line.

Although this report focuses on candidate evaluations and assessments, high Talent Quality is the outcome of the journey that spans from talent acquisition to talent development to talent retention. We partnered with SIA to get an objective understanding of how organizations perceive Talent Quality and what they are doing today to address it.

I hope that the data and insights from this report provide clarity behind Talent Quality, from what it means to how you can implement it at your organization. Making Talent Quality a priority is good
for you, your company, and the people you hire.

Satish Kumar
CEO & Co-Founder
Glider AI

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Executive *Summary*

Demand for tech workers has exploded over the last decade, driven by digital transformation and accelerated by the search for pandemic-driven digital business models. At the same time, SIA's most recent North American Temporary Worker Survey finds that more than half of technical workers are now fully remote, broadening the candidate pool while presenting a new challenge in contingent tech candidate evaluation.

Given these changes, it is no surprise that the adoption of candidate assessment technology is expected to increase rapidly, evolving to a more holistic strategy of talent quality. In the space of two years, more than two-thirds of companies will adopt or seriously explore these approaches, representing **a 1.7X increase from today, according to SIA's recent Workforce Solutions Buyer Survey (June 28, 2021).**

How are these approaches different from today's practices, and do they have a meaningful impact on outcomes? Our aim in this report is to answer these questions and identify best practices, both current and emerging.

Leaders in talent assessment are winning the tech war for talent and outperform Followers in ***candidate quality****,* ***ROI****, and key talent acquisition metrics.*

Leaders Are Winning the Tech Talent War

In our research, which included in-depth interviews with practitioners and thought leaders as well as a survey of 266 representatives of staffing companies, enterprise buyers and others in the contingent workforce ecosystem, two distinct groups emerged: Leaders (40%) and Followers (60%). These groups differ in their candidate assessment practices and claimed level of expertise.

Are Leaders winning the tech talent war? The answer is a resounding "yes": Leaders outperform Followers on every measured outcome, including candidate quality, business outcomes such as ROI and cost, and talent acquisition metrics such as fill rates and hiring cycle time.

This report outlines the contrast between Leaders and Followers and identifies differences in outcomes, barriers and practices.

of candidates engaged in ***cheating*** *in a controlled testing environment.*

A New Set of Practices

The rapid evolution of technical competencies has largely outpaced many traditional evaluation approaches. For example, many non-technical recruiters simply don't have the depth of knowledge to ask sufficiently probing and technical questions, and will have limited success differentiating degrees of competency either through resume review or candidate interviews. Leveraging technical experts in recruiting, a common practice among Leaders and Followers alike, may work but is expensive and difficult to scale.

And the expansion of remote work means more candidates are being evaluated remotely – which increases the opportunities for fraud. An analysis of 7,887 online assessment test data points conducted in 2019 indicated that approximately 21% of candidates engaged in various forms of cheating. Followers are particularly challenged in keeping their assessments up to date and tracking and validating the test results, and in general they fail to adopt the "test and learn" approach to their system so critical to agile development.

COVID has engendered a receptivity for remote work broadly, which has many positives, but we must also understand the opportunity for 'candidate fraud' ***only increases*** *and must be considered."*

– **Doug Leeby**, CEO of Beeline

An emerging set of best practices helps to overcome these weaknesses while providing the capability to scale broadly through a tech-forward approach. These best practices include tech-enabled online tests and recorded video interviews, bias-free assessments designed to broaden the talent pool, and transparent criteria that democratize candidate ranking according to skills.

Key Current and Future Practices of Leaders

- Extensive online testing
- Standardized assessments to overcome interviewer bias
- Video candidate responses recorded online
- Transparent evaluation criteria for objective candidate stack ranking
- Fraud detection through AI-enabled proctoring for online assessments
- "First day of work" simulated online testing environment
- Chat bots for candidate screening

Today's Leaders follow practices that are tech-enabled, transparent and unbiased.

Barriers to Success

What has held the market back from adopting these approaches? The buyers we surveyed are skeptical of the business case, which we outline later in this report. They also worry about the additional time required for testing, which may be partially mitigated by the increased candidate hit rate.

Suppliers and others in the ecosystem find that top candidates push back on testing, particularly those who are well credentialed and in high demand. According to our experts, outside of this subset at the pinnacle of the market, this reluctance may be overcome through traditional candidate relationship building as well as the promise of a reduction in total interview time.

Looking to the Future

The market often associates these new approaches with tech, but the market finds them applicable to analytic-heavy segments such as engineering and finance as well. Beyond that, users are beginning to apply these new approaches to call centers and other customer-facing roles, driven in part by companies adapting to remote work and the need to assess communication and problem-solving skills.

What does the future hold? Leaders are betting on further leveraging AI through practices including chat bots for screening, AI-based remote fraud detection, and simulated first-day-of-work programming environments. We will detail these practices, as well as the reasons for their adoption, in the pages ahead.

How to Get Started

Set Up for Success

Vet test validity.
Compare test results to business outcomes.

Select your test segment carefully.
Start with the sweet spot of high-volume roles.

Consider VMS compatibility.
Make sure tests are compatible with your processes.

Establish a clear definition of success with associated KPIs.
Begin with a clear view of the end goal.

Special Considerations

MSPs: Invest time to save time.
Allow suppliers to invest time up-front for candidate testing.

Suppliers: Cultivate strong recruiter-candidate relationships.
Establishing trust with candidates makes them more likely to take the test.

Suppliers: Realign recruiter incentives.
Make sure incentives are aligned with using sophisticated assessment tools.

Identify your best use case, deploy, revise, then scale

Identify your best use case then deploy as a lean experiment.
Test, measure, learn, and iterate.

Build a business case.
Compare metrics from positions filled with and without advanced assessments.

Adopt the lean mindset as you scale.
Keep refining the process as you expand assessments across the organization.

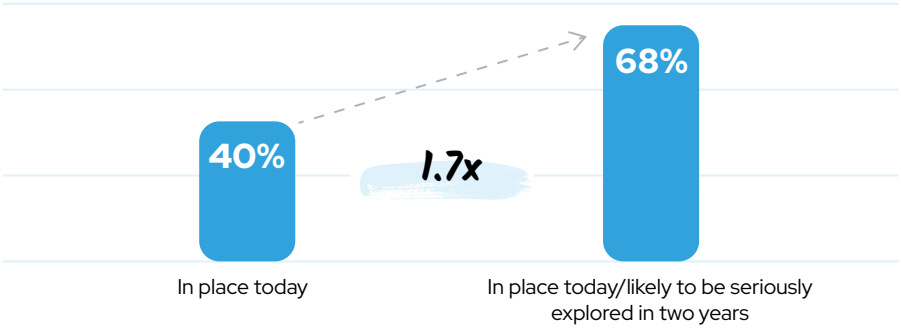
Section 1: The Coming Growth of Candidate Assessment Technology

With the demand for contingent tech workers continuing to accelerate, along with the increasing number of specialties and certifications, it is no surprise that the use of candidate assessment technology is expected to expand rapidly.

According to SIA's June 2021 Workforce Solutions Buyer Survey, 40% of the market currently uses candidate assessment technology, while more than two-thirds expect to do so or seriously explore this within two years.

Assessment technology adoption expected to grow rapidly

Percentage who say candidate assessment technology is in place today or will be seriously explored within two years



Source: SIA Workforce Solutions Buyer Survey, June 28, 2021.

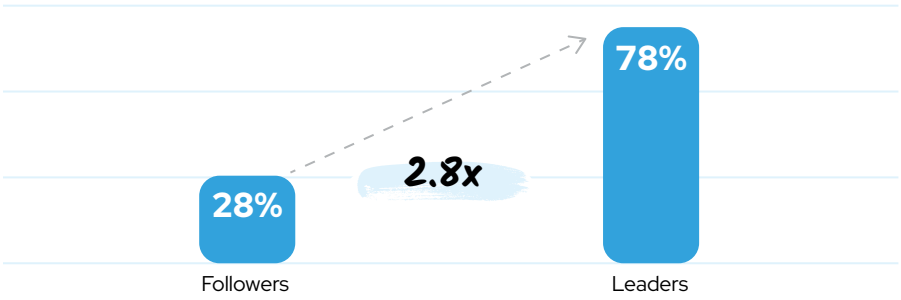
Which of the following services/technologies are currently in place in your organization, or likely to be seriously explored in two years? Candidate assessment technology (including psychometric assessments, skills tests, and interviewing platforms). N=131.

Behind this shift is the extreme difference in confidence between Leaders and Followers in their ability to predict technical contingent talent quality through assessments. Leaders are overwhelmingly confident, while less than one-third of Followers believe their tests can predict contingent candidate quality.

To better understand these differences, we need to pinpoint what is driving the market toward this new generation of candidate assessment technologies — and how this relates to the shortcomings of many of today's most common practices.

Leaders far more confident than Followers in predicting candidate quality

Percentage who are confident their testing can predict quality of technical candidates



How confident or skeptical are you that your technical candidate testing and assessments for contingent workers are able to accurately predict candidate quality in advance of hiring? N=239.

*Projected increase in **candidate assessment technology** exploration within two years*

*Greater confidence in **predicting** talent quality among Leaders*

Drivers of Demand

Competition in today's tech market is intense, with many candidates fielding multiple offers for each assignment. While predicting candidate quality itself is critical, short windows of opportunity for candidate availability make speed equally essential. "Contingent staffing is not only about quality – it's about quality and speed," said Vik Kalra, co-founder and managing director of Mindlance.

The need to find quality candidates quickly is complicated by the fact that employers have very specific requirements when it comes to tech hires. "The complexity has changed. Today a good Java developer could be wrong for nine Java roles but the right person for the 10th. Customers are very specific in what they look for," said Nimitt Sharma, vice president of strategic partnerships with Pyramid Consulting Inc.

This dual need for speed and quality serves as a catalyst for the adoption of candidate assessment technology.

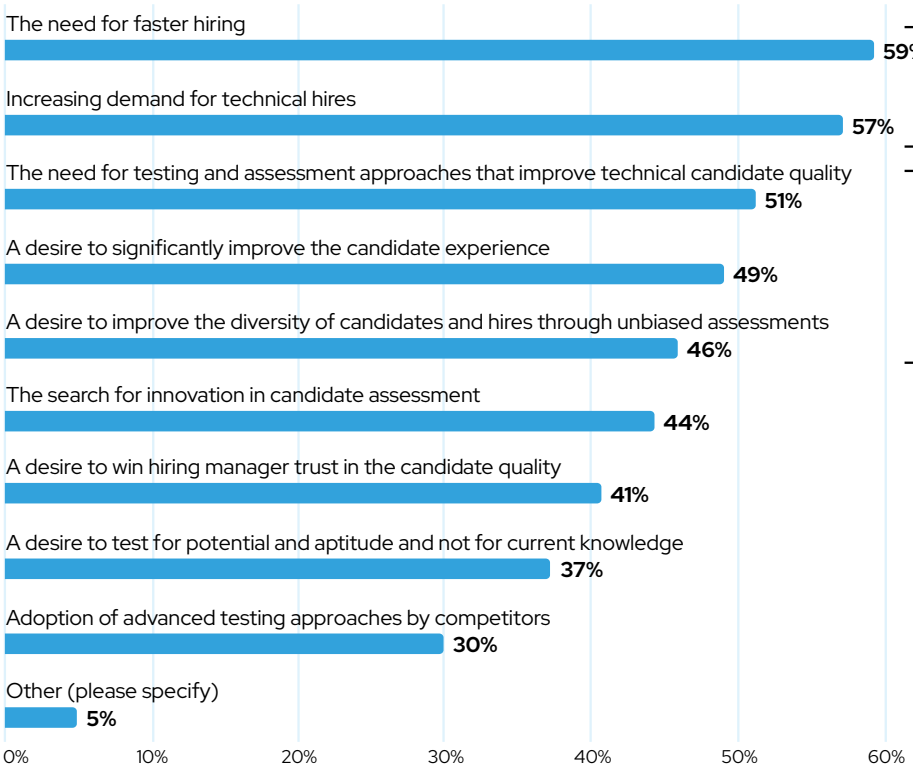
In SIA's survey of 266 representatives of staffing companies, buyers and others in the contingent workforce ecosystem, the key factors that are driving or accelerating the adoption of new testing and evaluation approaches are the need for faster hiring (cited by 59% of survey respondents) and the increasing demand for tech workers (cited by 57%).

Secondary drivers of the growth of new assessment solutions include a desire to improve quality, diversity and the candidate experience. Diversity has moved up the list of candidate acquisition priorities as organizations recognize that DE&I improves business outcomes, while many tech companies have achieved only middling success in diversifying their workforces. Elevating the candidate experience is essential in the face of stiff competition.

Successfully placing contingent tech workers requires not only finding the best candidates, but also ***doing it quickly****.*

Need for faster hiring, increasing demand drive new testing approaches

Percentage agreeing that each factor drives or accelerates adoption of new testing and evaluation approaches



Key drivers: speed and demand

Secondary drivers: improved quality, candidate experience, and a desire for diversity

Which of the following, if any, do you believe will drive and/or accelerate your adoption of new approaches to candidate testing and evaluation for technology positions among your contingent workers? (Select all that apply.) N=234.

Falling Short

Despite these clear needs, the majority of the market finds that their current approaches often fail to deliver on the desire to assess quality quickly and accurately, provide an excellent candidate experience and attract a diverse slate.

Expert practitioners do pursue many of these traditional approaches, but they are wary of their shortcomings.

Resumes. While resumes present candidates the opportunity to detail their technical skills, the information can be exaggerated, fabricated, or subject to misinterpretation. "One of the challenges in IT staffing is that resumes are exaggerated – and that is putting it very mildly," Kalra said.

Expert interviews. Having an internal expert in the technology required for a particular position conduct a technical interview – or, if necessary, hiring an outside expert to do it – can be an effective screening method. Some candidates who are reluctant to take a test will be more willing to have a live interview with a technical expert.

But expert interviews are expensive. External experts are paid by the hour, and in-house experts are taking time away from other work to conduct the interviews. It takes time to set up the interviews – and companies that require multiple rounds of interviews can be at a disadvantage in today's fast-paced hiring environment. This system is not scalable, and the experts may not always be objective or consistent.

Recruiter interviews. Some companies train recruiters to conduct technical interviews or hire recruiters with tech backgrounds. It can be difficult to make this work for every technical specialty, however, and on top it involves many of the same drawbacks of expert interviews.

> *One of the challenges in IT staffing is that **resumes are exaggerated** – and that is putting it very mildly.*
>
> – **Vik Kalra**, co-founder and managing director of Mindlance

Online assessment tools. The previous generation of online assessment tools were a good first step, but they had many shortcomings. They became quickly outdated, for example, and were either not customizable or so cumbersome to customize that managers were reluctant to do so.

"We were having to constantly come up with the tests and refresh the tests – it was a tremendous amount of work," said one staffing executive. In fact, it could easily consume all the time they thought the tests were saving them by using the tests in place of phone screens.

First-generation online assessments, which may include internally created tests, tended to be multiple-choice tests with more theory than actual coding. One interviewee recalled a test where two-thirds of those who passed it were rejected after the first technical interview. The reports generated by these tools were not always clear or helpful.

One of the critical weaknesses of these initial online assessments is the validation and accuracy of the assessment. "You could have your friend take it, or you could have been Googling the answers," said one staffing executive.

Based on an analysis of 7,887 datapoints of online test takers conducted in 2019, test provider Glider AI estimated that 21% of candidates engaged in some form of cheating, including internet searches during the test, third-party collaboration (screen sharing, phone conversations), simultaneous test access, and several others. Glider noted that all candidates consented to this monitoring, suggesting that the incidence of cheating on tests without such AI-based proctoring is significantly higher.

Even if the right person takes the test and doesn't cheat, the candidate may have been forewarned about the test questions. "Some of the tests end up out on the internet within a week," said one staffing executive. "There are a tremendous number of people trying to game the system."

This is one of the biggest risks of online assessments – one that may become even more common as the COVID-19 pandemic increases the number of remote workers. "COVID has engendered a receptivity for remote work broadly, which has many positives, but we must also understand the opportunity for 'candidate fraud' only increases and must be considered" said Doug Leeby, CEO of Beeline.

Having the candidate who shows up to the job be someone different from the person who took the online test or did the interview is uncommon – but it is catastrophic for the staffing provider when it happens, potentially leading to the loss of the customer. "One is too many," said one staffing executive on the "bait and switch of somebody else taking the assessment."

COVID has engendered a receptivity for remote work broadly, which has many positives, but we must also understand the opportunity for 'candidate fraud' only increases and must be considered."

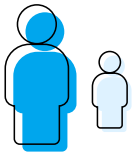
– **Doug Leeby**, CEO of Beeline

Section 2: The Business Case and Winning Practices

While the Leaders are confident that they can predict candidate quality, is that supported by the outcomes they achieve? According to the 266 executives we surveyed, the answer is a resounding "yes."

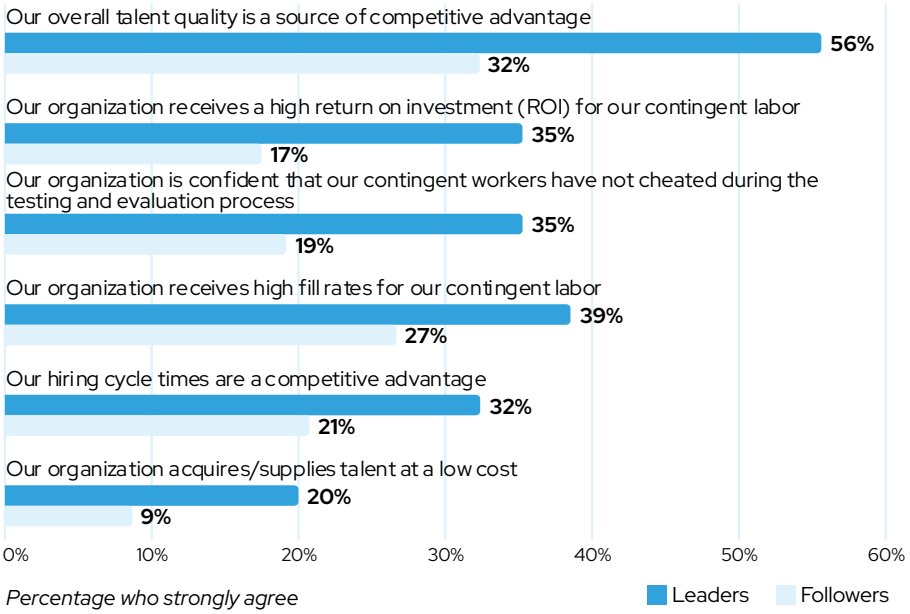
Leaders are far more likely than Followers to agree they have succeeded across all the outcomes we measured. These include quality as a competitive advantage; the ability to avoid cheating; key business outcomes of ROI and low cost; and talent acquisition metrics including fill rates and cycle times.

Leaders outperform Followers in candidate quality, ROI and all tested measures of talent acquisition.



Leaders consistently outperform Followers

Percentage strongly agreeing that each measure is achieved



Quality

Business outcomes

Quality

Talent acquision

Talent acquision

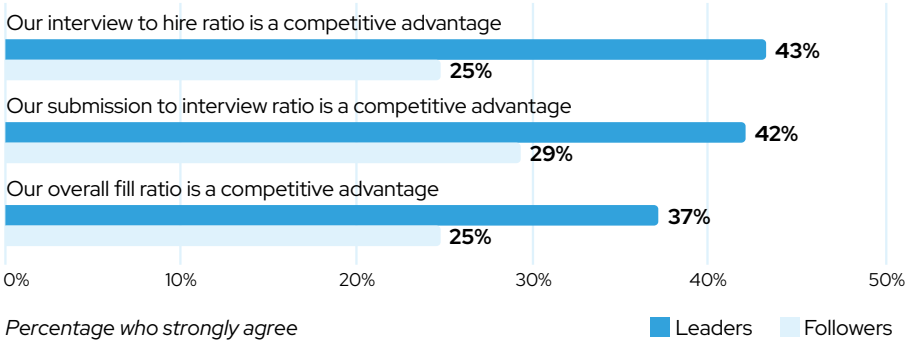
Business outcomes

Continuing to focus on your technology positions, to what degree do you agree with the following statements regarding your contingent labor? N=268. Data sorted by Leader - Follower gap.

Among metrics specific to suppliers, we found a similar level of outperformance by Leaders across other talent acquisition ratios, including interview to hire, submission to interview, and overall fill ratio.

Leaders outperform Followers on talent acquisition

Percentage strongly agreeing that each measure is achieved



Talent acquision

Talent acquision

Talent acquision

Continuing to focus on your technology positions, to what degree do you agree with the following statements regarding your contingent labor? Non-buyers: N=197. Data sorted by Leader - Follower gap.

Winning Practices

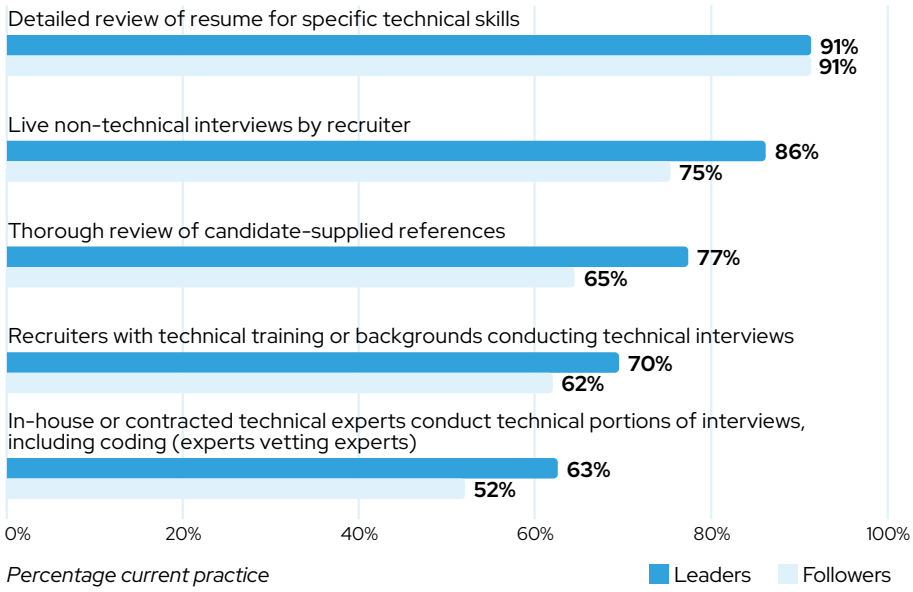
During the survey, executives indicated which testing and evaluation practices they followed from a list of 12 items. Of those, several were practiced equally by Leaders and Followers:

- Basic resume review
- Recruiter-led non-technical interviews
- Reference checks
- Technical experts (in-house or external) conducting technical interviews

Many of these practices face the limitations outlined in the prior section but nonetheless are common practices that may be viewed as "table stakes" in technical candidate evaluation. As they don't differ between groups, we infer that these are not the drivers of Leaders' outperformance versus Followers'.

Leaders and Followers use many similar time-honored practices

Percentage saying each is a current practice



The following is a list of candidate testing and evaluation practices for your CONTINGENT WORKFORCE. For each, please indicate whether it is a current practice within your organization. N=265.

In the remaining areas, there is a much wider gap between Leaders and Followers, with Leaders more than twice as likely, on average, to conduct each practice.

Overall, these practices are tech enabled, transparent and unbiased. Most Leaders, for example, use traditional online tests, standardized assessments (to avoid interviewer bias) and video responses from candidates. And although more advanced tech-enabled assessments have not been as widely adopted, Leaders are still much more likely than Followers to use AI-based proctoring to detect fraud, or online first-day-of-work simulations to simulate a company-specific coding environment.

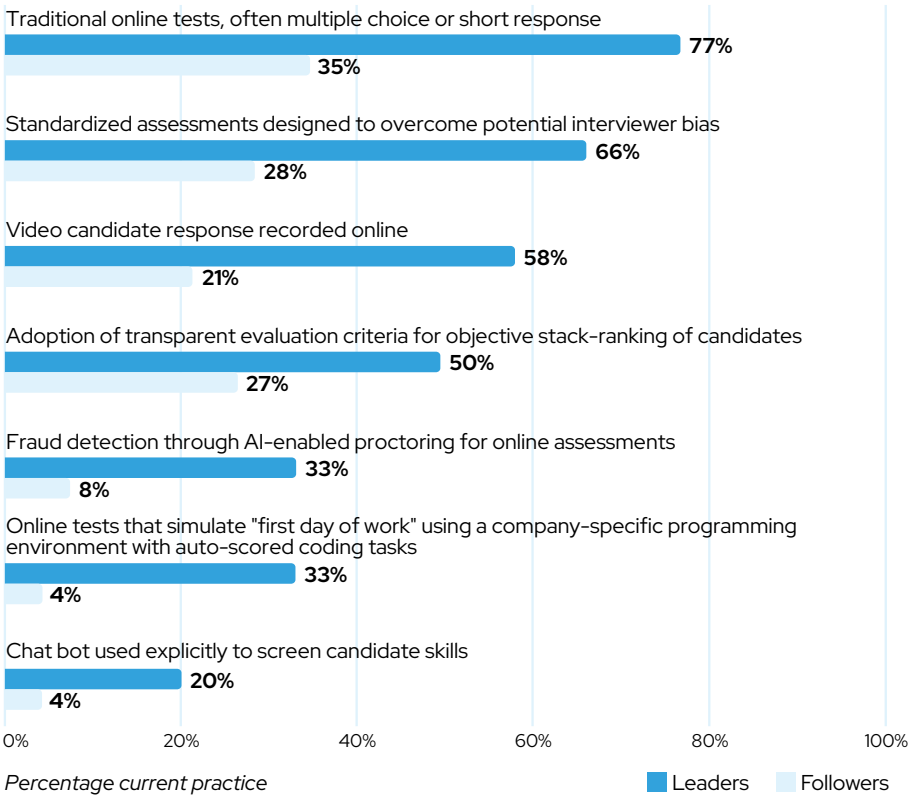
Key Practices of Leaders

- Extensive online testing
- Standardized assessments to overcome interviewer bias
- Video candidate responses recorded online
- Transparent evaluation criteria for objective candidate stack ranking
- Fraud detection through AI-enabled proctoring for online assessments
- "First day of work" simulated online testing environment
- Chat bots for candidate screening

It is important to keep in mind that correlation does not imply causation, and the fact that more Leaders follow these practices does not prove that the practices themselves lead to success. However, we believe it is reasonable to assume that these advanced practices are a significant contributor to success, a point that was reinforced during in-depth discussions with the executives and thought leaders.

Leaders pursue far more tech-enabled practices than Followers

Percentage saying each is a current practice



Tech-enabled tests

Bias conscious

Tech-enabled video

Transparent criteria

Tech-enabled fraud detection

Tech-enabled environment

Tech-enabled screening

The following is a list of candidate testing and evaluation practices for your CONTINGENT WORKFORCE. For each, please indicate whether it is a current practice within your organization. N=265.

Success Stories

Many of our in-depth interviewees were lead users of advanced assessment systems, often with impressive initial results. For example, some reported getting more candidates to the interview stage, having more candidates hired, and having fewer candidates terminated due to poor performance.

One saw the percentage of candidates who passed the initial test and subsequently made it past the first interview increase from about one-third to over 80%, more than doubling success.

Another company replaced their phone screen with an AI-based system and saved hiring managers in one pilot project a collective 30 hours in one month.

Sharma talked about the switch from conducting several interviews for each position to using the tech-enabled test plus one interview: "Manager time spent on interviews dropped by 50% or more. That's money on the table."

"The biggest change is in the confidence level that the hiring managers have walking into an interview – they're 50% there instead of 0% percent there," Sharma said.

As these systems gain wider adoption, we expect the successes to multiply.

*The new generation of tests offer a glimpse of a candidate's **true coding skills**, not just answers to theoretical questions.*

*Using **high-quality, tech-enabled assessments** can reduce the number of interviews needed to make a decision, leading to **faster hiring**.*

Case Study

Could AI-based assessments eventually replace interviews with hiring managers?

Mindlance, a fast-growing staffing firm, was encountering dissatisfaction from hiring managers in two different high-volume IT staffing programs, managed by two different MSPs.

Candidates' resumes were exaggerated, they said, and candidates were being sent to them who did not have the required technical skills.

Mindlance decided to try a new tactic: giving candidates an AI-based assessment from Glider AI to test their technical skills. The results were dramatic: The interview to offer ratio for the candidates Mindlance submitted based only on its interview process was about 25%, or near the industry average. But the interview to offer ratio for the candidates who passed the Glider assessment was 94%.

"Effectively, over time the Glider assessment could replace the hiring manager interview altogether or reduce the scope of the final hiring manager interview to cultural match," said Vik Kalra, co-founder and managing director of Mindlance.

Not every candidate took a Glider test: Sometimes the hiring process did not allow enough time for testing the number of candidates Mindlance needed to submit, and some candidates with strong resumes were unwilling to take the assessments. Some of these were truly strong candidates, but others were those whose resumes were exaggerated.

"Quality, quantity, and timeliness: You have to balance between these three levers," Kalra said.

The Glider test includes built-in proctoring to prevent candidates from cheating. Kalra foresees a time when the Glider test could be used to advance candidates quickly to a final brief interview with the hiring manager – or perhaps even skip the interview altogether.

Section 3: Overcoming Barriers

Despite these benefits, several barriers slow the adoption of these advanced testing systems, some more easily mitigated than others.

Enterprise buyers have so far been far less likely than suppliers and others to see a business case that merits a switch from long-held practices. We believe the data offered in this report presents a clearer, more compelling business case.

Speed is also a greater concern for buyers. They cite the time tech-enabled assessments take as a prime reason that both hiring managers and candidates resist them. Some customers, for example, need to fill a role immediately. Waiting for a candidate to take a test can slow the process down.

"Every customer wants quality, but some customers tend to value speed over quality," Sharma said.

From the perspective of suppliers and others in the ecosystem, candidates may balk at the time the assessments take, particularly those in high demand who routinely command multiple offers. "Candidates are getting called for 20 jobs a week. It's up to them whether to spend 45 minutes to an hour on a test. How interested are they in your role?" Sharma said.

Staffing executives we interviewed pointed out that total time is reduced by the testing. "We've had to come up with ways to sell assessments: It will shorten the hiring cycle and allow the manager to make a decision more quickly. We have to be able to tell talent why this is important," said one executive. Staffing executives also said they saw stronger retention rates when using the testing to ensure a good match. Despite this, high urgency would often preclude testing.

Some candidates also express concern about the fact that some tech-enabled assessments track their browser activities during the assessment period, as part of the process to monitor for cheating.

As with any service, cost is another barrier that may prevent some from implementing the tests. Investments in testing may have the highest ROI for high-margin positions in technology, life sciences and engineering, while for lower-margin positions they may only be justifiable when conducted at scale with a lower cost per test.

While it did not rise to the top of concerns in the survey, executives, and experts we interviewed expected seamless integration with their ATS as a precondition. Given the limited concern expressed in the survey, we would expect that most testing suppliers have proactively worked to integrate widely in anticipation of this basic requirement.

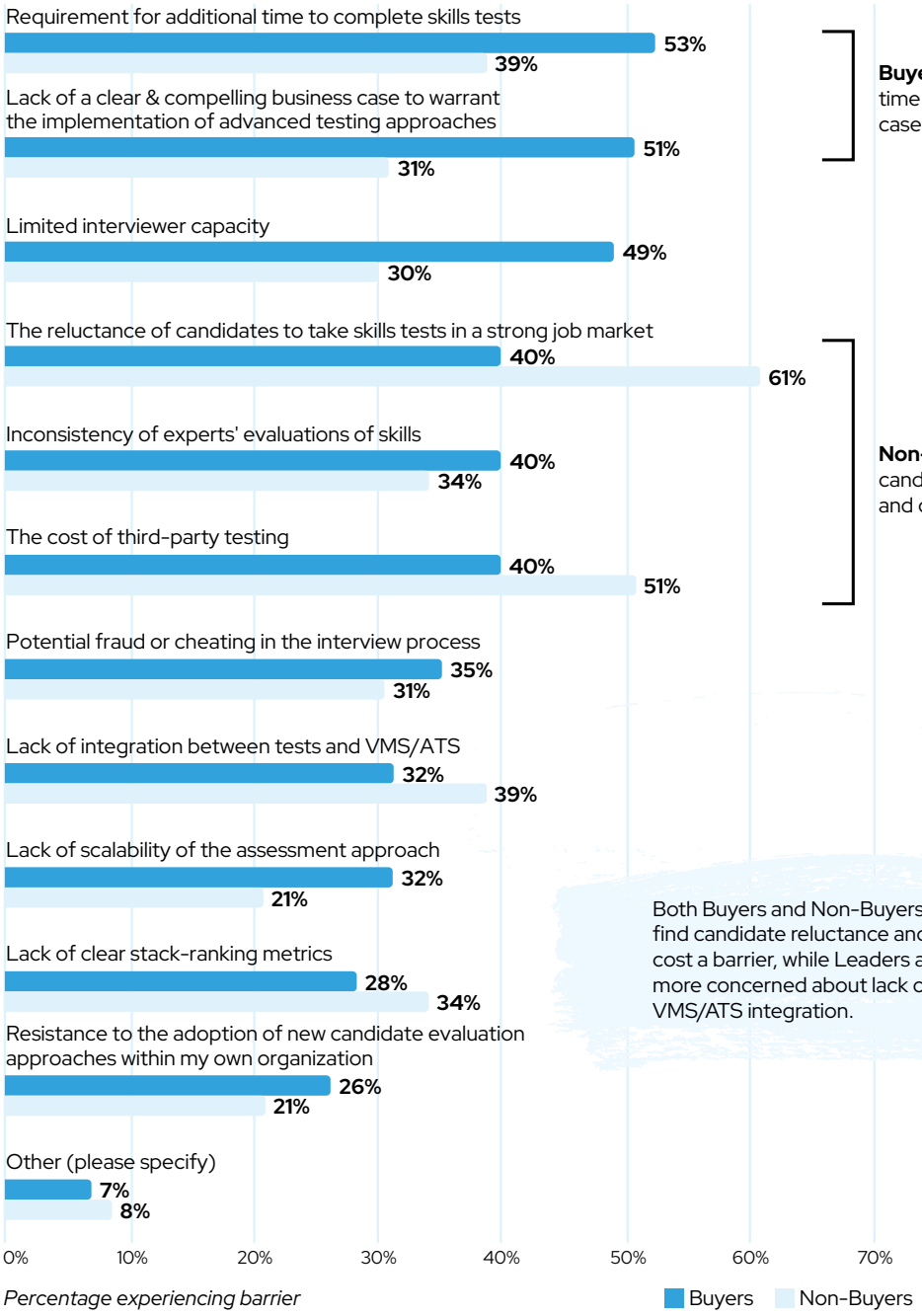
Beyond these issues, the legal and regulatory environments bear watching. Some legal departments have concerns about video interviews, for example, because they introduce knowledge of issues like race and age earlier than in a typical hiring process. And in 2020, Illinois became the first state to regulate the use of AI in hiring. This puts a premium on flexible, configurable solutions, such as one-way pre-screening interviews.

While the Illinois law concerns video interviews rather than coding assessments, it suggests that questions could arise about the algorithms that the AI system uses, and how the company knows they are fair. Given the accelerating adoption of AI across the entire recruitment tech eco-system, this is not unique to candidate testing, but it merits ongoing attention.

Recruiters need to make the case to both hiring managers and candidates that the tests will ultimately ***benefit them****.*

Buyers and suppliers face different barriers

Percentage indicating each is a significant barrier to successful program implementation



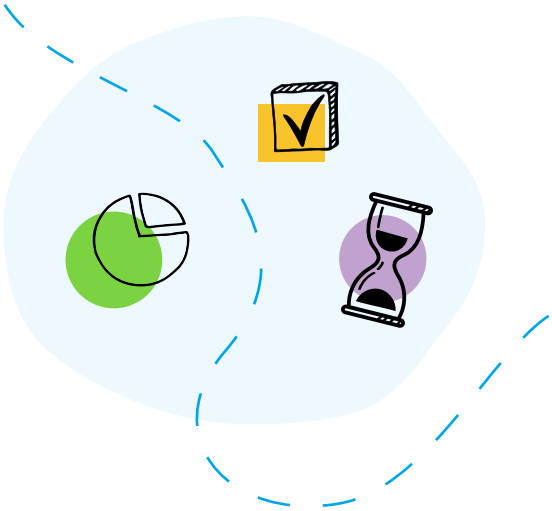
Buyer barriers: time and business case

Non-buyer barriers: candidate reluctance and cost

Both Buyers and Non-Buyers find candidate reluctance and cost a barrier, while Leaders are more concerned about lack of VMS/ATS integration.

Which of the following are CURRENTLY significant barriers to success in effective candidate testing and evaluation for technology positions for your contingent workforce? (Select all that apply.) N=236.

Section 4: Best Practices



In order to identify current best practices, executives evaluated a series of 15 testing and evaluation practices – including assessment characteristics, the assessment system, candidate appeal and fraud avoidance – assessing both importance and their own company's capabilities.

As illustrated in the chart below, the highest priority is improving the assessment itself, including customization, bias consciousness, and being up to date. In in-depth discussions, many commented on the rigid nature of many existing testing instruments as a key weakness, with the ability to easily customize a test for an individual client being critical.

With the rise in prominence of DE&I programs, spurred by both recent social upheaval and the growing realization of their strong ROI, efforts to foster diversity have become a high priority. Given the tech industry's historic struggles in this area, the new breed of evaluations could offer a promising route to increase diversity.

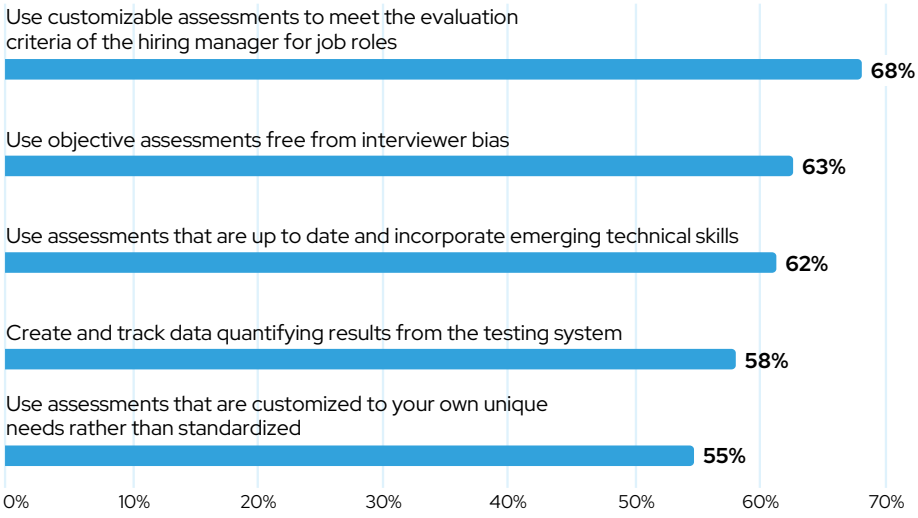
Another major criticism of tests raised during these interviews is their inability to keep pace with the ever-changing specialties, certifications and emerging competencies. Tests as recent as 12 months old may be outdated, presenting a challenge to those charged with their development and maintenance. Just as talent pools require ongoing curation to ensure they're current and relevant, so too do assessment libraries.

Beyond the test, creating and tracking data throughout the system is also a high priority. Many of the Leaders interviewed took a lean experimentation approach to the assessment, capturing hard outcome data, such as time to hire and fill rate, and using it to improve the process. Given the "plug and play" nature of testing, it is particularly well suited to this approach and requires accurate data to succeed.

A disciplined approach to tracking data can also produce the numbers needed to demonstrate the return on investment and build a strong business case for the assessments.

Top priority: Improving assessments and optimizing the system

Percentage indicating each practice is important



Percentage indicating "important" (4-5 on 1-5 scale) among total

Top Tier

Assessment: customizable

Assessment: bias conscious

Assessment: up to date

Improve system

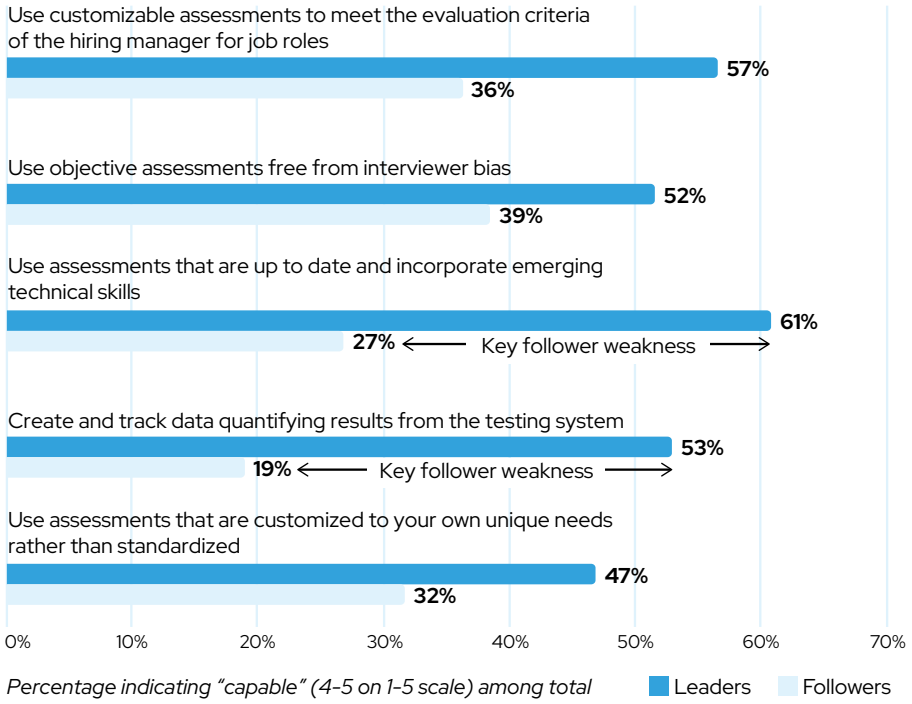
Assessment: customized

The following is a list of actions that may be taken to improve the quality of technical candidate testing and evaluation capabilities.

In comparing performance between Leaders and Followers, as expected, the former lead on all dimensions. Particular weaknesses of Followers are tests being outdated and the ability to track results. Given that out-of-date tests may have little value in predicting quality, and a lack of tracked data precludes efficient lean experimentation, these two shortcomings alone may largely explain the Followers' lesser outcomes.

Leaders far more likely to ensure tests are up to date and to track results

Percentage saying their company is capable for each practice



Assessment: customizable

Assessment: bias conscious

Assessment: up to date

Improve system

Assessment: customized

The following is a list of actions that may be taken to improve the quality of technical candidate testing and evaluation capabilities. Which best describes your organization with regard to each practice? Please rate your organization's CAPABILITY. In the second column, please indicate this factor's IMPORTANCE. N=148. Which best describes your organization with regard to each practice? Please indicate this factor's IMPORTANCE. N=148.

Following improvements to the assessment, the second tier of issues includes additional systematic improvements, candidate appeal, fraud reduction and proving the business case.

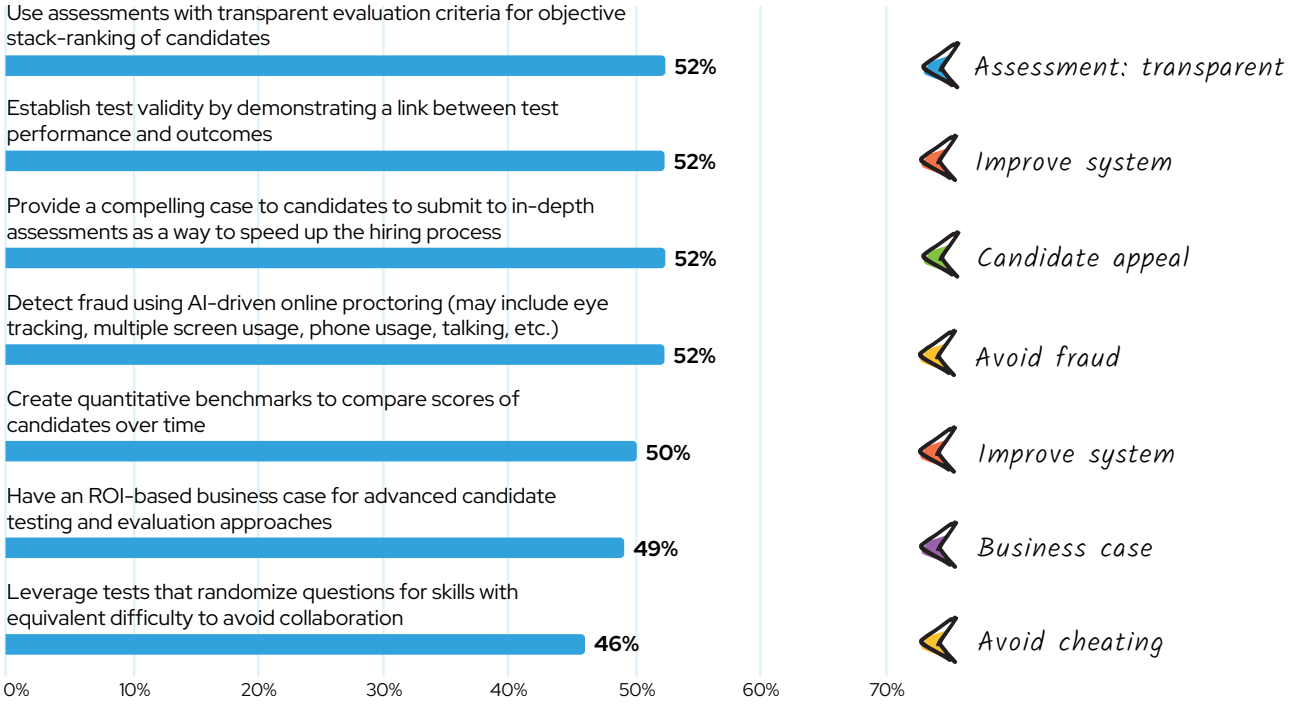
To enhance the system, the focus is on establishing a link between test performance and business outcomes, and on creating quantitative assessment score benchmarks to allow easy comparison of candidates. Both can be seen as separate dimensions of creating and tracking data and are also critical to successful lean experimentation.

As detailed previously, candidates' willingness to submit to testing remains a barrier. To address that, organizations recognize the need to present a compelling value proposition to candidates, such as reduced total interviewing time, one test enabling multiple opportunities within and across organizations, or the simplicity and ease of use of the testing instrument.

Fraud and cheating avoidance also rank as important issues. This may include both sophisticated AI-based fraud detection and question randomization/swapping with comparable questions to prevent question copying. Proving the business case also ranks as important, although its lower perceived importance in comparison to improvements to the assessment may represent an acknowledgment that those issues, once resolved, will address the business case.

Secondary priorities: Improving the system, avoiding fraud, appealing to candidates

Percentage indicating each practice is important

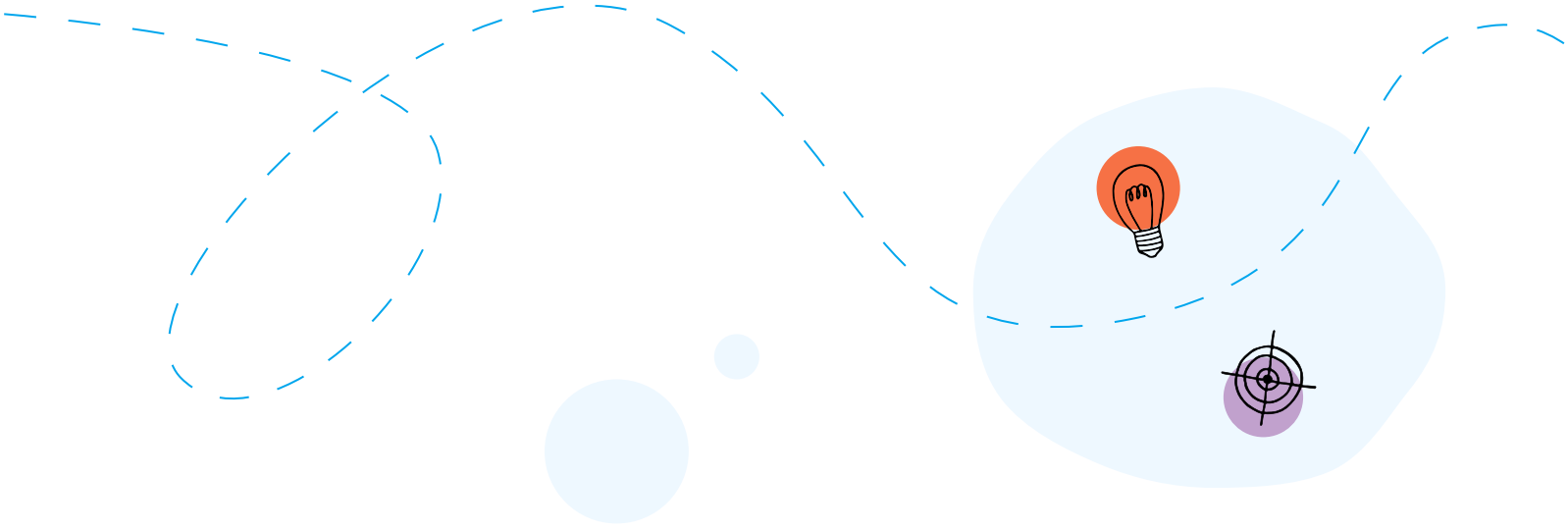


Percentage indicating "important" (4-5 on 1-5 scale) among total

The following is a list of act Q10, 11. The following is a list of actions that may be taken to improve the quality of technical candidate testing and evaluation capabilities. Which best describes your organization with regard to each practice? Please indicate this factor's IMPORTANCE. N=148.

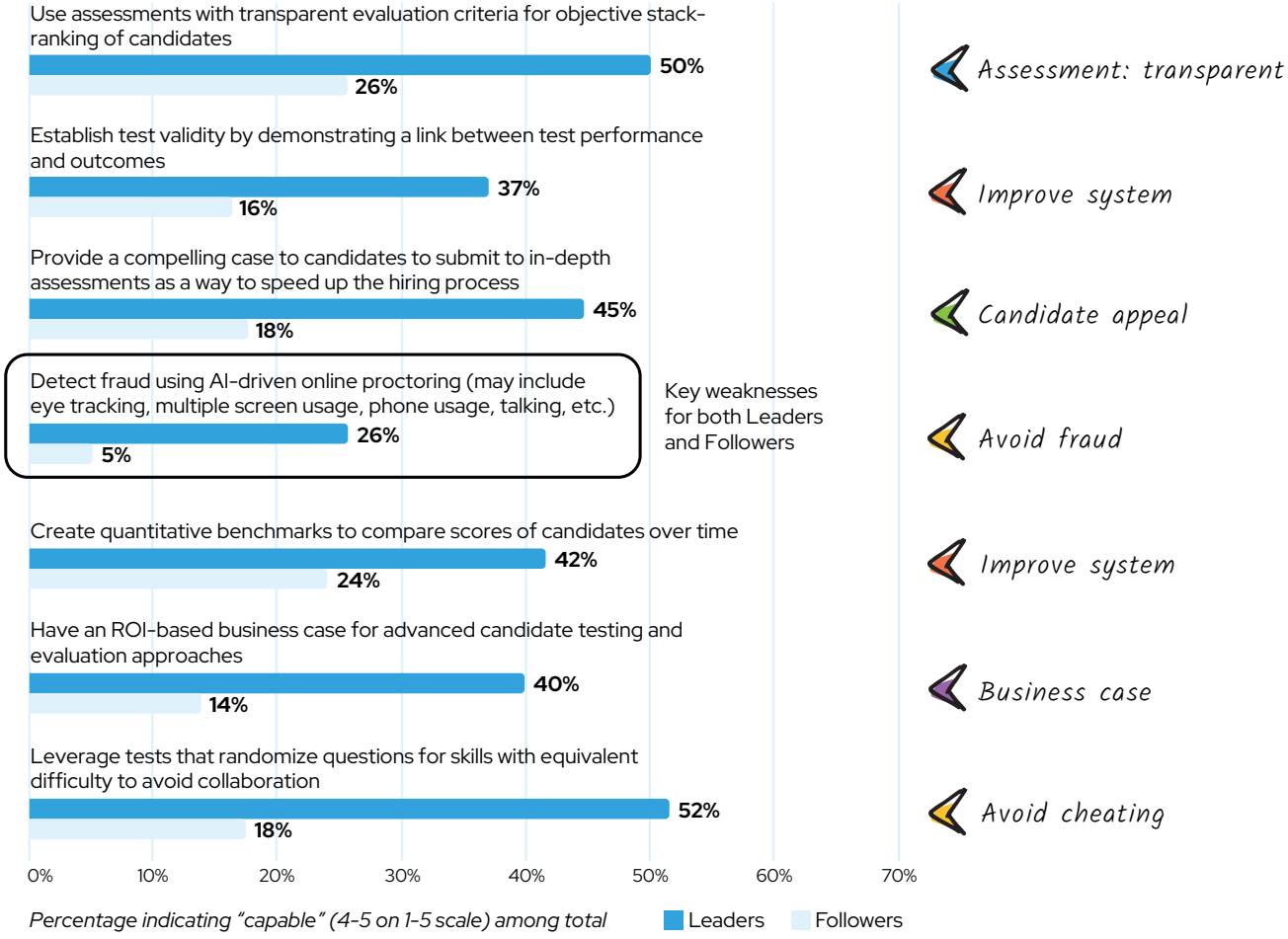
As expected, Leaders outperform Followers across all of these areas. In the case of detecting fraud using AI-driven online proctoring, both groups find their current competency lacking. This may represent a significant area of growth over the next few years.

*The provider of any assessment should be able to show how it has **validated the tests**.*



Both Leaders and Followers fall short in implementing AI fraud detection

Percentage saying their company is capable for each practice



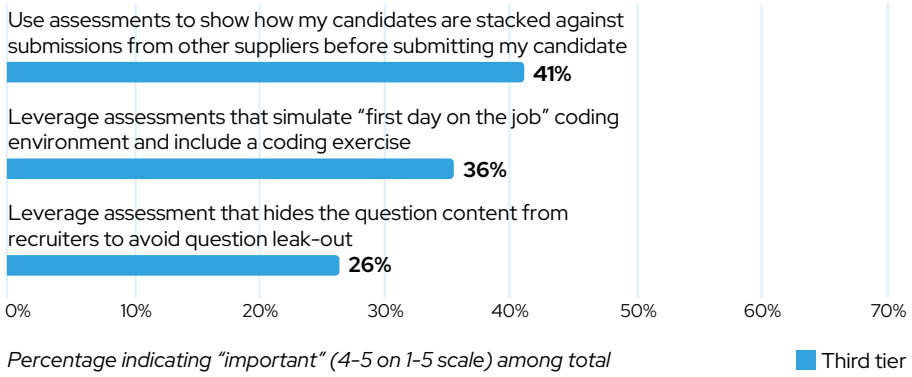
The following is a list of actions that may be taken to improve the quality of technical candidate testing and evaluation capabilities. Which best describes your organization with regard to each practice? Please rate your organization's CAPABILITY. N=148.

The final set of considerations represents areas that are currently of lesser importance, including identifying how candidates compare across suppliers, simulating first-day-on-the-job coding environments, and hiding question content from recruiters to prevent the test from being posted and no longer useful.

Although these are not viewed as top-tier priorities today, they may well be areas of future focus: In fact, the first-day-on-the-job assessments represent a priority area of growth for Leaders in the future. Today's priorities, however, focus on optimizing the assessments first, along with creating a system through which to foster their growth.

Additional priorities include test realism and cheating prevention

Percentage indicating each practice is important



Percentage indicating "important" (4-5 on 1-5 scale) among total

Third tier

Improve system

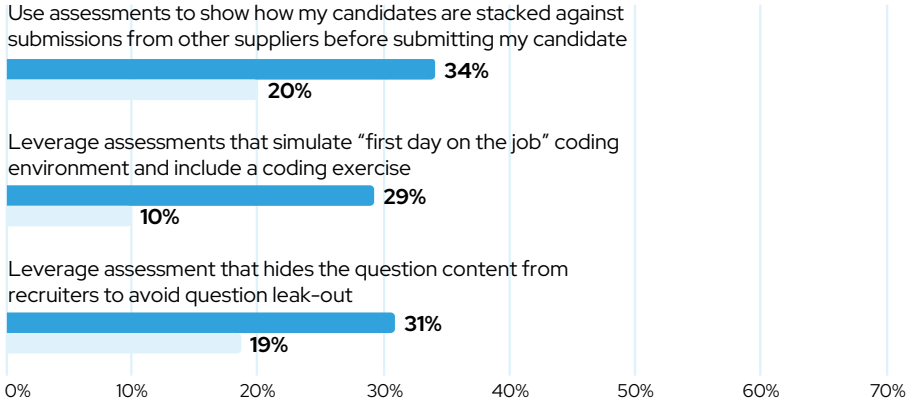
Assessment: realism

Avoid cheating

The following is a list of actions that may be taken to improve the quality of technical candidate testing and evaluation capabilities. Which best describes your organization with regard to each practice? Please indicate this factor's IMPORTANCE. N=148.

Leaders have adopted more advanced practices than Followers

Percentage saying their company is capable for each practice



Percentage indicating "capable" (4-5 on 1-5 scale) among total

Leaders

Followers

Improve system

Assessment: realism

Avoid cheating

The following is a list of actions that may be taken to improve the quality of technical candidate testing and evaluation capabilities. Which best describes your organization with regard to each practice? Please rate your organization's CAPABILITY. N=148.

Section 5: What Does the Future Hold?

The future of candidate assessment technology is playing out in the broader context of an expected post-pandemic move toward more remote work in many sectors and the increasing adoption of artificial intelligence.

The McKinsey Global Business Executives Survey (July 2020) found that 67% of companies are seeing accelerated automation and the adoption of artificial intelligence. Respondents also predict an increase in remote work after the pandemic, especially in sectors such as technology and finance. The trend toward remote work adds to the complexity of evaluating candidates' skills, and the adoption of AI technologies may lead to wider use of AI-enabled assessment tools.

Beyond this, we are witnessing the rise of younger Millennials and Gen Z who have come to expect a digital-first experience and will unfavorably evaluate those who fail to provide a seamless digital experience. Despite these trends, contingent workforce hiring has not always been at the cutting edge of technology.

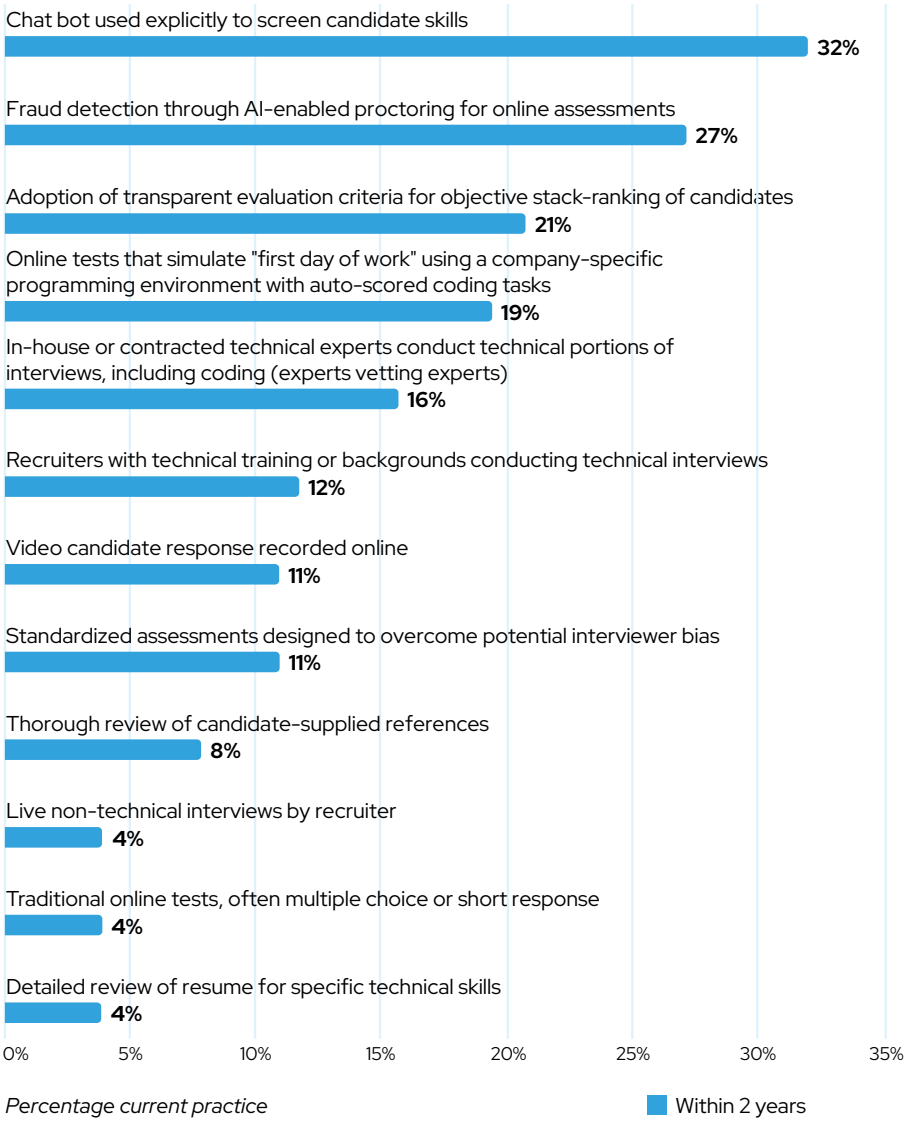
"The contingent area is very, very slow to change. A lot of intellectual capital is spent on hiring permanent talent. When it comes to contingent talent, it is still often perceived as a procurement commodity," Kalra said.

Many Leaders think differently and embrace cutting-edge, AI-powered practices as their next wave of testing innovation. Over the next two years, they expect to increasingly adopt chat bots for screening, AI-based proctoring to reduce fraud, more transparent testing criteria, and simulation of first-day-of-work environments.

> *"In the direction we're headed, remote work will become increasingly more accepted and prevalent, which means it's going to be much easier for candidate fraud to take place.*
>
> – **Doug Leeby**, CEO of Beeline

Leaders plan to adopt AI-driven assessments and transparent evaluation criteria

Percentage expecting to adopt practice within 2 years

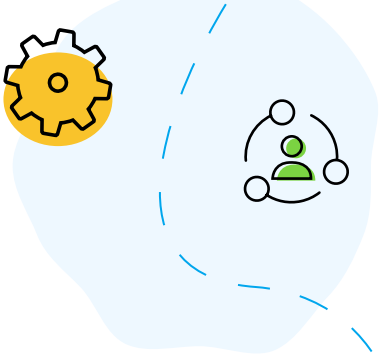


Tech-enabled screening

Tech-enabled fraud detection

Transparent criteria

Tech-enabled environment



The following is a list of candidate testing and evaluation practices for your CONTINGENT WORKFORCE. For each, please indicate whether it will likely be implemented within 2 years. N=265.

In comparing performance between Leaders and Followers, as expected, the former lead on all dimensions. Particular weaknesses of Followers are tests being outdated and the ability to track results. Given that out-of-date tests may have little value in predicting quality, and a lack of tracked data precludes efficient lean experimentation, these two shortcomings alone may largely explain the Followers' lesser outcomes.

A Window to the Future: The Transformative Potential of AI

In discussions with executives and thought leaders, many hailed the advantages of AI for testing and evaluation, both in its direct effects and in the indirect by-products of its widespread usage.

Protection against cheating. Remote work means remote assessments, which invite fraud.

"In the direction we're headed, remote work will become increasingly more accepted and prevalent, which means it's going to be much easier for candidate fraud to take place," Leeby said.

AI-based facial recognition, document matching, and related emerging fraud detection capabilities are working their way into assessments and will represent a powerful deterrent to attempted cheating. These may have the effect of home security system signs, causing potential fraudsters to avoid those employing these approaches in search of less sophisticated targets.

Transparent and objective evaluations. Using tech-enabled tests creates objectivity in the assessment process, eliminating potential bias (even unconscious) from human interviewers.

"When we start talking to someone in an interview, within the first three or four minutes we either like the candidate or we don't. The rest of the interview is very biased, because you've already formed an opinion. The initial part of the funnel should be more objective – the later part can be more subjective," Kalra said.

Realistic assessments. The new generation of tests offer a glimpse of a candidate's true coding skills, not just answers to theoretical questions, by more closely emulating the company's first-day-of-work environment. They can test numerous programming languages, and some offer the possibility of live interaction with the interviewer via a whiteboard. The resulting assessment reports can offer details, not just an overall score, so decision makers can pinpoint candidates' areas of strength and weakness.

Customizable tests. One indirect impact of AI is the increased ability to calibrate for individual positions. Employers can also administer different versions of a test to different candidates, reducing the likelihood that a candidate will have found the list of questions on the internet beforehand.

"A big win is our better ability to capture the nuances for each role. We can work with the testing supplier to make a test based on the skills required by the customer," Sharma said.

"These new approaches work extremely well for emerging technologies – we can turn around a test quickly when other tools may not have anything for those skills yet," said a separate staffing company executive.

Speed and efficiency. Perhaps the most important impact of this new wave of tests is their impact on speed and efficiency, which are keys to unlocking the full potential of candidate evaluations. For example, using high-quality, tech-enabled assessments can reduce the number of interviews needed to make a decision, leading to faster hiring decisions. These assessments are also more scalable than individual interviews, so they are especially helpful for hiring in large numbers.

"It gives us the ability to shorten the window. With customers that have multiple interview cycles, we can say, 'If we can give you candidates that meet these criteria, could you move more quickly?'" said the staffing company executive.

One key question: How broad will the adoption of these tech-enabled assessments be outside of technical roles? Those we surveyed suggested that IT and systems or software engineer positions are the most likely place for these tests to be used. But they also suggested that analytical roles such as engineering, design, finance and accounting are prime candidates for using simulated first-day-of-work assessments.

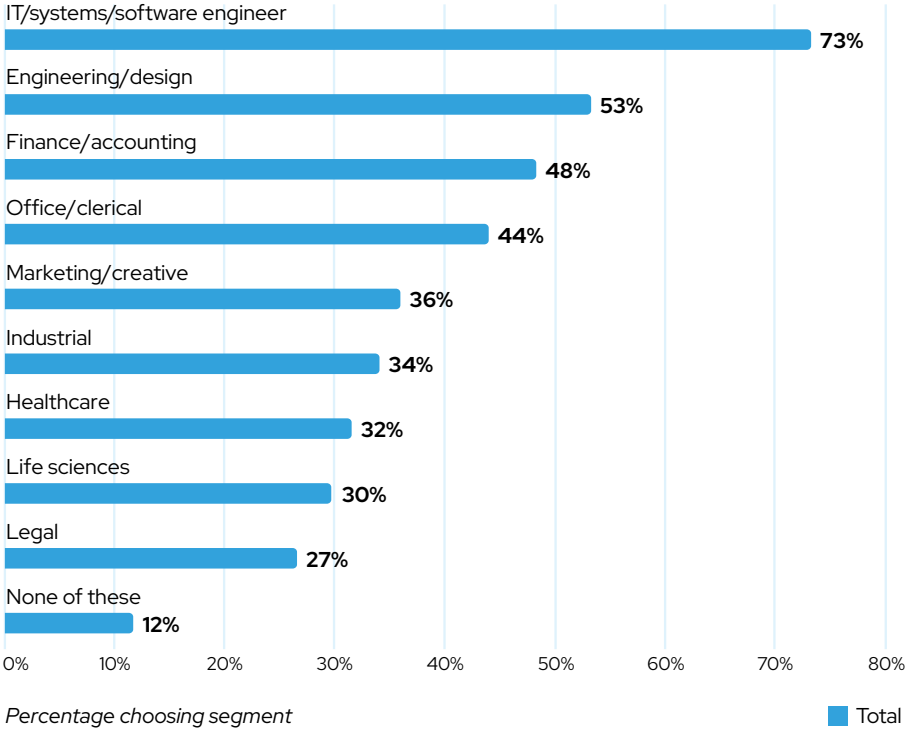
> *These new approaches work extremely well for emerging technologies – we can turn around a test quickly when other tools may not have anything for those skills yet.*
>
> – staffing company executive

Outside of these roles, many expected this type of testing could help screen candidates for clerical roles, as well. And one staffing firm that started using AI-powered assessments for candidates for call center positions found that the submit to offer ratio jumped 84%, from 20% to 37%. This held true for a pool of about 1,000 candidates, about half of whom took the assessment.

*Analytical roles such as engineering, design, finance and accounting are **prime candidates** for using simulated first-day-of-work assessments.*

Simulated first-day-of-work assessments applicable to tech, analytic fields and clerical

Percentage choosing each segment



Tech

Analytic segments

Clerical

A new generation of tools is emerging which create a simulated "first day of work" environment to objectively assess skills. These cover a wide range of segments, from coding in the company's native environment to assessments of skills in simulated call centers. In which of the following segments do you believe these could improve today's standard testing and evaluation practices? Please select all that apply. N=161.

The competition for skilled workers remains fierce, and an increase in remote work is adding to the already daunting challenge of assessing candidates' skills. But the Leaders in candidate assessment remain confident in their ability to predict the quality of their technical candidates, and their advanced practices will likely become more widespread.

Recommendations

Are you interested in adopting these new approaches for candidate quality evaluation but are not sure how to start or whether it requires a wholesale change in your processes? Our panel of experts agree that these emerging practices are ideally suited for testing in limited programs, then scaling as results warrant.

As with any initiative involving multiple, distinct constituencies with different interests, it is critical for success to ensure alignment across the contingent workforce management ecosystem. Successful programs involve each of these groups in conducting a disciplined, phased approach with a data-driven, lean experimentation mindset at its core.

Setting Up for Success

Enterprise buyers, MSPs and suppliers alike should ensure they've primed their organizations for success before adopting any new system.

Vet test validity. The preceding pages outline characteristics of effective assessments. However, when you evaluate different systems, it is critical to assess validity by comparing test results to business outcomes, ideally in an area close to your intended use case. Ask the vendor for hard data proving their tests' impact before selecting an assessment, and make sure you determine its source and account for any potential biases. This data can later be used to benchmark your own program and help assess your progress.

Select your test segment carefully. Leaders have found that high-end candidates who routinely field multiple offers may resist testing, whereas others who represent the majority of the market are more amenable. To maximize the chance for a successful test, start with this sweet spot of high-volume roles to determine whether the testing approach is effective. Your testing supplier will no doubt work with you to identify your ideal test target since it is in their interest that you succeed. You may also develop, over time, a compelling value proposition for the high-end candidates to submit to testing.

Consider VMS compatibility. Assessments are most valuable if they work easily within your systems. Be sure to vet compatibility with your own systems prior to making your final vendor selection. Even the most predictive test, if not easily compatible with your processes, may fail to win adoption in your organization.

Establish a clear definition of success with associated KPIs. Leaders begin with a clear view of their end goal, typically defined by three dimensions: competency, fit and contribution to DE&I. Within each of these, the more vividly an organization paints a picture of their desired outcome, the more likely it is that they will have success in their overall program.

Special consideration for MSPs: focus on time to hire, not just time to submit

Invest time to save time. Urgent buyer needs often cascade from MSPs to suppliers, resulting in rushed submissions of unqualified candidates that ultimately slow the hiring process. It is critical that MSPs allow suppliers to invest the time up-front for candidate testing, which may result in slower submissions but ultimately increase the time to hire and overall candidate quality.

Special consideration for suppliers: redouble candidate relationships and realign incentives

Cultivate strong recruiter-candidate relationships. As Leaders expand beyond an initial test, they have found that recruiters who have established trust with candidates are more likely to overcome their objections and convince them that taking an assessment will help them by speeding up the hiring process. This is particularly valuable for high-end candidates.

"This is where you get to the relationship part of the business," said Lane Greever, chief operating officer of Modis. "Have your recruiters established good relations with candidates? You're not going to get someone off a job board and randomly ask them to take an hour-long test. In a hot market, candidates aren't going to do it."

Realign recruiter incentives. If a staffing firm is measuring its recruiters by how many candidates they submit to a customer, that is not well aligned with using sophisticated assessment tools, which will lead to submitting fewer candidates. The resulting misalignment will likely result in pushback, and lead to a failed adoption.

Conducting an Initial Test and Beyond

Advanced users test, revise, then scale. Both enterprise buyers and MSPs should think lean and build a rock-solid business case prior to scaling.

View the initial test as a lean experiment. Leaders conducted their pilots using the lean approach – test, measure, learn, and iterate. One user of an advanced assessment system said they created a test for each segment, obtained feedback from vendors and contractors, adjusted the test, and looked at the data to assess how well it worked. "It's an iterative process. You don't just make the test and put it out there," said the user. This data tracked includes not only traditional staffing metrics but also satisfaction data for candidates and internal staff.

Build a business case. A disciplined tracking of the metrics for positions you have used advanced assessments to fill and side-by-side comparison to pre-test outcome data will help determine whether to expand the system, in which segments, and in which order. It will provide data necessary to build a fact-based business case. Executives emphasize that this approach required continuous learning.

Adopt the lean mindset as you scale. Tracking data and validating test results aren't a pilot-only process. The rapid evolution of tech practices underscores the need for constant refinement, and lean experimentation provides an effective roadmap. The test, measure, learn, iterate approach will also help you expand these practices across your organization. The earlier section on best practices (pages 17-21) profiled many of these data-centric areas.

Methodology *and* Demographics

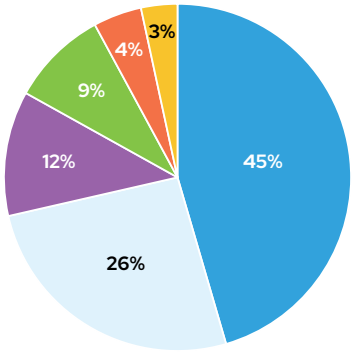
At the commencement of this project, in-depth interviews were conducted with 10 executives. Interviewees represented enterprise buyers, staffing firms, MSPs and thought leaders. These interviews were used to shape the narrative of the report and design appropriate survey questions to test our hypotheses. Some of the insights gained from these interviews are incorporated as quotes and references in this report.

The survey was conducted from August 17 through September 6, 2021, and we received 266 complete responses. These included staffing companies, enterprise buyers, MSP/VMS/RPOs, and others in the contingent workforce management ecosystem.

Most of these organizations operate in North America, with additional representation in Asia Pacific and Western and Eastern Europe. Interviews consisted largely of C-Suite executives as well as directors, and they represented industries including technology/telecom, business/professional services, finance, healthcare and manufacturing.

Type of organization

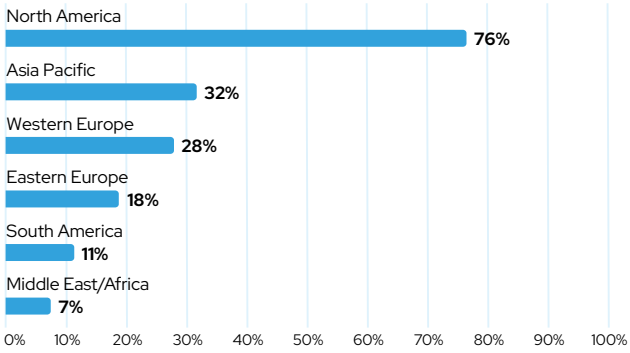
Which best describes your company? N=266.



- Staffing company
- Buyer/user of recruiting/staffing or other workforce solutions
- MSP, VMS, or RPO
- Provider of products/services for staffing companies (job board, software, financing, consulting, etc.)
- Provider of other workforce solution (online staffing firm, payrolling/compliance, etc.)
- Other (please specify)

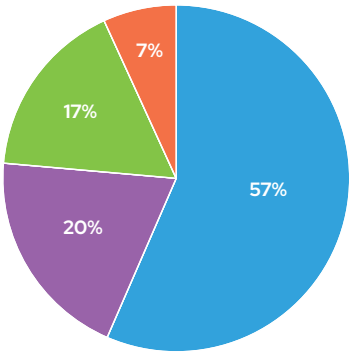
Region where company operates

In which regions does your company employ a significant number of workers? (Select all that apply.) N=161.



Role in organization

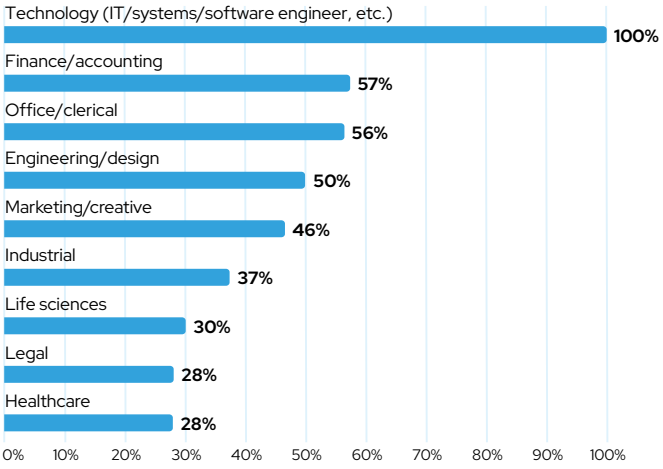
Which division or functional area does your role report to? N=161.



- C-Suite or other senior executive
- Director
- Manager
- Individual contributor

Primary industry

In which of the following segments does your organization hire or place contingent workers? Please select all that apply. N=266.



About Glider AI *and* SIA

GLIDER

About Glider AI

Glider AI, an industry-leading AI-based talent quality platform, provides hiring solutions including virtual assessments, coding/video interviews, screen bots and more to scale hiring quality talent for the enterprise, staffing firms and MSPs.

Global brands like Intuit, PwC, Amazon, Capital One and FINRA trust Glider to validate candidate quality and fit across any role in any industry. On average, customers see a 3x placement rate, a 50% reduction in time-to-fill, and a 98% improvement in candidate satisfaction.

For more information, visit Glider AI.

SIA

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Founded in 1989, SIA is the global advisor on staffing and workforce solutions. Our proprietary research covers all categories of employed and non-employed work including temporary staffing, independent contracting and other types of contingent labor.

SIA's independent and objective analysis provides insights into the services and suppliers operating in the workforce solutions ecosystem including staffing firms, managed service providers, recruitment process outsourcers, payrolling/compliance firms and talent acquisition technology specialists such as vendor management systems, online staffing platforms, crowdsourcing and online work services. We also provide training and accreditation with our unique Certified Contingent Workforce Professional (CCWP) program.

Known for our award-winning content, data, support tools, publications, executive conferences and events, we help both suppliers and buyers of workforce solutions make better-informed decisions that improve business results and minimize risk. As a division of the international business media company, Crain Communications Inc., SIA is headquartered in Mountain View, California, with offices in London, England.

For more information: www.staffingindustry.com.